

**LAW
ON
COMMERCIAL COMPANIES
November 19, 1992**

OFFICIAL GAZETTE in Albanian No. 8, Nov 92 pp 409-452

On the basis of Article 16 of No. 7491, of 24 April 1991, "On the Main Constitutional Provisions," upon recommendation of the Council of Ministers, the People's Assembly of the Republic of Albania has decided:

Chapter I -- GENERAL PROVISIONS

Article 1: Definition of a company

A company is founded by two or more persons who agree, by means of a contract, to put their resources or services in a joint enterprise, for the purpose of dividing the profits or profiting from the income which might result from it.

The partners agree to pay their share of the losses.

In cases specified by law, a company can be established by an act of will expressed by a single individual.

Article 2: Commercial nature

The commercial nature of a company is defined by its form or by its purpose.

General partnerships, limited partnerships, limited liability companies, and public companies are commercial because of their form, independent of their purposes.

Article 3: Statute

The statute of a company specifies the form, duration, name, purpose, and the amount of starting capital.

Article 4: Headquarters

Companies whose headquarters are located on the territory of the Republic of Albania are subject to Albanian legislation.

Third parties can use the headquarters stipulated in the statute but the company should make it known if its actual headquarters are located in another place.

Article 5: Publication formalities

Publication formalities which are required during the formation of a company or for subsequent decisions and acts will be specified in a separate law. The conditions on the basis of which the newspapers are authorized to accept legal announcements will also be specified by this law.

Article 6: Juridical personality, acts for companies being formed

Commercial companies receive juridical personality from the date of their registration in the trade register. Changes in a company in accordance with this law, including an extension of its duration, do not result in the creation of a new juridical person.

Persons who have operated in the name of a company which is being formed, before the company has achieved juridical personality, bear collective responsibility for the acts executed, at least as long as the company, after it is founded and registered in the regular way, has not yet assumed the appropriate obligations. In this case, the obligations are considered to have been accepted by the company as of the time of its origin.

Article 7: Lawsuit because of an irregularity in the founding of a company or in changing its statute

Each party involved has the right to ask the court to order, in an obligatory manner, that the requests for the establishment of the company and for a statute and for changes in the statute be regulated legally, if the laws are not taken into account or actions are taken in an irregular manner.

The lawsuit mentioned in the first paragraph has a statute of limitations of three years, beginning with the registration date or the date of any change in the trade register.

Article 8: Responsibility for establishment in an improper manner

The founders of a company and the first members of the administrative, management, and supervisory organs have collective responsibility for damage caused by an irregularity in the statute and by the failure to execute or the improper execution of the legal formalities in effect in regard to establishing companies.

The provisions of the above paragraph are applicable, in the case of a change in the statute, to members of the administrative, management, supervisory, and control organs who are in their positions at the time of the change.

The lawsuit has a statute of limitations of 10 years, beginning with the date of the registration of the company in the trade register or the date of the change in this register and of the filing of the documents which change the statute in the annex of the register.

Article 9: Result of published information or of changes dealing with administrators

No company or third party can avoid its obligations by profiting from irregularities in the appointment of persons charged with managing or directing the company when this appointment is published in the proper manner.

No company can benefit at the expense of third parties from the appointments or dismissals of the aforementioned persons just because they have not been published in the proper manner.

Article 10: Holding of the shares of starting capital by one person

The holding of all the shares of starting capital by one person does not result in the dissolution of the company. When the law requires more than one partner, each party concerned must go to court to seek the dissolution of the company, if the situation is not regulated by legal means within a year. The court can give the company a maximum deadline of six months to put the situation in order. The court cannot proclaim that the company is dissolved if it is put in order on the day that the court meets to hand down its decision.

Article 11: Evaluation of the rights of partners in a company

In all cases when the rights of a partner are transferred or are bought out by the company, the evaluation of these rights, in the case of non-acceptance, is carried out by an expert. The expert is designated by the parties. When they cannot reach an agreement, he is named by the court, using emergency powers, in a final decision. The statute can include various regulations.

Article 12: Definition of the competent "court"

With the exception of cases which stipulate differently, the court mentioned in this law as "the court" is the court of the first instance.

CHAPTER II -- GENERAL PARTNERSHIPS

Article 13: Definition

In general partnerships, all partners are business partners and have unlimited and collective responsibility for the debts of the company. Creditors can sue a partner for compensation for the company's debts only after notifications directed to the company have failed.

Article 14: Name of the company

A general partnership has a name which can include the name of one or more partners, with the words "general partnership" coming before or immediately after the name.

Article 15: Administrators

All the partners are administrators, unless the statute has a contrary provision, which can designate one or more administrators, partners or non-partners, or provide for their designation by a subsequent document.

If a juridical person is an administrator, in the sense of the above paragraph, its directors, without excluding from joint responsibility the juridical person which it represents, are subject to the same conditions and obligations and have the same civil and penal responsibility as they would have as administrators in their own right.

Article 16: Powers of the administrator in relation to the partners

In relations among partners and in the absence of the designation of his powers by the statute, the administrator can carry out all the activities of administration in the interest of the company.

When there are a number of administrators, each one has the powers specified in the above paragraph and each one has the right not to be opposed in any operation before it is completed.

Article 17: Powers of the administrator in relation to third parties

In relations with third parties, the administrator commits the company by means of actions which are in accordance with the company's purpose.

If there are a number of administrators, two of them possess jointly the powers specified in the above paragraph. The objection which one administrator makes to the actions of another administrator has no effect on third parties, at least when it has been proven that the third parties had no knowledge of this joint responsibility of the administrators.

The statute gives some administrators the opportunity to exercise only the powers stated in the first paragraph of this article.

The provisions of the statute which limit the powers of the administrators stipulated in this article must be observed by third parties.

Article 18: Making decisions

Decisions which exceed the powers which are recognized as belonging to the administrators, including making changes in the statute, are made by unanimous vote of the partners. The statute can stipulate that some decisions will be made by a specified majority of partners.

Also, the statute can specify that decisions will be made by means of written consultation, if any of the partners has not asked for a general meeting.

Article 19: Approval of the company's annual reports

The report of the board of directors, the inventory, the annual balance sheet, drawn up by the administrators, are presented for approval to the partners' meeting within a period of six months, beginning with the date of the conclusion of the fiscal year.

The documents mentioned in the above paragraph, the text of the decisions proposed and, if necessary, the report of the certified public accountants, are presented to the partners at least 15 days before the general meeting. Any decision made which violates the rules of the above paragraph can be repealed.

Any provision contrary to this article is considered to be invalid.

Article 20: Process verbal of the issues examined

For each issue examined by the partners a process verbal is kept in a separate register which is kept at the headquarters of the company.

Article 21: Rights of partners who are not administrators

Partners who are not administrators have the right, at any time, to be personally informed in regard to the activity of the company and to become familiar with the records and documents of the company.

The statute can specify restricting provisions for partners who are not administrators. However, these partners are not prevented from being informed when improper administration is suspected.

Article 22: Discharge of administrators

The discharge of one of the administrators from his position is decided unanimously by the other partners, if all the partners are administrators or if one or more of the administrators selected from among the partners have been appointed in accordance with the statute. This causes the dissolution of the company, at least when its continuity is not stipulated by its statute or when the other partners have not decided unanimously to discharge the administrator.

The discharged administrator has the right to decide to withdraw from the company, while demanding that the company restore his rights.

If one or more of the partners are administrators and have not been named by the statute, each one of these people can be discharged from their positions under the conditions specified by the statute or, otherwise, they can be discharged on the basis of a unanimous decision of the other partners, regardless of whether or not they are administrators.

An administrator who is not a partner can be discharged under conditions set by the statute or, in the absence of these conditions, he can be discharged by the decision of a majority of the partners.

If a person is discharged for no good reason, he can be given an opportunity to receive appropriate compensation.

Article 23: Transfer of shares of starting capital

Shares of starting capital cannot be represented by securities which can be traded. Any provision to the contrary is considered to be invalid.

Shares of starting capital can be transferred only with the approval of all the partners. Any transfer of shares of starting capital must be documented in writing.

Third parties and the company must respect the transfer as soon as the formalities required for changing the statute are completed and noted in the trade register.

Article 24: Death of a partner

A company is dissolved with the death of a partner. It can continue its activity if the following rules are not in conflict with the statute:

- Continuity can be achieved by a unanimous decision on the part of the living partners and the heirs of the deceased partner.
- If the heirs do not want to go into the company or are unfit for this, especially if one of the heirs is a minor, the continuity of the company can be decided by unanimous

vote of the other partners, on the condition that they buy out the rights to the company included in the inheritance of the deceased partner.

Article 25: Bankruptcy, deprivation of rights or incompetence of a partner

A company is dissolved in the case of bankruptcy, deprivation of the rights to carry on a business profession or a deficiency which affects one of the partners, with the exception of the case in which its continuity is specified in its statute or when its partners decide on its continuity by unanimous vote, after they have accepted the condition that they buy out the rights to the company from the partner who has become unfit.

CHAPTER III -- LIMITED PARTNERSHIPS

Article 26: Definition and status of the partners

In limited partnerships, "limited" partners participate along with "unlimited" partners who have the status of partners in general partnerships. The "limited" partners are held responsible for the debts of the company only up to the limit of their contribution to the starting capital. This contribution cannot be in services.

Article 27: Implementation of provisions of general partnerships in limited partnerships

The provisions dealing with general partnerships and the provisions of this chapter are applicable for limited partnerships.

Article 28: Name of the company

A limited partnership has a name which can include the name of one or more of the partners, preceded by or immediately followed by the words "limited partnership".

Article 29: Statute

The statute of the company should include the following information:

1. The amount or value of the contributions of all the partners;
2. Each "unlimited" or "limited" partner's share of this amount or value;
3. The total share of the "unlimited" partners and the share of each "limited" partner in the distribution of profits and in the sum of money which remains after the liquidation of the company.

Article 30: Making decisions

Decisions are made in accordance with the conditions specified in the statute. Nevertheless, the general meeting of all partners is legal, if it is requested by an "unlimited" partner, or by a fourth party, on the basis of the number and the capital of the "limited" partners.

Article 31: Powers of the "limited" partner

A "limited" partner cannot carry out any outside activity of administration, even on the basis of a proxy.

If the prohibition stated in the above paragraph is violated, the "limited" partner loses his status and is held collectively responsible, along with the "unlimited" partners, for the loans and debts of the company which result from the prohibited activities. According to the number or the importance of the prohibited activities, he can be declared collectively responsible for all the obligations of the company or for some of them.

Article 32: The right to be informed

"Limited" partners have the right to be informed twice a year by means of books and documents of the company and to ask questions, in writing, about its management, to which they must receive a written response. The statute can specify more extensive rights.

Article 33: Transferring shares of starting capital

Shares of starting capital can be transferred only with the approval of all the partners. However, the statute can stipulate:

1. That shares of the starting capital of the "limited" partners can be freely transferable to the other partners;
2. That shares of the starting capital of "limited" partners can be transferred to third parties with the approval of all the "unlimited" partners, and of a majority of the "limited" partners in terms of number and capital.
3. That an "unlimited" partner can transfer part of his starting capital to a "limited" partner or a third party under the conditions stipulated in point 2 of this article.

Article 34: Majority requirement for changes in the statute

Changes can be made in the statute with the approval of all the "unlimited" partners and of a majority of the "limited" partners, in terms of number and capital.

The statute can stipulate provisions which set stricter conditions in regard to the majority requirement.

Article 35: Death of a partner

The company continues even if one of the "limited" partners dies.

If there is an agreement to this effect. when one of the "unlimited" partners dies, the company continues with his heirs; they become "limited" partners, when they are minors. If the deceased partner is the only "unlimited" partner and if all his heirs are minors, he must be replaced by a new "unlimited" partner or the company must be converted to another form within a year after the person's death. Otherwise, the company will be dissolved at the end of this period.

Article 36: Bankruptcy, deprivation of rights, or in competency of an "unlimited" partner

The company is dissolved in the case of the bankruptcy of one of the "unlimited" partners, the deprivation of the right to carry out a business profession, or in competency which affects one of the "unlimited" partners, with the exception of cases in which, if there are one or more other "unlimited" partners, the continuity of the company is stipulated by the statute or when the partners unanimously decide on this continuity, after they have accepted the condition of the buying out of the rights in a company from the partner who has become incompetent.

CHAPTER IV -- LIMITED LIABILITY COMPANIES

Article 37: Definition and name, regulations on acts and documents

A limited liability company is established by one or several partners who are responsible for losses only up to the limit of the value of their contribution to the starting capital.

If the company consists of only one person, he is called the "sole partner". The "sole partner" exercises the powers which are designated for all the partners by the provisions of this chapter.

The limited liability company has a name which can include the name of one or more of the partners, preceded by or immediately followed by the words "limited liability company" or the initials "ShPK" [shoqeri me pergjegjesi te kufizuar] and the starting capital is listed. These names and the name of the administrator or administrators must be included in all the instruments or documents which are issued by the company and which are sent to third parties.

Article 38: Starting capital

The minimum value of the starting capital of this type of company is 100,000 leks. The Council of Ministers is charged with re-determining the minimum value of the starting capital, in accordance with the level of inflation.

This capital is divided into equal shares, whose nominal value cannot be less than 1,000 leks.

The reduction of the starting capital to less than the amount specified in the first paragraph of this article requires that the company be converted into another type, if the company does not decide to increase the starting capital to at least the previous level. If the provisions of this paragraph are not carried out, any party involved can seek the dissolution of the company in court. This dissolution cannot be proclaimed if the situation is put in order on the day that the court meets to make its decision.

Article 39: Act of establishment

All the partners must take part in the act of establishment of the company either personally or by means of other persons authorized by them, with powers of attorney.

Article 40: Subscribing and paying for shares of starting capital

All the shares of the starting capital must be subscribed in their entirety by the partners and paid completely in cases when they represent contributions in kind and contributions in cash. They cannot represent contributions in services. Participation in the starting capital is noted in the statute.

The funds in cash which come from the payment of the shares of starting capital are deposited, within 10 days of their collection, to the account of the company which is being formed, with a notary or in a bank. The statute notes the payment of shares of starting capital and the depositing of funds.

Article 41: Withdrawal of funds

Funds which come from payments for shares of starting capital are withdrawn by the person authorized to represent the company only upon presentation of a certificate which proves that the company has been registered in the trade register.

If the company is not established within six months, beginning with the date of the first deposit of funds, the contributors have the right, individually and by means of a proxy who represents them collectively, to seek, through the court, authorization for withdrawal of the amount of their contribution.

If the contributors decide to establish the company later, they will have to deposit the respective funds once again.

Article 42: Contributions in kind

The statute must contain an estimate of the value of each contribution in kind. This is done by means of a report which is attached to the statute, which is drawn up, his own responsibility, by an expert on contributions appointed unanimously by the future partners or by a decision of the court on the basis of a request of one of the future partners who is the first to take such action.

However, the future partners can unanimously decide not to seek the aid of an expert on contributions, if the value of each contribution in kind does not exceed the value of the minimal capital which is valid for the creation of this company in accordance with Article 38 of this law and if the total value of the contributions in kind is not more than half the starting capital.

If the company is established by only one person, the expert on contributions is named by the sole partner. However, a request for the assistance of an expert on contributions is not obligatory if the conditions stipulated in the previous paragraph have been fulfilled.

If there has been no expert on contributions or if the value of the contribution in kind is greater than the value proposed by the expert on contributions, the partners are collectively responsible for five years, to third parties, for the entire specified amount of the contributions in kind during the period that the company was being established.

Article 43: Persons responsible for the invalidity of the establishment of a company

The administrators appointed at the time that the company is established and the founding partners who are responsible for its invalidity are collectively responsible to

the other partners and third parties for damage resulting from the invalidation of the establishment.

The statute of limitation for a lawsuit is three years, beginning with the date that the invalidation decision goes into effect.

Article 44: Prohibition on issuing or guaranteeing securities

The issuance of securities by limited liability companies is prohibited. If such a thing is done, the issue is invalid.

They are also prohibited from guaranteeing issuances of securities, except for the issuance of bonds which are subsidized and guaranteed by the state. Any other issuances guaranteed by them are invalid.

Article 45: Types of shares of starting capital and their transfer

Shares of starting capital cannot be represented by negotiable securities.

Transfers of shares of starting capital must be certified by a notarized document.

The company or third parties must respect these transfers as soon as they are made known.

Article 46: Transfer of shares of starting capital by inheritance or within a family

Shares of starting capital are freely transferable by inheritance. They are also freely transferable in the case of the division of property between spouses. Likewise, they are freely transferable between spouses and between ancestors and descendants.

The statute can include a special provision to the effect that a spouse, heir, ancestor, or descendant will become a partner, by means of the transfer of shares of starting capital, only after he has been approved by the partners according to the conditions which the partners set. The conditions for the new partner cannot be less favorable than those set for third parties in the case of the transfer of shares of starting capital; otherwise, the above provision is invalid. If approval of the new partner is denied, the rules contained in Article 47, paragraph 4, of this law are implemented. If none of the scenarios specified in this paragraph occurs within the time period set by law, the approval is considered to be given.

Article 47: Transfer to third parties

Shares of starting capital can be transferred to third parties who are not members of the company, merely by the approval of the majority of the partners who represent at least three-fourths of the shares of starting capital.

The company and each one of the partners are informed of the plan for transferring the shares.

If the company does not announce its decision within three months of the date it receives the most recent information, in accordance with the previous paragraph, the transfer is considered to be approved.

If the company refuses to approve the transfer, the partners, must, within three months of this refusal, purchase or permit the purchase of shares of starting capital with a value specified by the rules of Article 11 of this law.

Article 48: Mortgage

The company has the right, when it has approval, to mortgage shares of its starting capital. In the case of the obligatory sale of mortgaged shares, the mortgage-holder will be approved in the same way as a person to whom the shares of starting capital are transferred, with the exception of the case where the company prefers to repurchase the shares without delay, with the aim of possibly reducing its starting capital.

Article 49: Transfer among partners

Shares of starting capital are freely transferable among partners.

If the statute contains a provision which limits transfers, the provisions of Article 47 of this law are applicable.

Article 50: Administration

Limited liability companies are managed by one or more physical persons.

Administrators can be chosen from outside the group of partners. They are named by decision of partners representing more than one-half the shares of starting capital.

In the absence of relevant provisions in the statute, they are appointed for entire period of the existence of the company.

The powers of the administrators in regard to relations among the partners are specified in the statute and, if the statute does not specify these powers, they are determined in accordance with Article 16 of this law.

The administrator has all the necessary powers to operate in the name of the company, in relations with third parties, in all circumstances with the exception of the powers which the law expressly assigns to partners. The company assumes the obligations resulting from the actions of the administrators even when these actions are not included in the purpose of the company. The company is not held responsible for the consequences to third parties when it can prove that the third parties knew that the action of the administrators exceeded the purpose of the company or when the third parties could not be unaware of this action under the given circumstances, keeping in mind the fact that the promulgation of the statute alone is not sufficient proof.

Provisions of the statute limiting the powers of the administrator, which result from this article, must be observed by third parties.

If there are a number of administrators, two of them exercise jointly the powers specified in this article. Opposition by one administrator of the actions of the other administrator has no effect on third parties, at least when it is proven that third parties have had no knowledge of the joint responsibility of the administrators. The statute can give some administrators the right to exercise alone the powers stipulated in this article.

Article 51: Agreements between the company and one of its administrators or partners

The administrator or the certified public accountant, if there is one, prepares a report on the agreements reached, directly or indirectly through an intermediary, between the company and one of its administrators or partners. This report is presented by itself or attached to the documents which are presented to the partners in the case of written opinions. The general meeting makes a decision on the report. The administrator or partner concerned cannot participate in the voting and his shares of starting capital are not counted in calculating a quorum or a majority.

If the company consists of a sole partner and if the agreement was executed by this partner, there is only one notation in the record of issues examined.

The administrator and the partner who concluded the agreement are held responsible for the consequences of agreements which are not approved by the general meeting which caused damage to the company, and they will make reparation for the respective consequences individually or collectively, according to the case.

The provisions of this article also apply in the case of agreements made with a company in which an "unlimited" partner, administrator, executive officer, or member of the supervisory council is, at the same time, an administrator or partner of the limited liability company.

The rules of this article do not apply in the case of agreements dealing with everyday operations and concluded under normal conditions.

Article 52: Prohibited agreements

Administrators or partners which are not juridical persons are not allowed to contract in any form, to borrow from the company, to grant approval in its name, for payment, to become guarantors or to guarantee, in its name, commitments to third parties. If they do so, the contract is invalid. This prohibition also applies in the case of legal representatives of partners which are juridical persons.

This measure also applies in the case of the spouses, ancestors, and descendants of the persons mentioned in the first paragraph of this article, and in the case of any person acting as intermediary.

Article 53: Legal responsibility of administrators

Administrators are individually or collectively responsible, according to the case, to the company or to third parties, for violation of laws, for violation of the statute, or for transgressions committed in the administration of the company.

If a number of administrators are at fault, the amount of the contribution which each one should pay to make up for the damages is set by the court.

In addition to bringing suit for payment of the damages which have been charged against them personally, the partners, individually or in a group, have the right to bring a suit against the administrators.

The plaintiffs have the right to demand, through the means of the law, full payment for the damage which has been caused to the company, including financial compensation, if this is necessary.

Any provision of the statute aimed at setting as a condition for bringing a lawsuit the receiving of an advance opinion or an authorization from the general meeting is invalid. Such a provision is also invalid when it includes, in advance, the rejection of the possibility of bringing such a suit.

No decision of the general meeting can prohibit the request for a lawsuit against the administrators for transgressions committed by them during the exercise of their duties.

Article 54: Statute of limitation for lawsuits

The lawsuits which are stipulated in articles 51 and 53 can be brought for a period of 3 years, beginning with the date on which the damaging action was carried out or, if it was covered up, with the date on which it was discovered.

If the action constitutes a crime, the lawsuit is prescribed after 10 years.

Article 55: Discharging administrators

An administrator is discharged by decision of partners representing more than one-half of the shares of starting capital. Any provision to the contrary is considered to be invalid. If the administrator is discharged unjustly, he has a right to financial compensation.

In addition, an administrator can be discharged by the court for violations of the law at the request of any one of the partners.

Article 56: Approval of the accounts of the company and the partners' right to information

The administration report, the inventories, and the annual reports drawn up by the administrators are submitted to the general meeting of the partners for approval within 6 months of the end of the fiscal year.

The documents mentioned in the above paragraph, the texts of proposed decisions, and, if necessary, the report of the certified public accountants are communicated to the partners and are made available to them at the headquarters of the company at least 15 days before the general meeting. Any decision which violates the rules of this paragraph is considered to be invalid.

Any partner, when he receives the information specified in the above paragraph, has the right to present, in writing, questions which the administrator must answer at the general meeting.

The partner has the right to receive, at any time, the documents specified in the first paragraph of this article, for the past three fiscal years. He can be assisted by an expert selected by him who is sworn to professional secrecy.

Any provision which is contrary to the regulations in this law is considered to be invalid.

Article 57: Consultations of partners, convocation of the general meeting

Decisions are made by the general meeting. They can be made after consulting the partners in writing, if all the partners approve, in writing, the content of the consultation.

The partners are informed by registered letter at least 15 days before the session of the general meeting. This letter includes the agenda.

The notification is executed by the administrator or, in his absence, by the certified public accountant, if there is one.

One or more partners who represent at least 10 percent of the shares of starting capital can call for a session of the general meeting. Any provision to the contrary is considered to be invalid.

Any partner can legally ask that a designated person be charged with convoking the general meeting and determining the agenda.

Any session of the general meeting convoked in an irregular manner can be cancelled. However, the cancellation is invalid if all the partners are present or represented.

Article 58: Participation in decisions

Every partner has the right to participate in decisions and has a number of votes which are equal to the shares of starting capital which he controls.

A partner can be represented by another partner.

He can be represented by another person only if the statute allows this.

A partner cannot charge a proxy with voting in the name of one portion of his starting capital while voting himself in the name of another portion of his starting capital.

Any provision contrary to the content of this article is considered to be invalid.

Article 59: Ordinary majority

In the sessions of the general meetings or in the written consultations, decisions are made by one or more partners who represent more than one-half the shares of starting capital.

If this majority is not obtained, the partners are called, or, according to the case, consulted for the second time and decisions are made on the basis of the majority of the votes cast, regardless of the percentage of capital which they represent, if the statute does not specify otherwise.

Article 60: Changes in the statute

Changes in the statute are decided upon by the partners who represent at least three-fourths of the shares of starting capital, with the exception of cases in which the statute can call for an even larger majority.

In any case, the majority cannot force a partner to increase his involvement in the starting capital of the company.

Article 61: Sole partner

The first three paragraphs of Article 56 and articles 57-60 of this law are not implemented in companies which have only one partner.

In this case, the administration report, the inventory, and the annual reports are drafted by the administrator. The sole partner approves the reports, if this is necessary after the report of certified public accountants, within 6 months of the end of the fiscal year.

A sole partner can delegate his powers. His decisions, made in lieu of a general meeting, are presented in a register.

Decisions which are contrary to the content of this article can be invalidated at the request of any person concerned.

Article 62: Increasing the capital by means of cash contributions

The capital is increased by subscriptions of shares of starting capital for cash contributions, in accordance with the last paragraph of Article 40 of this law.

Withdrawal of funds which come from subscriptions can be carried out by a designated proxy for the company after certificates are filled in by the depositors.

If the process of increasing the capital is not completed within six months of the date of the first depositing of funds, the rules contained in the second paragraph of Article 41 of this law can be put into effect.

Article 63: Increasing the capital by means of contributions in kind

The capital is increased completely or partially by means of contributions in kind, in accordance with the first paragraph of Article 42 of this law. However, the expert authorized to deal with contributions is appointed by court decision upon request of an administrator.

If there is no expert on contributions or if the determined value of the contributions is higher than what was proposed by the expert on contributions, the persons who have underwritten the increase of capital are collectively responsible for five years to third parties for the determined value of the aforementioned contributions.

Article 64: Reduction of capital

Reduction of capital is permitted by the general meeting of partners which makes the decision under the same conditions required for changing the statute. In all cases, the reduction affects the partners in proportion to the shares of capital which they represent.

The plan for reducing the capital is communicated to the certified public accountants, if there are any, at least 45 days before the session of the general meeting convoked to make a decision on this plan.

The experts inform the general meeting of their evaluation of the reasons for and conditions of the reduction.

When the general meeting approves a plan for the reduction of capital which is not motivated by losses, creditors who advanced credit before the date of the publication of the respective change in the statute can appeal the reduction within a month of the

date of publication. This appeal is announced to the company and is sent to the court. The court rejects or accepts the appeal and, in the latter case, it orders that the credits be repaid or that warrants be given, if the company has them and if they are thought to be adequate. Operations for the reduction of capital cannot begin during the objection period.

The purchase of shares of starting capital by the company itself is prohibited. However, the general meeting which decides to carry out a reduction of capital which is not motivated by losses has the right to authorize the administrator to buy a specific number of shares and to cancel them as shares of starting capital.

Article 65: Appointment of certified public accountants

The partners can appoint one or more certified public accountants according to the conditions specified in Article 59 of this law.

Companies which exceed two out of three of the following figures at the end of the fiscal year are obliged to appoint such an expert:

- A balance of 12 million leks at the end of the respective year.
- 24 million leks in turnover income, after the turnover tax at the end of the year has been deducted.
- An average of 50 employees during the fiscal year.

If these conditions are not met, the appointment of a certified public accountant can be sought by means of the courts, by one or more partners who represent at least one-tenth of the capital.

Article 66: Questions on the continuity of activity

Each partner who is not an administrator has the right, twice a year, to present to the administrator, in writing, questions in regard to those issues which cast doubt on the continuity of the activity of the company. The response of the administrator is communicated to the certified public accountant.

Article 67: Special report on administrative activities

One or more partners who represent at least one-tenth of the shares of starting capital can, individually or in any type of group, seek, through the courts, the appointment of one or more experts charged with presenting a report on one or more administrative activities.

If the request is considered justified, the court decision specifies the area of the mission and the powers of the experts. It can make the company pay for the fees.

The report is sent to the requestor, the certified public accountants, and the administrator. This report should be attached to the one drawn up by the certified public accountants for presentation to the future general meeting and it should be given the same publicity.

Article 68: Ways of making appointments

Certified public accountants are appointed by the partners for a period of 6 fiscal years.

The free selection of one or more certified public accountants is limited by the conflicts of interest mentioned in articles 168 and 169 of this law.

Studies made without appointing certified public accountants in the cases in which they are required to do so by this law or studies of reports of certified public accountants who are appointed or who have remained in their positions in opposition to the rules stated in this article are considered to be invalid. These studies are not invalid if they are expressly confirmed by the general meeting on the basis of the report of the certified public accountants, who are appointed in the regular manner.

Article 69: Regulations dealing with certified public accountants

The provisions dealing with the powers, functions, tasks, responsibility, replaceability, resignation, discharge, and compensation of the certified public accountants of public companies are also applicable in the case of limited liability companies, keeping in mind the special regulations pertaining to the latter company.

The certified public accountants are informed at the same time as or before the partners are informed about general meetings or consultations.

The documents mentioned in the first paragraph of Article 56 of this law are made available to the certified public accountants at the company's headquarters, at least 40 days before the general meeting.

Article 70: Reclaiming dividends

Dividends which do not correspond to the profits actually realized can be reclaimed from the partners who have received them. The statute of limitations for bringing suit for reclaiming dividends expires 3 years from the date that the dividends were distributed.

Article 71: Bankruptcy, incompetence or death of an partner

A limited liability company is not dissolved when one of its partners becomes bankrupt or incompetent.

Likewise, it is not dissolved when a partner dies, unless the statute stipulates otherwise.

Article 72: Loss of half the starting capital

If the company's own capital, because of losses noted in the financial documents, is less than one-half the starting capital, the partners make a decision, within 4 months of the approval of the accounts which reflect this loss, on whether the company should be dissolved prematurely.

If the dissolution is not proclaimed by the necessary majority required for making changes in the statute, the company is required to reduce its capital to an amount which is no less than that of the losses not covered by reserve funds, keeping in mind the regulations of Article 38 of this law. This operation must be carried out no later than the end of the first fiscal year for which the loss was noted, provided that, within this period, the company's own capital did not amount to more than one-half of the starting capital.

In both cases, the resolution of the partners is published in a newspaper authorized to publish legal announcements. It is also recorded in the trade register.

In the absence of an initiative to make a decision on the part of the administrator or the certified public accountant or if the partners have not been able to make a useful decision, any person involved can seek that the company be dissolved by court action. The dissolution of a company can also be sought if the provisions contained in the second paragraph of this article are not implemented. The court can give the company a maximum of 6 months to put the situation in order. The court cannot proclaim the dissolution of the company if it is put in order on the day on which it meets to make its decision.

Article 73: Conversion of a company

Conversion of a limited liability company to a general partnership or a limited partnership takes place with the unanimous approval of the partners.

Conversion to a public company is carried out by the majority vote required to change the statute, only after the limited liability company has ensured that the balance sheet for the last two years of its activity has been drawn up and approved by the partners. The decision is made after the report on the situation of the company is presented by an expert on conversion; when there is no such expert, one is appointed especially for this case.

Any conversion carried out contrary to the regulations contained in this article is invalid.

CHAPTER V -- PUBLIC COMPANIES

Article 74: Definition and name of the company, regulations on acts and documents

A public company is a company whose capital is divided into stocks and which is established by partners who are held responsible for losses only up to the limit of their contribution to the starting capital. The company can be established by and can have one or many partners. It has a name which has before it or after it the designation "public company" or "ShA" [shoqeri anonime] [SA] and the amount of the starting capital. The name of one or more of the partners can be included in the name of the company. These notations and the names of the members of the board of directors and the chairman of the council of overseers must be on all the acts and documents issued by the company which are intended for third parties.

Article 75: Starting capital

The minimal value of the starting capital for companies without public offerings is 2 million leks while, for companies with public offerings, it is 10 million leks on the date that the statutes are signed.

The reduction of the starting capital to an amount which is less than the amount specified in the above paragraph requires that a decision be made by the company to increase the starting capital to at least the minimal amount. Otherwise, the company must be converted to another type. If the requirements stated in this paragraph are not fulfilled, any person involved can seek, through the courts, the dissolution of the

company. This dissolution cannot be proclaimed if the situation is put in order on the day on which the court meets to make a decision.

Article 76: Designation of companies with public offerings

Companies with public offerings are those whose stocks are officially registered on the stock market, beginning with the date of registration, or those which, in order to sell any type of stocks, use the services of banks, financial institutions, stockbrokers or publications of any type and dissemination outside the media designated for this purpose. All other public companies are companies without public offerings.

Article 77: Conversion of other companies into public companies

When a company of another type is converted into a public company, by court decision and at the request of the directors of the company or of one of them, one or more experts are appointed to convert the company. They are charged with assuming responsibility for evaluating the assets of the company and the special advantages. They can be charged with preparing a situation report on the company, as specified in the third paragraph of Article 73 of this law. In this case, only one report is compiled. These experts are subject to the rules on conflict of interest presented in articles 168 and 169 of this law. The certified public accountant of the company can be named conversion expert by unanimous decision of the partners. The report is made available to the partners.

The partners meet to decide on the evaluation of the assets and the special advantages; they can reduce them only by unanimous decision.

The conversion is invalid if the partners are not in favor of it and this must be noted in the process verbal.

SECTION I -- ESTABLISHMENT OF COMPANIES WITH PUBLIC OFFERINGS

Article 78: Signing and deposition of the statute

The draft statute is drawn up and signed by one or more of the founders who file a copy with the trade register.

The founders publish an announcement in accordance with the conditions set by a special law.

Any signing which does not comply with the formalities required by paragraphs 1 and 2 of this article is considered to be unacceptable.

Article 79: Deprivation of the right to be a founder

Persons prohibited by law from being administrators of a company or those who are prohibited from carrying out these functions cannot be founders.

Article 80: Subscribing of capital and payment for stocks

The capital must be subscribed completely.

At the time of the subscription, at least one-fourth of the nominal amount of the stocks for contributions in cash must be paid. The remaining amount is paid in one or more installments, according to the decision of the board of directors.
Stocks for contributions in kind are paid completely at the time of subscription.
Stocks cannot represent contributions in services.

Article 81: Subscription bulletin

Subscription of stocks for contributions in cash are recorded in a bulletin compiled in accordance with the conditions stipulated in a special law.

Article 82: Depositing funds

The funds resulting from subscriptions for contributions in cash and the lists with the surnames, first names, home addresses, and amounts of money paid by each person are filed with a notary or a bank for the accounts of the company which is being formed, in accordance with the regulations presented in paragraph 2 of Article 78 of this law.

The party holding the funds up until their withdrawal must communicate to each subscriber who proves that he is a subscriber the list mentioned in the above paragraph. Any requester can get information on this list and can receive a copy of it for a fee.

Article 83: Registering the subscriptions and payments

The subscriptions and payments are registered by a certificate which is issued by the holder of the funds and drawn up at the time the funds are deposited, on the basis of subscription bulletins.

Article 84: General meeting of incorporation

Within a month of the proclamation of the subscriptions and the payments, the founders call the subscribers to the general meeting of incorporation.

The announcement gives the place, date, and time of the general meeting of incorporation. This announcement is published in a newspaper authorized to publish legal announcements, at least 14 days before the date of the general meeting.

The general meeting certifies that the capital has been subscribed completely and that payment has been made for stocks in the required amount. It gives its approval for the adoption of the statute, which cannot be changed without the unanimous approval of all the subscribers; it appoints the first members of the council of overseers and designates one or more certified public accountants.

The process verbal of the general meeting indicates whether the members of the council of overseers and the certified public accountants have accepted their duties.

Article 85: Contributions in kind and special advantages

For the evaluation of the contributions in kind and the provisions dealing with the special advantages granted to partners or non-partners, at the request of the founders

or of one of them, one or more experts on contributions, who will carry out the evaluation under their responsibility, are appointed by court decision. They are subject to the same rules on conflict of interest as the certified public accountants, specified in articles 168 and 169 of this law.

The report of the experts is filed at the company headquarters at least 8 days before the date of the general meeting of incorporation and is attached to the statute filed with the trade register.

It must be made available to the subscribers, who can become informed about it or receive a copy of the full report or part of it.

The general meeting of incorporation makes a decision on the evaluation of the contributions in kind and the granting of special advantages.

It can make reductions only with the unanimous consent of all the subscribers.

If any of the contributors or of the persons benefiting from special advantages do not give their approval, this must be noted in the process verbal and the company is not established.

Article 86: Decision making at the general meeting of incorporation

The subscribers of the stock participate in the voting or are represented in accordance with the conditions stipulated in articles 135 and 140 of this law.

The session of the general meeting examines issues under the conditions for a quorum and majority stipulated for the sessions of extraordinary general meetings.

Article 87: The right to vote at the general meeting of incorporation

When the general meeting examines the request for the approval of a contribution in kind or for granting a special advantage, the stocks of the contributor or of the person profiting from the special advantage are not taken into consideration in calculating the majority. The contributor or the person profiting from the advantage does not have the decisive vote either in his own name or as a proxy.

Article 88: Withdrawal of deposited funds

The withdrawal of funds resulting from subscriptions for contributions in cash is carried out by the proxy tasked by the company after its registration with the trade register.

If the company is not established within 6 months of the date of the filing of the draft statute with the trade register, any subscriber can seek, through the courts, the appointment of a proxy charged with withdrawing funds, who will return the funds to the subscribers after distribution expenses are paid.

If the founder or the founders decide to establish the company at a later date, funds will have to be deposited again and the required procedure stated in articles 82 and 83 of this law will have to be carried out.

SECTION II -- ESTABLISHMENT OF COMPANIES WITHOUT PUBLIC OFFERINGS

Article 89: Provisions for implementation

When the company does not have public offerings, the provisions of the first section of Chapter V are implement able, with the exception of articles 78, 81, 84, paragraphs 3-7 [as published] of Article 85, and articles 86 and 87 of this law.

Article 90: Proof of deposits

Deposits are proven by a certificate from the holders of the funds, drawn up at the time that the funds are deposited, on the basis of the list of stockholders which notes the amounts deposited by each one of them.

Article 91: Contributions in kind and special advantages

The evaluation of the contributions in kind is presented in the statute. This evaluation is made on the basis of a report which is attached to the statute and which is drawn up by an expert for the contributions under his responsibility.

The same procedure is followed for the special advantages, if there are any.

The report is made available to future stockholders, at the place designated to be the company headquarters, at least 3 days before the statute is signed. Stockholders can receive copies of the report.

Article 92: Signing the statute

The statute is signed by the stockholders or by their assigned proxies after the certificate of the holder of the funds is drawn up.

Article 93: Designation of the directors and the certified public accountants

The first members of the council of overseers and the first certified public accountants are designated in the statute.

SECTION III -- STATE COMPANIES

Article 94: Provisions for implementation

State companies are subject to the general legislation on companies unless any special law stipulates otherwise.

Article 95: Definition

A state company is a public company in which all the stocks are held by the state or by a public agency.

SECTION IV -- MANAGEMENT OF PUBLIC COMPANIES

SUBSECTION I -- THE BOARD OF DIRECTORS

Article 96: Composition of the board of directors and control over it

A public company is managed by a board of directors composed of one or more members.

In public companies with capital of more than 5 million leks at the time that the board of directors is appointed, the board of directors will have at least two members, unless the statute states that it will have only one member.

The board of directors carries out its operations under the control of a council of overseers.

Article 97: Appointment of members of the board of directors

Members of the board of directors are appointed by the council of overseers which assigns one of them the position of director.

The members of the board of directors are physical persons, otherwise their appointment is invalid. They can be chosen from outside the group of stockholders.

Article 98: Removal of members of the board of directors

Members of the board of directors can be removed by the council of overseers for legitimate reasons.

The following, in particular, are considered to be legitimate reasons: a serious transgression on the part of the member of the board of directors, his inability to carry out his duties properly, or loss of confidence in him by the organization. This does not apply to cases where the dismissal is openly instigated for reasons which have nothing to do with the interests of the company.

The dismissal remains in effect until the court decision proving the invalidity of the dismissal becomes legal.

The work contract of the party concerned continues to be subject to the provisions of Albanian legislation.

Article 99: Length of the term of the members of the board of directors

The length of the term of the members of the board of directors is set in the statute at two to six years. If there is no provision in the statute, the term is for four years. If a position becomes vacant, a replacement is named for the period remaining until the appointment of a new board of directors.

Article 100: Compensation of members of the board of directors

The manner and amount of compensation of each member of the board of directors is stipulated when the member is appointed.

Article 101: Powers of the board of directors and its decision making

The board of directors has full powers to operate in all circumstances in the name of the company. It exercises these powers within the purpose of the company but is limited by those powers which the law gives expressly to the council of overseers and the general meetings of stockholders

In its relations with third parties, the company assumes duties which result from the actions of the board of directors even when these actions are not included in the purpose of the company. The company is not held responsible for damages to third parties when it proves that the third parties knew that the action of the board of directors exceeded the purpose of the company or when the third parties could not be unaware of this action in the given circumstances, keeping in mind that fact that the proclamation of the statute is not sufficient proof.

The provisions of the statute which limit the powers of the board of directors must be respected by third parties.

The board of directors carries out examinations and makes decisions in accordance with the conditions specified in the statute.

Article 102: Representation of third parties

The members of the board of directors, if the board is composed of a number of members, represent the company jointly in relations with third parties, if the statute does not specify otherwise. The statute can give the council of overseers the right to give one or more members of the board of directors the power to represent the company alone or together with another member.

Complaints or appeals that third parties address to the company are valid when they are sent to the board of directors.

Members of the board of directors who have the power to represent the company jointly can give some of their members the power to represent the board alone for certain specific operations or for certain specific categories of operations.

The provisions of the statute which restrict the power to represent the company must be respected by third parties.

SUBSECTION II -- THE COUNCIL OF OVERSEERS

Article 103: Powers

The council of overseers exercises continuing supervision over the manner in which the board of directors manages the company.

The completion of the operations listed in the statute takes place with the advance authorization of the council of overseers.

The exceeding of the powers of this authorization must be respected by third parties who have not been informed about it.

The council of overseers has the right to carry out, at any time, verification and monitoring operations which it considers to be reasonable and to try to become informed by means of documents which it believes to be necessary for carrying out its duties.

The board of directors submits a report to the council of overseers at least every three months.

Within three months of the end of the fiscal year, the board of directors submits to the council of overseers the documents stipulated in paragraph 2 of Article 130 of this law for the purpose of verification and monitoring.

The council of overseers, in accordance with Article 130, presents to the general meeting its comments on the report of the board of directors and on the annual financial balance sheet.

Article 104: Composition

The council of overseers is composed of no fewer than three members and no more than 21. The number of members must be divisible by three.

If companies are merged, this number can be increased up to the total number of members of the councils of overseers of the companies which are merged, until the next regular general meeting.

No member of the council of overseers can be a member of the board of directors. If a member of the council of overseers is named a member of the board of directors, his term on the council of overseers ends as soon as he moves into his new position.

Article 105: The appointment of members of the council of overseers and their period of activity

Two-thirds of the members of the council of overseers are named by the general meeting of incorporation or by the regular general meeting. In the case specified in Article 93 of this law, they are designated in the statute. If there has been a merger or split, the appointment can be made by the assembly in its extraordinary general meeting.

The period of activity of the members of the council of overseers is specified in the statute. It cannot exceed 6 years for members named by the assembly and three years for members designated in the statute.

Members can be reelected, unless the statute specifies otherwise. They can be removed at any time by an ordinary general meeting.

An employee of the company cannot be a member of the council of overseers who is appointed by the general meeting of stockholders.

Any appointment made in violation of the above rules is invalid, with the exception of cases which satisfy the conditions stated in Article 108 of this law.

Article 106: A juridical person as a member of the council of overseers

A juridical person can be appointed to the council of overseers. It must designate a permanent representative who will be subject to the same conditions and obligations and have the same civil and penal responsibilities that he would have if he were a member of the council, while not excluding the juridical person which he represents from joint responsibility.

A juridical person which discharges its representative must present a replacement at the same time.

Article 107: Limitation of mandates

No physical person can be a member of more than eight councils of overseers of public companies with headquarters in Albania.

Any physical person who, when he takes on a new mandate, violates the provisions of the above paragraph, must give up one of his mandates within three months of the date of his appointment.

After this deadline expires, he is considered to be discharged from his most recent mandate and he must return the compensation received, but the validity of the decisions in which he participated up to that time is not in doubt.

The rules in the first paragraph of this article are not applicable in the case of permanent representatives of juridical persons or members of the councils of overseers of those companies in which more than 20 percent of the capital is held by another company, when they are members of the board of directors or of the council of overseers. In this case, the number of mandates held by the respective company, on the basis of this paragraph, must not be more than five.

Likewise, the rules in the first paragraph of this article are not applicable in the case of employees of the state administration, appointed by the state as members of the council of overseers of a state company. In this case, the number of mandates held by the party concerned, on the basis of this paragraph, must not exceed three.

Article 108: Vacancies

In the case of vacancies resulting from the death or resignation of one or more members of the council of overseers, this council can make temporary appointments, for the period between the two general meetings.

When the number of members of the council of overseers falls below the legal minimum, the board of directors must immediately convene a regular general meeting to complete the membership of the council of overseers.

When the number of members of the council of overseers falls below the minimum required by the statute, but is not below the legal minimum, the council of overseers, within three months after the date of the creation of the vacancies, must make temporary appointments to complete the membership.

The appointments made by the council, on the basis of paragraphs 1 and 3 of this law, are submitted for ratification at the next regular general meeting. In the absence of ratification, the examinations carried out and the decisions made earlier by the council remain valid.

If the council fails to make the required appointments or if no general meeting is called, any interested party can seek, by means of the court, that a proxy be designated to call a general meeting which will make the appointments.

Article 109: Members elected by the employees

One-third of the members of the council of overseers are elected by the employees of the company.

If the number of members elected by the employees is 2 or more than 2, engineers, cadres, and the like have at least one seat on the council of overseers.

Article 110: The election process

The members of the council of overseers elected by the employees must have signed a labor contract at least two years before their appointment to this council, which should correspond to an actual job. This condition in regard to the length of time that the contract is in effect is not required when the company was established less than two years before the appointment of the overseers.

All the employees of the company who signed labor contracts more than three months before the date of the elections are considered to be voters. Voting is by secret ballot.

If at least one place on the council of overseers is reserved for engineers, cadres, and the like, the employees are divided into two electoral groups, which vote separately. The first group includes engineers, cadres, and the like, and the second group, other workers.

The statute sets the distribution of places according to groups on the basis of the personnel structure.

Candidates or lists of candidates can be presented with the signatures of 1/20th of the employees of the company or of 100 of them if the number of employees is more than 2,000.

If votes are being cast for a single place in the entire electorate, the elections are carried out by majority vote, in two rounds of voting. If votes are being cast for a single place in one of the electoral groups, the elections are carried out by majority vote, in two rounds of voting in the respective group. Each candidacy must have, in addition to the name of the candidate, the name of his possible replacement. The candidate who receives the absolute majority of votes in the first round and the relative majority of votes in the second round is considered to be elected.

If there is an equal number of votes, the candidate who has proportional representatives and without mixing the candidates of the two ballots with each other [sentence as published]. Each ballot must have twice as many candidates as there are places available.

If there is an equal number of votes, the candidate who has had a work contract for the longest time is considered to be the winner.

Other voting regulations are set by the statute.

Complaints connected with the electorate, with the right to be elected and the regulation of the electoral process are made to the court which makes decisions in the final instance on an immediate basis.

Article 111: Length of the term of the members elected by the personnel

The length of the term is stipulated in the statute but it must not be more than 6 years. The mandate is renewable, unless the statute specifies otherwise.

Any appointment made in violation of articles 109 and 110 and of this article is invalid. This invalidity does not affect the decisions made in the presence of the member who has been appointed in an irregular manner.

Article 112: Conflicts of interest for members elected by the personnel

The mandate of a member of the council of overseers elected by the employees is incompatible with any other mandate representing the employees of the company. A

member who, at the moment of his election, is the holder of one or more other mandates must resign these mandates within 8 days. Otherwise, he will be considered to be discharged from his mandate as a member of the council of overseers.

Article 113: Effect on the labor contract

Members of the council of overseers who are elected by the employees do not lose the advantages which the labor contract gives them. Their compensation as employees cannot be reduced because they exercise this mandate.

Article 114: Special reasons for the withdrawal of the mandate of the members elected by the personnel

Dissolution of the labor contract ends the mandate of the member of the council elected by the employees.

The members elected by the employees can be discharged only for transgressions in exercising their mandates and by decision of the court which meets in emergency session, at the request of the majority of the members of the council of overseers. The decision is executed temporarily until it takes final form.

Article 115: Dissolution of the labor contract of a member elected by the employees

The dissolution of the labor contract of a member of the council of overseers who is elected by the employees, with the exception of the case when this is done at the initiative of the member himself, is proclaimed only by the court, meeting in emergency session. The decision is executed temporarily until it takes final form.

Article 116: Vacancies for members elected by the personnel

Vacancies which are created as a result of the death, resignation, discharge, or dissolution of the labor contract of a member of the council of overseers who are elected by the employees are filled in the following ways:

- When the election is the result of majority vote, in two rounds of balloting, the vacancy is filled by the replacement;
- when the election is the result of voting with lists of candidates, the vacancy is filled by the candidate on the same list who comes after the last person elected.

The mandate of the member elected in these ways ends after the completion of the normal period for the mandate of the other members who have been elected by the employees.

Article 117: Chairman and deputy chairman of the council of overseers

The council of overseers elects from among its members a chairman and a deputy chairman who are charged with convening the council and directing the discussion during its sessions. If it desires, it determines their compensation.

The chairman and the deputy chairman of the council of overseers are physical persons and cannot be elected from among representatives of juridical persons;

otherwise, their appointment is invalid. They exercise their functions during the entire period of the mandate of the council of overseers.

Article 118: Quorum and majority for making decisions

The council of supervisors cannot make valid decisions without the presence of at least one-half of its members.

Decisions are made by simple majority of the votes of members present or their representatives, with the exception of the case in which the statute specifies a larger majority.

The vote of the chairman is decisive, if there is a tie vote, unless the statute specifies otherwise.

Article 119: Special compensation for membership on the council

The assembly can set for members of the council of overseers a fixed annual sum of money as compensation for their participation in the meetings of the council. The assembly sets this sum regardless of the provisions of the statute or of previous decisions. The compensation of members of the council of overseers comes out of the accounts of the company.

Article 120: Extraordinary compensation

The council of overseers can set extraordinary compensation for services or tasks which are entrusted to members of the council of overseers. In this case, the compensation which is paid out of the accounts of the company is subject to the regulations of articles 122 to 125 of this law.

Article 121: Compensation of members of the council of overseers

Members of the council of overseers, with the exception of those who are elected by the employees, cannot receive any compensation, permanent or not permanent, from the company, besides the compensation specified in articles 117, 119, and 120 of this law. Any provision contrary to this article will be disregarded and any conflicting decision is considered to be invalid.

SUBSECTION III – GENERAL PROVISIONS

Article 122: Agreements which require authorization

The following agreements require the prior authorization of the council of overseers:

- all the agreements made between a company and a member of the board of directors or of the council of overseers of this company;
- agreements with which one of the aforementioned persons is linked indirectly or in which the person is linked with the company through an intermediary;
- agreements between a public company and another economic subject of any type, if one of the members of the board of directors or of the council of overseers of the public company is the owner, "unlimited" partner, administrator, or member of the board of

directors of the other economic subject. The persons who control the other economic subject in accordance with Article 219 of this law are considered to be owners. The regulations in this law are not applicable in the case of agreements made for everyday operations and carried out under normal conditions.

Article 123: Monitoring of agreements

The member of the board of directors or of the council of overseers who is involved must inform the council of overseers as soon as he learn of an agreement meeting the requirements of Article 122. If he is a member of the council of overseers, he cannot participate in the vote to give authorization.

The chairman of the council of overseers informs the certified public accountants of all authorized agreements and sends them to the general meeting for approval.

The certified public accountants present a special report on these agreements to the general meeting which makes a decision on this report.

The party concerned cannot participate in the vote and his stocks cannot be taken into account in calculating the quorum and majority.

Article 124: Non-approval of agreements

Agreements approved by the general meeting and those which are not approved by it have effects on third parties, except for cases when they are invalidated by fraud.

Even in the absence of fraud, the harmful effects on the company of unapproved agreements can obligate the member of the council of overseers or of the board of directors who is involved and possibly the other members of the council of overseers.

Article 125: Invalidity of agreements

The agreements mentioned in Article 122 and concluded without the prior authorization of the council of overseers can be invalidated if they have had harmful results on the company, while not absolving the party concerned of responsibility.

Any lawsuit on the invalidity of the agreement must be brought within 3 years of the date of the agreement. However, if the agreement has been a secret one, then the date that the agreement was made public is considered to be the date that the statute of limitations begins.

The question of the invalidity can be submitted to the vote of the general meeting which examines the special report of the certified public accountants which presents the reasons why the authorization procedure was not carried out. In this case, paragraph 4 of Article 123 of this law is implemented.

Article 126: Prohibition of loans

Members of the board of directors and members of the council of overseers, except for those who are juridical persons, are prohibited from contracting in any form to receive loans from the company, to give down payments by means of the company, and to become co-signers or to guarantee obligations to third parties by means of the company. Any contract which is in conflict with the above prohibitions is invalid.

However, if the company is established as and operates as a banking institution, this prohibition is not in effect for the everyday operations of its business activity carried out under normal conditions.

The same prohibition is applicable for the permanent representatives of juridical persons who are members of the council of overseers. It also applies to the spouses, ancestors, and descendants of the persons mentioned in this article and to any person acting as an intermediary.

Article 127: Obligation to secrecy

Members of the board of directors and of the council of overseers and any person who is called to participate in the meetings of these organs must protect the secrecy in regard to information which is regarded to be inside information by the chairman.

SECTION V -- THE GENERAL MEETING OF STOCKHOLDERS

Article 128: The extraordinary general meeting

Only the extraordinary general meeting has the power to amend the statute and all its provisions. Any provision to the contrary is considered to be invalid. However, the meeting cannot increase the obligations of the stockholders, with the exception of the operations resulting from the regrouping of the stocks which is carried out on a regular basis.

The extraordinary general meeting can issue valid decisions only if the stockholders present or represented control at least 1/2 of the stocks at the first session and 1/4 of the stocks with voting rights at the second session. In the absence of this quorum, the second session of the general meeting can be postponed to a later date but no later than two months from the date of the first convocation.

It issues decisions by a 3/4 majority of the votes of the stockholders who are present or represented.

Article 129: The regular general meeting

The regular general meeting issues every decision, with the exception of those which are mentioned in Article 128.

It issues valid decisions at the first meeting, only if the stockholders who are present or represented control at least 1/4 of the stocks with voting rights. If this meeting does not take place, no type of quorum is sought in the second meeting.

The regular general meeting issues decisions by the majority of the votes controlled by the stockholders who are present or represented.

Article 130: The session of the regular general meeting

A session of the regular general meeting is convoked at least once a year, within 6 months after the end of the fiscal year. This deadline can be extended by court decision.

After the reading of the report, the board of directors presents the annual reports to the general meeting and, if necessary, the consolidated accounts.

In addition to other things, the certified public accountants present a report on the execution of the tasks assigned, in accordance with the demands of Article 178 of this law.

The general meeting examines and decides on all the financial issues of the past fiscal year.

It exercises the powers assigned to it by articles 105, 108, 119, paragraph 3 of Article 123, and Article 125 of this law.

The general meeting authorizes the issuance of bonds and the issuance of special securities instruments connected with them. However, in regard to companies which have as their main activity the issuance of bonds for financing the loans which they have accepted, the board of director has full powers to issue these loans, with the exception of cases in which the statute stipulates otherwise.

Article 131: The purchase of considerable assets belonging to a stockholder

When a company, within 2 years of its registration, purchases an asset which belongs to a stockholder and which has a value of 1/10th of the starting capital, an expert is assigned by court decision, at the request of the board of directors, to evaluate the assets under its responsibility. This expert is subject to the conflict of interests provisions specified in articles 168 and 169 of this law.

The report of the expert is made available to the stockholders. In its session, the regular general meeting makes a decision on the evaluation of the assets, otherwise the purchase is invalid. The seller does not have the right to participate in the evaluation, either personally or by means of a proxy.

The rules in this article are not applicable if the purchase is made on the stock market, under the supervision of a juridical authority or as part of the everyday activities of the company, carried out under normal conditions. They are not applicable when the company has only one stockholder.

Article 132: Convoking a session of the general meeting

A session of the general meeting is convoked by the council of overseers or the board of directors.

In their absence, it can also be convoked:

1. By the certified public accountants;
2. By a proxy designated by the court at the request of the party concerned, in an emergency, or at the request of one or more of the stockholders who control, together, at least 1/10th of the starting capital;
3. By the liquidator.

Sessions of the general meeting of stockholders are held at the company's headquarters when the statute does not specify otherwise.

Article 133: Method of notification

The sessions of the general meeting of stockholders are convoked by means of an announcement published in a newspaper authorized to publish legal announcements.

If all the stocks are registered or if the company has only one stockholder, the publications stipulated in the above paragraph can be replaced by a notice sent in a registered letter to each stockholder at the company's expense.

The announcement, which the stockholders must receive or be informed about at least 15 days before the general meeting, specifies the date, time, and place of the meeting, as well as whether it is a regular, extraordinary, or special session and also gives the agenda. If necessary, it indicates where bearer stocks or certificates of deposit of these stocks should be deposited for participation in the general meeting and the deadline for depositing them.

Any session of the general meeting which is convoked in an irregular manner can be cancelled.

However, the cancellation is not accepted when all the stockholders are present or represented.

Article 134: Setting the agenda

The agenda of the sessions of the general meeting of stockholders is set by the author of the announcement.

However, one or more stockholders who represent at least 5 percent of the capital have the right to place some draft resolutions on the agenda.

These draft resolutions are sent to the company's headquarters along with a cover letter and a document which certifies the control or representation of the share of capital required by the second paragraph of this article.

The general meeting cannot examine any issue which is not on the agenda. However, it can discharge one or more members of the council of overseers and proceed to replace them under any circumstances.

The agenda for the session of the general meeting cannot be changed in the second announcement.

Article 135: Representation of a stockholder

A stockholder can be represented by another stockholder or by his or her spouse.

Each stockholder can receive the power given to him by other stockholders to represent them at a session of the general meeting without any restrictions other than those resulting from legal limitations or from the statute, which stipulate the maximum number of votes which the same person can control, either in his own name or as a proxy.

The mandate is given only for one session of the general meeting. But it can be given for two sessions of the general meeting, one of which is a regular session and the other, an extraordinary session, which are held on the same day or within 7 days.

A mandate given for one session of the general meeting is valid for other sessions of the general meeting which are convoked to continue with the same agenda.

Any provisions contrary to the regulations in the above paragraphs are considered to be invalid.

Article 136: Presenting documents to the general meeting

At least 15 days before the general meeting, the board of directors will send or make available to the stockholders the documents they need to enable them to become familiar with and to formulate a complete judgment about the administration and progress of the business of the company.

These documents will include, in particular:

1. The agenda of the general meeting;
2. The text of the draft resolutions presented;
3. A comprehensive picture of the situation of the company during the past fiscal year, along with a table which gives the results for each of the past 5 fiscal years;
4. The report of the certified public accountants which, if necessary, will be presented to the meeting when an extraordinary session is being held.

If the appointment of members of the council of overseers is on the agenda, the following information is also provided:

- a) the surname, first name, and age of each of the candidates, professional data, and their professional activity during the past 5 years, especially the positions which they hold or have held in other companies;
- b) the positions and duties of the candidates in the company and the number of shares which they have in the company, of which they are owners or bearers.

On the basis of the documents mentioned in this article, each stockholder has the right to submit questions in writing, which the board of directors must answer during the general meeting.

Article 137: The right to vote which has its basis in the registering of the stockholder or the depositing of the stocks

The right to participate in the general meeting can be based on the recording of the stockholder in the register of the registered stocks of the company or by the depositing, in the place indicated in the announcement of the meeting, of the bearer stocks or by a certification that the stocks have been deposited, issued by the bank holding these stocks.

The deadline for executing these formalities is specified in the statute. It cannot be more than 5 days after the session of the general meeting.

Article 138: The right to vote stocks held by the company

The company cannot vote validly by using stocks which have been subscribed, bought, or mortgaged by it. These stocks are not taken into account in calculating a quorum.

Article 139: Participation in the sessions of the regular meeting

The statute can require a minimum number of stocks, which cannot be greater than 10, for participation in the sessions of the regular general meeting.

A number of stockholders can join together to achieve the minimum number specified by the statute and to be represented by one of them.

Article 140: Participation in the sessions of the extraordinary general meeting

Every stockholder can participate in sessions of the extraordinary general meeting. Any provision to the contrary is considered to be invalid.

Article 141

Members of the council of overseers, members of the board of directors, and certified public accountants can take part in all the sessions of the general meeting of stockholders, with consultative vote. They must be notified in writing by the deadline set in Article 133 of this law. They have a decisive vote only when they are voting as stockholders.

Article 142: Proof of participation and the process verbal

Proof of participation is given for every general meeting. The proceedings of the session are presented in the process verbal. The notes which are kept in the record of participation and in the process verbal and the regulations for keeping them are stipulated by a special law.

Article 143: The right to information about some documents of the company

Beginning with the moment of the announcement of the annual session of the regular general assembly and at least 15 days before it begins, each stockholder or proxy appointed by him as a representative to the general meeting has the right to learn about the following, at the company's headquarters or at the headquarters of the administrative management:

- The inventory, the annual financial balance sheet, and the list of members of the board of directors and the council of overseers;
- The reports of the board of directors, the council of overseers, and the certified public accountants which will be presented to the general meeting for examination;
- If necessary, the text and the arguments for resolutions which are proposed, as well as data on candidates for the council of overseers;
- The total amount, verified with accuracy by the certified public accountants, above the compensation given for persons who are paid more. There should be 10 of these people if there are more than 200 employees and 5 in other cases.

The right to information also includes the right to be given copies of these documents, in addition to a copy of the inventory.

Article 144: The right to information on the list of stockholders

Every stockholder has the right to be informed of or to receive copies of the list of stockholders at the headquarters of the company or the management, 15 days before the general meeting.

Article 145: The right to have documents available

Every stockholder has the right, at any time, to have available the documents of the company mentioned in Article 143 for the last 3 fiscal years as well as the process verbales and records of participation in general meetings during the last 3 years.

Article 146: Refusal to make documents available

If the company refuses, completely or partially, to make documents available, in violation of the regulations of articles 143-145 presented above, the matter is submitted to the court for a decision, at the request of the stockholder who suffered the refusal.

Article 147: Invalidity of issues examined

Issues examined by the general meeting in violation of Article 129, paragraphs 2 and 3 of Article 130, and articles 134 and 143 of this law are invalid. If the provisions of articles 144 and 145 of this law are violated, the general meeting can be cancelled.

Article 148: Number of votes

The right to vote which comes from the control of stocks is proportional to the share of capital which they represent and each share of stock gives the right and at least one vote, with the exception of the rules stipulated in articles 87 and 149 of this law. Any provision to the contrary is considered to be invalid.

Article 149: Limitation of the number of votes

The statute can limit the number of votes which each stockholder has in the general meetings, on the condition that this limitation is placed on all types of stocks regardless of category.

SECTION VI -- CHANGES IN STARTING CAPITAL

SUBSECTION I -- INCREASING CAPITAL

Article 150: Methods

The starting capital is increased by issuing new stocks or by raising the face value of the existing stocks.

The new stocks are paid for in cash, with settlement of a cash credit requested and obliged to be paid for by the company, by including reserves, earnings, or issuance premiums, by payment in kind or by the conversion of bonds.

The capital is increased by raising the nominal value of the stocks only with the unanimous approval of the stockholders, with the exception of the case in which this is done by including reserves, earnings, or issuance premiums.

Article 151: Value of new stocks at issuance

New stocks are issued at face value or at a higher value which includes the issuance premium.

Article 152: Competent bodies

The extraordinary general meeting is the only body which is competent to decide in its meeting to increase the capital on the basis of the report of the board of directors.

If the capital is increased by including reserves, earnings, or issuance premiums, the general meeting makes its decision with the quorum or the majority specified in Article 129, disregarding the provisions of Article 128 of this law.

The general meeting can delegate to the board of directors the powers required to increase the capital one or more times, to determine the methods, to monitor the execution of the process, and to proceed to make appropriate changes in the statute.

Any provision in the statute which gives the board of directors the power to decide to increase the capital is disregarded.

Article 153: Deadline for implementation

The capital must be increased within 5 years of the date on which the general meeting made its decision or gave its authorization for increasing capital.

Article 154: Payment and verification of capital

Before the issuance of any new stocks which are paid for in cash, the capital must be paid for completely; otherwise, the operation is considered invalid.

Among other things, any increase in capital by public offering carried out no later than two years after the establishment of a company, in accordance with articles 89-93, must be preceded, in accordance with the conditions mentioned in articles 85-87 of this law, by an audit of the assets and liabilities and, if necessary, of the special advantages received.

Article 155: The right to priority in subscription

Stocks give the right to priority in subscription for increasing capital.

Stockholders have the right to priority in subscription for increasing cash capital, in proportion to the number of shares which they control. Any provision to the contrary is invalid.

During the subscription period this right is negotiable, when it is connected with stocks which are negotiable; otherwise, this right is transferable under the same conditions as the stock itself.

The conditions for giving unsubscribe new stocks and for distributing their surplus are set by the general meeting.

Article 156: Removal of the right to priority

The general meeting which decides on increasing capital can remove the right to priority in subscription. It makes its decision on the basis of the report of the board of directors and of the certified public accountants; otherwise, the decision is invalid.

The eventual recipients of the new stocks cannot participate in the vote which gives them the right to priority in subscription; if they do, the vote is considered to be invalid. The quorum and majority required for making this decision are calculated after the stocks controlled by the aforementioned recipients are deducted.

Article 157: Time period for subscription

The time period which is set for the stockholders to exercise their subscription rights cannot be less than 20 days from the date that the subscription opens.

The subscription period can conclude early if all the subscription rights have been utilized.

Article 158: Publication of the subscription

Before the opening of the subscription, the company completes the formalities of publication, using the methods set by a special law.

Article 159: Subscription bulletin

The subscription contract is presented in a bulletin drawn up in accordance with the conditions stipulated by a special law.

Article 160: Payment for the subscribed stocks and withdrawal of funds

The stocks subscribed for cash contribution must be paid for at the time of subscription; at least up to one-quarter of their face value and, if necessary, the full amount of the issuance premium.

At this time, the provisions of the first paragraph of Article 82 are

implemented, with the exception of those dealing with the list of subscribers. The funds resulting from subscriptions for cash contributions can be withdrawn by a proxy designated by the company after a certificate is drawn up by the depositor.

If the increase in capital is not carried out during the 6-month period following the opening of the subscription, the regulations in Article 88, paragraph two, of this law can be applied.

Article 161: Proof of subscriptions and payments

Subscriptions and payments are proven by a certificate of deposit drawn up at the time the funds are deposited, with the presentation of the subscription bulletins.

Payment for stocks, with settlement of a cash credit required to be paid by the company is proven by a statement from a certified public accountant. This statement replaces the certificate of deposit.

Article 162: Contributions in kind and special advantages

If there are contributions in kind or special advantages, one or more experts on contributions are appointed by court decision. They are subject to the conflict of interests provisions stipulated in articles 168 and 169 of this law.

These experts assess, under their own responsibility, the value of contributions in kind and special advantages. Their report is made available to stockholders at the company's headquarters at least 8 days before the session of the extraordinary general meeting and the regulations in Article 87 of this law are implemented.

If the general meeting approves the evaluation of the contributions and the granting of special advantages, it proves that the capital has been increased.

If the general meeting reduces the value of the contributions and the payments connected with the special advantages, the explicit approval of these changes by contributors, beneficiaries, or their authorized proxies is required. Otherwise, the increase in capital is not carried out.

Shares for contribution in kind are paid for in full as soon as they are issued.

Article 163: The right to distribute new stocks

If the inclusion in the capital of reserves, earnings, or issuance premiums is accompanied by the distribution of new stocks to stockholders of the company, then the right to priority is negotiable or transferable, with the exception of the case when the general meeting expressly makes a decision on this right, under the conditions stipulated in the second paragraph of Article 152 of this law.

SUBSECTION II -- REDUCTION OF CAPITAL

Article 164: Methods

The reduction of capital is authorized or decided by the extraordinary general meeting at its session, which can give the board of directors all the powers to carry it out.

In all cases, the reduction affects the stockholders in proportion to the value of the stocks which they control.

The plan for reducing capital is announced to the certified public accountants at least 45 days before the session of the general meeting of stockholders which is convoked to decide on this plan.

The general meeting makes a decision in regard to the report of the certified public accountants, who present their evaluation of the causes and conditions of the reduction.

When the operation is carried out by the board of directors, which is charged with the task by the general meeting, it prepares a process verbal which is made public and it takes action for a corresponding change in the statute.

Article 165: Appeal the reduction of capital

When the general meeting approves a plan for the reduction of capital which is not motivated by losses, creditors who advanced credit before the date of the publication

of the change in the statute can appeal the reduction within thirty days of that date. The appeal is announced to the company and is sent to the court.

The court decision rejects the appeal or orders the return of credits or the granting of guarantees, if the company has them and if they are thought to be sufficient.

Operations for the reduction of capital cannot begin before the period for the appeal has ended, especially before a decision on this appeal is made by the court of the first instance, if this is necessary.

If the court of the first instance accepts the appeal, the process of reducing the capital stops immediately, until adequate guarantees are given or credits are returned. If the court rejects the appeal, the reduction operations can begin.

Article 166: The company's repurchase of its own stocks

A company is prohibited from buying its own stocks.

However, the general meeting which has made the decision to carry out a reduction of capital, not motivated by losses, can authorize the board of directors to buy a specific number of stocks, in order to cancel them, so as to respond to the reduction of capital.

SECTION VII -- AUDITING PUBLIC COMPANIES

Article 167: Auditing by certified public accountants

In every public company, auditing is exercised by one or more certified public accountants.

Article 168: Exclusion of certain persons

The following cannot be certified public accountants of a given company:

1. The founders, contributors in kind, persons who benefit from special advantages, members of the board of directors or the council of overseers of the company or its branches, as specified in Article 217 of this law;
2. Cousins and relatives by marriage of the persons mentioned in point 1, up to and including the fourth degree of kinship or kinship by marriage;
3. Members of the board of directors or of the council of overseers of companies which control one-tenth of the capital of the company concerned or of those companies of which this company controls one-tenth of the capital, as well as their spouses;
4. Persons and spouses of persons who receive from the persons mentioned in point 1, from the company or from any person or company mentioned in point 3, a salary or any type of compensation for functions which differ from those of the certified public accountants;
5. Firms of certified public accountants in which one of the partners, stockholders, or directors or the spouse of any one of these persons fits any of the descriptions mentioned in the above paragraphs.

Article 169: Conflicts of interest

Certified public accountants cannot be named members of the board of directors of the companies which they monitor, until five years after they end their monitoring of the

company. The same prohibition is in effect for the partners, stockholders, or directors of a firm of certified public accountants.

During the same period they cannot carry out the same functions in companies which control 10 percent of the capital of the company monitored by them or in which the company controls 10 percent of the capital at the time that the certified public accountants cease their activity in the company.

Persons who have been members of the board of directors, administrators, or employees of a company cannot be appointed certified public accountants of this company, for at least five years after they cease their activity in the company.

During the same period, they cannot be appointed certified public accountants in companies which control 10 percent of the capital of the company in which they carry out their work, or in which this company controls 10 percent of the capital at the time that they cease their activity.

The prohibitions stipulated for the persons mentioned in the previous two paragraphs are applicable to firms of certified public accountants in which the persons in question are partners, stockholders, or directors.

Article 170: Certified public accountants whom are in their positions improperly

Examinations made by certified public accountants, appointed in an improper manner or on the basis of the report of certified public accountants, who have been appointed or who have been kept in their positions in violation of the regulations in Article 168 and Article 169, paragraphs 3-5, are invalid.

Any accusation of invalidity is withdrawn if these examinations are expressly confirmed by the general meeting on the basis of a report by experts appointed in the regular manner.

Article 171: Appointment

With the exception of the cases stipulated in articles 84 and 93 of this law, the certified public accountants are appointed by the regular general meeting, at its session.

The meeting appoints one or more assistant certified public accountants who are called upon to replace the incumbents in the case of their rejection, negligence, resignation, or death.

Companies with public offerings must appoint at least two certified public accountants.

This must also be done by public companies without public offerings, whose capital exceeds 20 million leks on the date of the session of the regular general meeting which makes the appointment.

Article 172: Duration of the mandate and replacement

Certified public accounts are appointed for one fiscal year. Their functions end after the session of the regular general meeting which makes a decision on the annual balance sheets.

A certified public accountant appointed by the general meeting to replace another person remains in the position up to the end of the term of his predecessor.

If the general meeting fails to appoint a certified public accountant, any stockholder can seek to appoint such a person through the court; in this case, the court summons the chairman of the board of directors, in accordance with the regulations. The person's term ends when the session of the general meeting takes measures to appoint one or more experts.

Article 173: Rejection

One or more stockholders who represent at least one-tenth of the starting capital have the option, within 30 days of the appointment, to express their opposition, in court, in regard to one or more of the certified public accountants appointed at the session of the general meeting and to seek the appointment of one or more certified public accountants to replace them.

If the request is thought to be justified, a new accounting expert is appointed by the court. He remains in his position until the work of the certified public accountant appointed by the session of the general meeting begins.

Article 174: The special report

One or more of the stockholders who represent at least one-tenth of the starting capital can seek, through the courts, the appointment of an expert charged with presenting a special report on some specific operations of the management.

If the request is considered justified, the court decision stipulates the extent of the mission of the expert and his powers. The court can charge the company with payment of the related expenses.

A copy of the report is sent to the requester, the board of directors, and the council of overseers. In addition, the report must be included along with the report drawn up by the certified public accountants for presentation to the next session of the general meeting and must be publicized along with the accountants' report.

Article 175: The right of partners to be informed during the period between the sessions of the general meeting

One or more stockholders, who represent at least one-tenth of the starting capital, have the option, twice in every fiscal year, of presenting questions, in writing, to the board of directors in regard to any problem which compromises the continuity of the company's activity. The response is given to the certified public accountant.

Article 176: Removal

Certified public accountants can be removed from their positions for mistakes or negligence by decision of the court which meets and makes a decision on an urgent basis.

Article 177: The right of the certified public accountant to be heard

When, at the conclusion of his term, the replacement of a certified public accountant is proposed to the general meeting, the accountant has a right to be heard at the session of the general meeting if he desires this.

Article 178: Duties

Certified public accountants give their assurance that the annual balance sheets are in order and drawn up honestly and that they give a true picture of the results of the operations of the past fiscal year and of the financial situation and assets of the company at the end of the fiscal year.

They have the continuing task, without interfering in the management, of inspecting the account books and funds of the company and monitoring the compliance of the company's accounting system with the legislation in force. They also monitor the veracity and the correlation with the annual balance sheets of the information given in the management report by the board of directors and in the documents which have been sent to the stockholders on the financial situation and the annual reports.

The certified public accountants ensure that the principle of equality of stockholders is respected.

Article 179: The continuing auditing process

Throughout the year, the certified public accountants, together or separately, undertake all the inspections and audits which they consider necessary and examine all the documentation which they consider to be useful in carrying out their tasks, especially, contracts, account books, accounting documents, and process verbal records.

In order to carry out their audits, the certified public accountants have the opportunity, at their own responsibility, to be assisted or represented by experts or collaborators whom they choose themselves, whose names must be made known to the company. These people have the same rights to inspect and audit as the certified public accountants and are subject to the conflict of interests provisions stated in articles 163 and 169 of this law.

The inspections and audits stipulated in this article can be carried out in the company in question and also in the parent company or in its branches in accordance with Article 217 of this law.

The certified public accountants also have the opportunity to gather all the useful information they need to do their work from third parties who have handled the accounts of the company.

Professional secrecy cannot keep them from getting the information, with the exception of cases in which the organs of justice are involved.

However, this right to be informed cannot be extended to the knowledge of materials, contracts, or documents of any type which are kept under secure conditions by third parties, if the experts are not authorized, by court decision, to have access to them.

Article 180: Informing the company

The certified public accountants inform the board of directors and the council of overseers of the following:

1. The audits and inspections and the various probes which have been carried out;
2. The parts of the balance sheet and of the other accounting documents in which, in their view, changes must be made, while making all the necessary comments on the methods of evaluation used in compiling these documents;
3. The irregularities and inaccuracies which they have discovered;
4. The implications of the above comments and corrections for the results of the current fiscal year, compared to those of the previous fiscal year.

Article 181: Obligatory invitations to the certified public accountants

The certified public accountants are invited to the meeting of the board of directors which closes the books on the past fiscal year and to all the sessions of the general meeting of stockholders.

Article 182: Fees

The fees for the certified public accountants are charged to the company.

Article 183: Reporting

The certified public accountants point out in the next session of the general meeting any irregularities and inaccuracies which they have discovered while carrying out their duties.

In addition, they inform the public prosecutor of the Republic of things which constitute a crime, which they have discovered, an activity for which they are not charged with responsibility because it is included in their job.

With the exception of the regulations in the above paragraphs, the certified public accountants and their collaborators and experts are obliged to keep as professional secrets any facts, deeds, and information which they might learn as a result of their positions.

Article 184: Responsibility

The certified public accountants are responsible to the company and to third parties for the damage caused by their mistakes and negligence in carrying out their functions.

They are not legally responsible for violations of the law committed by members of the board of directors, with the exception of cases in which they knew about these violations but did not expose them in their report to the session of the general meeting,

Article 185: Limitation

Lawsuits against the certified public accountants are limited by the conditions of Article 196 of this law.

SECTION VIII -- CONVERSION OF PUBLIC COMPANIES

Article 186: General conditions

Any public company can be converted into a another type of company, if it has been in existence at least two years at the time of the conversion and if the balance sheet for the past two years has been compiled and has been approved by the stockholders.

Article 187: The conversion process

The decision to convert is made on the basis of the report of the experts on the conversion of the company. The report certifies that the company's own capital is at least equivalent to the starting capital.

The decision to convert the company is made public; the methods are stipulated by a special law.

Article 188: Conversion into a general partnership, a limited partnership, or a limited liability company

Conversion into a general partnership is carried out with the approval of all the partners. In this case, the conditions stipulated in Article 186 and in the first paragraph of Article 187 are not necessary.

Conversion into a limited partnership is carried out under the conditions required for changing the statute and with the agreement of all the partners who agree to be "unlimited" partners.

Conversion into a limited liability company is decided upon under the conditions required for changing the statute of companies of this type.

SECTION IX -- DISSOLUTION OF PUBLIC COMPANIES

Article 189: Dissolution by the extraordinary general meeting

The dissolution of the company is proclaimed at a session of the extraordinary general meeting.

The company is dissolved automatically at the end of its term, according to the statute.

Article 190: Dissolution because of the loss of assets

If, as a result of the losses reported in the accounting documents, the company's own capital becomes less than half the starting capital, the board of directors must, within 4 months of the approval of the financial balance sheet reporting this loss, convoke a session of the extraordinary general meeting, for the purpose of deciding if the company should be dissolved.

If the dissolution is not supported by the majority which is necessary for making changes in the statute, the company must reduce its capital by an amount which is no less than the losses which have not been covered by the reserves, keeping in mind the provisions of Article 75 of this law. This operation must be completed no later than the end of the first fiscal year before which the loss was noted, if, within this period, the company's capital was not supplemented to the extent that it totaled no less than half the starting capital.

In both cases, the solution presented by the general meeting is published in a newspaper which is authorized to publish legal notices.

If there is no session of the general meeting or when this meeting was not able to make a valid decision at its last session, any interested party can seek the dissolution of the company, through the courts.

The same thing can be done if the provisions of the second paragraph of this article are not implemented. In all cases, the court can give the company a maximum of 6 months to put itself in order; it cannot call for its dissolution if the company has been put in order on the day that the court is making its decision.

SECTION X -- LEGAL RESPONSIBILITY

Article 191: Responsibility in the case of invalidation

The founders of a company who are blamed for the invalidity of the company at the time it is established and the members of the board of directors who are in office when the invalidity is proven can be declared jointly responsible for the damages which the invalidation of the company causes to the stockholders or to third parties.

The same joint responsibility can be assigned to those stockholders whose contributions and advantages have not been verified and approved.

Article 192: Responsibility of members of the board of directors in cases of violation of the law and management errors

Members of the board of directors are responsible, individually or jointly, according to the case, to the company or to third parties, for the violation of legal provisions or of regulations applicable for public companies, for the violation of the statute, and for errors made in the management of the company.

If some members of the board of directors have been involved in the same errors, the court determines the share of each one in the contribution to compensate for the damage.

Article 193: Responsibility of members of the council of overseers

Members of the council of overseers are responsible for their personal errors during the period of their term on the council.

They are not held responsible for any management actions or for their results.

They can be held legally responsible for violations committed by the members of the board of directors if they were aware of these violations and did not report them to the general meeting.

Article 194: Suing for responsibility

In addition to bringing suit for compensation for personal damage, stockholders have an opportunity, individually or as part of a group, to bring suit for responsibility against members of the board of directors or of the council of overseers.

If they represent at least one-twentieth of the starting capital, stockholders in a joint interest suit can charge, at their own expense, one or more of their number to represent them in the lawsuit and in the defense.

The withdrawal, during the court session, of one or more of the aforementioned stockholders, because of voluntary withdrawal from the suit or because they are no longer stockholders, does not affect the continuation of the court session.

The plaintiffs are authorized to seek, by legal means, full compensation for the damage which has been caused to the company, which, if necessary, will also include financial compensation.

Article 195: The mandatory nature of responsibility

Any provision in the statute which aims to set as a prerequisite for bringing a lawsuit a preliminary opinion or an authorization from the general meeting is considered to be invalid. Any provision which rejects, in advance, the bringing of a suit is also invalid.

No decision of the assembly can prohibit a lawsuit against members of the board of directors or members of the council of overseers for errors committed by them in performing their functions.

Article 196: Statute of limitation for lawsuits

On the basis of the articles in this section, lawsuits can be brought for a period of 3 years, beginning with the date on which the damage was caused or, if the damage was concealed, beginning with the date of its discovery. However, if the damage constitutes a crime, the suit can be brought for a period of 10 years.

A lawsuit in regard to the invalidation of a company can be brought for a period of 3 years beginning with the date on which the decision on invalidation went into effect.

SECTION XI -- STOCKS

Article 197: Forms

Stocks are in the form of bearer stocks or registered stocks.

Article 198: Transfer

Bearer stocks are transferred without any type of procedure.

Registered stocks are transferred to third parties and to the juridical person issuing them by means of a transfer in the records which the company keeps for this purpose and which contain the appropriate indices for the operations of transferring and converting stocks and in particular:

-the date of the operations;

- the surnames, first names, and home addresses of the former and the new holder, in the case of transfer;
- the surname, first name, and home address of the holder of the stocks, in the case of conversion of the bearer stocks into registered stocks;
- the face value and the number of shares of stock transferred or converted.

Article 199: Impossibility of dividing the stocks

The stocks are indivisible vis a vis the company.

Article 200: Stocks for contribution in cash and stocks for contribution in kind

Stocks for contribution in cash are stocks which are paid for in cash or by bartering; stocks which are issued as a result of the inclusion in the capital of reserves, earnings, or issuance premiums, as well as stocks whose value comes partially from payment in cash. The latter stocks must be paid for in full at the time of the subscription. All other stocks are stocks for contribution in kind.

Article 201: Face value

The face value of the stocks or of the stock splits is specified in the statute.

Article 202: Priority stocks

At the time of the establishment of the company or during its existence, priority stocks can be created which have advantages over all the other stocks, keeping in mind the requirements of articles 148 and 149 of this law.

Article 203: The form of stocks for contribution in cash before payment

Stocks for contribution in cash are registered until they are paid for completely.

Article 204: Trading of stocks

Stocks can be traded only after the registration of the company in the trade registry or, in the case of an increase in capital, after this change is recorded. Stocks can still be traded after the dissolution of a company, up to the completion of the liquidation process.

Article 205: Results of the invalidation

The invalidation of a company or of an issuance of stocks does not result in the invalidity of the stock trade carried out before the invalidation decision, if the securities are in order in regard to form, although the buyer can exercise the right to protection with guarantees in dealing with the seller.

Article 206: Transfer of ownership with the approval of the company

With the exception of an inheritance, the transfer of ownership of stocks to a third person, regardless of the juridical base of this transfer, can be submitted for the approval of the company, on the basis of a provision in the statute.

Such a provision can be formulated only when the stocks are in registered form on the basis of a law or statute.

Article 207: Approval of transfers of ownership

The company is given a request for approval which has the surname, first name, and address of the person to whom the ownership is transferred and the price offered, if the statute has a provision for such requests. The approval is considered to be given when there is notification of approval or when there is no response within 3 months of the date of the request.

If the company does not approve the person proposed to be the recipient of the transfer of ownership, the company is required, within 3 months of the date of the announcement of the rejection, to buy stocks, by means of a stockholder or a third person or with the approval of the person who is losing the right to ownership because of the company itself, for the purpose of reducing capital. In the absence of an agreement between the parties, the price of the stocks is set in accordance with the provisions of Article 11 of this law

If, the purchase is not completed in 3 months, the transfer of ownership is considered to be approved. However, this deadline can be extended by court decision at the request of the company.

Article 208: Failure to make payment for stocks

When a stockholder has not paid the amount of money remaining to be paid for the stocks subscribed by him by the deadline set by the board of directors, the company sends him an warning.

If the stockholder does not respond to the board of directors' warning in at least a month, the company sells these stocks without any authorization from the courts.

The sale of listed stocks is carried out on the stock market. The sale of over-the-counter stocks is carried out in public auctions through a stockbroker or a notary. Any stockholder who has not paid for the stocks subscribed by him remains a debtor or profits from the difference, according to the case, when the stocks are sold at an auction at or below their registered value. The expenses incurred by the company in carrying out the sale are charged to the stockholders who have not paid their debts.

Before the sale specified in the above paragraph is carried out, the company publishes, in a newspaper which is authorized to publish legal announcements, the number of stocks which are up for sale and this information is published at least 30 days after the warning mentioned in the first paragraph of this article. The company notifies the debtor about the sale of the unpaid stocks by means of a registered letter which gives the date and issue number of the newspaper in which the announcement was published. The stocks cannot be sold until at least 15 days after the registered letter was sent.

Article 209: Responsibility in the case of failure to make payment for stocks

The stockholder who has not paid his debts, the persons to whom ownership has been transferred, one after the other, and the subscribers are collectively responsible for unpaid balances on stocks. The company can take action against them before the sale, after it, or at the same time as the sale, in order to collect the respective payments and expenses.

A stockholder who has paid the debts to the company seeks a loan from the persons who owned the stock earlier, one after the other; the final loan is charged against the person who owned the stock most recently.

After a period of 2 years after the transfer of ownership. each subscriber or stockholder who has lost ownership is released from the remaining financial obligations.

Article 210: Rights of stockholders who have not paid their debts

At the end of the 30-day period after the warning mentioned in Article 208, holders of stocks which have not been paid for completely lose their right to be present and the right to vote at sessions of the general meeting of stockholders and are not taken into account in the calculation of a quorum.

The right to receive dividends from these stocks and the right to priority in subscription of these stocks for increasing capital are discontinued.

After the payment of the required amounts of money, with interest, the stockholder can seek the payment of unanticipated dividends. He cannot bring a lawsuit by utilizing the right to priority in subscription for increasing capital after the end of the period set for exercising this right.

CHAPTER VI -- COMMON PROVISIONS FOR ALL FORMS OF COMPANIES

SECTION I -- ANNUAL REPORTS

Article 211: Accounting documents which are made available to the certified public accountants

At the end of every fiscal year, the board of directors or the administrators draw up an inventory and an annual accounting, in accordance with the provisions of the legislation in effect on keeping accounts and draft a written report on the management. The following are attached to the balance sheet:

1. A situation report on the guarantees given by the company. This regulation is not applicable in the case of credit or securities companies.
2. A situation report on guarantees given made by the company.

The report on the management presents the situation of the company during the past fiscal year, its scheduled changes, the important activities which have been carried out from the end of the fiscal year to the date on which this report is compiled, and the activities of the company in the area of scientific research.

The documents mentioned in this article are made available to the certified public accountants at the company headquarters at least one month before the session of the general meeting of partners or of stockholders which is called to make a decision on

the company's accounting reports. At their request, a copy of the documents is given to these accountants.

Article 212: Change in the manner of presenting the accounting or in the methods of evaluation

The changes which are made in the manner of presenting the annual accounting and in the methods of evaluation used are mentioned in an attachment to the report on the management and, if necessary, to the report of the certified public accountants,

Article 213: Essential reserves

Limited liability companies and public companies set aside at least 1/20th of the earnings accumulated during the fiscal year, after the losses of the previous year are deducted, if necessary. This money is intended for a reserve fund which is called an "essential reserve". Any decision to the contrary is invalid.

This set-aside process is not obligatory when the "essential reserve" amounts to 1/10th of the starting capital.

Article 214: Earnings which will be distributed

The earnings which will be distributed consist of the fiscal year's earnings from which the sums set aside for reserves have been deducted in accordance with the law or statute. On the other hand, the losses or gains carried over from previous years are deducted or added, respectively.

The general meeting can make a decision to distribute the funds set aside for reserves which it has available. In this case, the decision states expressly the types of reserves from which these funds have been taken.

With the exception of cases when the capital is being reduced, no distribution can be made to the stockholders if, after this distribution, the [company's] own capital is or will become smaller than the amount of the capital added to the reserves which the law or statute does not allow to be distributed.

Article 215: Determination of dividends, sham dividends

After the approval of the annual accountings and the verification of the existence of the sums of money which will be distributed, the general meeting determines the share which is due to the stockholders in the form of dividends.

Any dividend distributed in violation of these regulations is a sham dividend.

However, advance payments, with money from previous fiscal years or the current fiscal year, made before the accountings for these fiscal years have been approved, do not constitute sham dividends, provided that:

1. In addition to the essential reserves, the company has available reserves which are at least equal to the advance payments distributed or a statement given by a certified public accountant certifies that the net earnings are more than the advance payments;
2. The distribution of the advance payments is decided upon by the board of directors or the administrators who set the amount and the date of the payment.

Article 216: Reclaiming dividends

The company cannot seek to reclaim any dividends from stockholders, with the exception of cases when the following two conditions are satisfied:

1. If the distribution was made in violation of the regulations of articles 214 and 215, presented above;
2. If the company proves that the persons profiting from the dividends were aware of the irregularities in this distribution at the time it occurred or that they, in concrete circumstances, could not help but be aware of these irregularities.

SECTION II -- BRANCHES, PARTICIPATING COMPANIES, AND CONTROLLED COMPANIES

Article 217: Branches

When a company controls more than half the capital of another company, the second company is considered to be a branch of the first company, according to this section.

Article 218: Participation

When a company controls a share of the capital of another company, ranging from 10 to 50 percent, according to this section, it is considered to be a participant in the second company.

Article 219: A company which controls another company

According to this section, a company is considered to control another company when:

- it holds, directly or indirectly, a share of the capital which gives it a majority of the votes in the sessions of the general meetings of this company;
- it alone has at its disposal the majority of the votes in this company on the basis of an agreement with the other stockholders or partners;
- it is the determining factor, de facto, of the decisions made in the sessions of the general meetings of this company, by means of the voting rights which it controls.

A controlling company is presumed to exercise this control if it has at its disposal, directly or indirectly, more than 40 percent of the votes and if no other partner or stockholder holds a larger share of the votes, either directly or indirectly.

Article 220: Participation held by a controlled company

Any participation in capital, even less than 10 percent, held by a controlled company is considered to be indirectly held by the company which controls this company.

Article 221: Report on participation

When, during a fiscal year, a company participates in a company which has its headquarters in Albania, with an interest which represents more than one-tenth, one-quarter, or one-half the capital of this company, or when it has obtained control of such a company, it must be mentioned in the report which is presented to the partners

on operations during the fiscal year and, if necessary, in the report of the certified public accountants.

In their activity report, the board of directors or the administrators of the company note the results of the mergers carried out by the company, the branches of the company, and the companies which it controls as branches of its activity.

Article 222: Informing a public company about the stocks and voting rights which it holds

Any physical or juridical person which has obtained ownership of a number of stocks which represent, respectively, more than one-tenth, one-quarter, or one-half the capital or the voting rights of a public company informs this company within 15 days in regard to the total number of stocks and voting rights of the company which it holds.

The same information is given, by the same deadline, when the participation in capital or in voting rights is below the limits set in the above paragraph.

The person providing the information specifies the number of securities which it holds and which give it the right to ownership of capital and the respective voting rights.

Article 223: Stocks or voting rights which are considered to be of equal value to those which are held

The following are considered to be of equal value to the stocks or voting rights held by the person providing the information specified in the first paragraph of Article 222:

1. Stocks or voting rights held by other persons in the account of this person;
2. Stocks or voting rights held by partners controlled by this person, in accordance with Article 219;
3. Stocks or voting rights held by a third party, with which this person has an agreement;
4. Stocks or voting rights which this person or one of the persons mentioned in points 1-3 of this article has the right to buy upon its own initiative on the basis of an agreement.

Article 224: Definition of a person who operates on the basis of an agreement

Persons who have reached an agreement to buy or to surrender voting rights to achieve a joint policy toward the company are considered to be persons who operate on the basis of an agreement.

Such an agreement is presumed to exist:

- between a company and the members of its board of directors or its administrators;
- between a company and the companies which it controls, in accordance with Article 219;
- between companies controlled by the same person or persons.

Persons who operate on the basis of an agreement are collectively obligated to carry out the tasks imposed on them by the legislation in force.

Article 225: Notification of participation by a company in the public company which it controls

When a company is controlled, directly or indirectly, by a public company, it informs the latter and each one of the companies participating in this control in regard to the value of its direct or indirect participation in their respective capital and the various forms of this monetary participation.

The notification is given within a month of the date of the announcement of the control of the company over the securities which it held before this date or within a month of the date of the subsequent sales and purchases operation.

Article 226: Transmittal to the stockholders of the information produced

On the basis of the information produced in accordance with articles 222 and 225, the report which is presented to the stockholders in the sessions of the general meetings on the operations of the fiscal year identifies the physical or juridical persons who hold, directly or indirectly, more than one-quarter or one-half of the starting capital or voting rights. It also reports the changes occurring during the fiscal year, the names of the companies which are controlled, and the share of the company's capital which they hold. If necessary, these things are mentioned in the report of the certified public accountants.

Article 227: Penalties for failing to provide the information specified in Article 222 of this law

If no statement has been presented under the conditions specified in the first paragraph of Article 222, stocks whose value exceeds the minimum for declaration are deprived of the right to be voted in any session of the general meetings of stockholders which will be held for the next year, beginning with the date that the notification is carried out in proper legal form.

Article 228: Prohibition of dual participations between public companies

A public company cannot hold stocks in another company if the latter controls more than 10 percent of the capital of the first company.

If there is no agreement between companies which are concerned with putting the situation in order legally, the company which controls the smallest portion of the capital of the other party must transfer to the latter the investment rights for its capital. If the capital investments by the two parties are of the same value, each one of the companies must reduce its share so as not to exceed 10 percent.

When a company is obligated to transfer the stocks of another company, the sale takes place within a year of the date that the information was given in accordance with Article 222. The company cannot exercise the voting rights resulting from these stocks.

Article 229: Prohibition of dual participations in a public company

If a company other than the public company has as one of its partners a public company which controls more than 10 percent of the capital of the first company, it cannot hold stocks issued by the public company.

If it obtains control of these stocks it must sell them and it cannot exercise voting rights for these stocks.

If a company other than the public company has as one of its partners a public company which controls 10 percent or less than 10 percent of the capital of the first company, it can control only 10 percent or less than 10 percent of the shares issued by the public company.

If it obtains control of a larger share, it must sell the excess stocks and cannot exercise voting rights for them.

The deadline for paragraphs 2 and 4 is one year, beginning with the date on which the stocks that the company is obligated to sell came into its possession.

Article 230: The voting rights which a controlled company has in the controlling company

When some stocks or voting rights of a company are held by one or more companies over which it has direct or indirect control, the voting rights resulting from these stocks or the voting rights mentioned above cannot be exercised at the sessions of the general meetings of the company; they are not taken into consideration in calculating a quorum.

SECTION III -- INVALIDITIES

Article 231: The case of invalidity

The invalidity of a company or of an act which changes the statute can result only from a special provision of this law or of those which legally regulate the invalidity of contracts.

In the case of limited liability companies and public companies, the invalidity of the company cannot result from a defect of the agreement between the partners or from incompetency, if this incompetency has not affected all the founding partners.

The invalidity of acts or decisions other than those stipulated by the above paragraph can result only from the violation of a mandatory provision of this law or of the legislation in force regarding contracts.

Article 232: Invalidity of general partnerships because of failure to observe requirements for publication

Compliance with the requirements for publication is necessary for general partnerships and limited partnerships. Otherwise, the invalidity of the company, act, or decision can be proclaimed, according to the case, without permitting the partners and the companies to benefit, at the expense of third parties, because of this invalidity. However, the court has the right not to proclaim invalidity if no falsification has been proven.

Article 233: Loss of effect

A lawsuit for invalidity loses its effect when the reason for the invalidity no longer exists on the date on which the court of the first instance issues its decision, with the exception of the case where this invalidity is based on a violation of the law related to the purpose of the company.

Article 234: Deadline for the legal reordering set by the court

The court charged with examining the lawsuit for invalidity has the opportunity to set a deadline for the correction of the invalidity.

It cannot proclaim the invalidity until two months after the charge of the invalidity has been presented in court.

If the convocation of a session of the general meeting or a consultation of partners is requested to correct an invalidity and if this request is legally based on a regular convocation of this session or on the sending to the partners of the text of the draft decisions, along with the documents which must be communicated to them, the court, by court decision, determines the time period needed for the partners to make their decision.

If no decision has been made at the conclusion of the period specified in the previous paragraph, the court issues a decision at the request of the party who acts first.

Article 235: Legal reordering or buying out the rights of an interested party

When the invalidity of a company or of the acts examined by it after its establishment is based on a defect in the agreement between the partners or on the in competency of a partner, even if legal reordering is possible, any party concerned can announce that it is capable of taking action to reorder the company to comply with the law or of bringing suit for the invalidity of the company, within a period of 6 months, after which no action can be taken. The company is informed of this announcement.

The company or a partner can bring before the court, meeting within the period specified in the above paragraph, any appropriate measure to prevent the plaintiff from achieving his interests, in particular, by buying out his rights in the company. In this case, the court can proclaim the company invalid or make the proposed measures mandatory, if they have already been taken by the company under the conditions set for changing the statute.

The vote of the partner whose rights are being bought out has no effect on the decision of the company.

If the case of an appeal, the value of the rights in the company which will be returned to the partner is specified in Article 11 of this law. Any provision which conflicts with Article 11 is considered to be invalid.

Article 236: Legal correction of a violation of regulations on publication

When the invalidity of the acts and issues examined after the establishment of the company is based on the violation of the regulations on publication, any person who is

concerned with the legal correction of the act can notify the company to take action within 30 days, beginning with the date of this notification.

If the situation is not put in order within this period, any party concerned can seek, through the court, the designation of a proxy charged with carrying out the formalities.

The proxy mentioned in the above paragraph is designated, on priority basis, by the court.

Article 237: Methods of notification

The notifications specified in articles 234 and 235 of this law are carried out by registered letter and by announcements.

Article 238: Statute of limitations for lawsuits for invalidity

Lawsuits regarding the invalidity of a company or of acts and issues examined after its establishment are permitted for three years, beginning with the date on which the company commits the act which causes the invalidity, with the exception of the case when no action can be taken after the expiration of the period specified in Article 235 of this law.

However, any suit regarding the merger or split of a company is permitted for 6 months, beginning with the date of the most recent registration required for this action in the trade register.

Article 239: Liquidation of a company after the proclamation of invalidity

The liquidation of a company after its invalidity is proclaimed is carried out in accordance with the provisions of the statute and of Section V of this chapter.

Article 240: Invalidity of a merger or split of a company

Any final court decision which proclaims the invalidity of a merger or a split is made public. The methods are specified in a special law.

This decision does not affect the obligations charged to the company or those which are to the advantage of the company to which the assets are transmitted, in the time period between the date on which the merger or split became effective and the date that the decision proclaiming invalidity was made public.

In the case of a merger, the companies which took part in the operation are collectively responsible for the obligations mentioned in the previous paragraph which are charged to the acquiring company. The same holds true in the case of a company which is split up, for the obligations of the companies to which the assets are transmitted. Each one of the companies whose assets are transmitted is responsible for accounting for the obligations produced during the period between the effective date of the split and the date that the decision proclaiming invalidity was made public.

Article 241: Effects on third parties

After the proclamation of invalidity, neither the company nor the partners can profit at the expense of third parties who had no knowledge of the deficiencies which led to the invalidity.

Third parties should take the invalidity into consideration if it is a result of a defect in an agreement or of in competency in managing the company on the part of a member of the board of directors or of his legal representative, or when the partner has concluded an agreement with third parties under conditions of error, deceit, or compulsion.

Article 242: The lawsuit and its statute of limitations

A lawsuit can be brought to invalidate the company or the acts examined after its establishment for a period of three years, beginning with the date that the decision of invalidation goes into effect.

The elimination of the reason for the invalidity does not present an obstacle to bringing a suit for financial compensation which seeks payment for the damage caused by a defect which has damaged the company, the act, or the issue examined. This lawsuit is permitted for three years, beginning with the day that the invalidity was corrected.

SECTION IV -- MERGERS AND SPLITS

SUBSECTION I -- GENERAL PROVISIONS

Article 243: Possibilities of mergers or splits

By means of a merger, one or more companies can transfer their assets to a existing company or a new company which they establish.

Also, by means of a split, a company can transfer its assets to several other existing companies or several new companies.

These options are open for companies in the process of liquidation, on the condition that the distribution of their assets among their partners was not the reason for beginning the process.

Partners of companies which transfer their assets in the framework of the operations mentioned in the three previous paragraphs receive shares of the starting capital or stocks of the benefiting company or companies and, according to the case, monetary compensation, which cannot be more than 10 percent of the face value of the shares of starting capital or stocks given.

Article 244: Methods

The operations mentioned in the previous article can be carried out between companies in various forms.

They are set up by each one of the companies concerned, in accordance with the conditions required for changing their statutes.

If the operation includes the creation of new companies, each one of them is established according to the regulations pertaining to the form of the company which will be created.

Article 245: Consequences

A merger or split results in the dissolution without the liquidation of the companies which are being eliminated and the transfer of all their assets to the benefiting companies, in the condition in which these assets are as of the date of the conclusion of the operation. With a merger or a split, the partners of the companies which are being eliminated become partners of the benefiting companies, in accordance with the conditions stated in the contract on the merger or split.

However, shares of the starting capital or stocks of the benefiting company are not exchanged for shares of the starting capital or stocks of the companies which are being eliminated when these stocks are held:

1. By the benefiting company or by a person who acts in its name and when the stocks are in this company's account;
2. By the company which is being eliminated or by a person who acts in its name and when the stocks are in this company's account.

Article 246: Effective date

The merger or split goes into effect:

1. In the case of the creation of one or more new companies, on the date that the new company or the last one of the companies created is recorded in the trade register;
2. In other cases, on the date of the most recent session of the general meeting which approved the operation, with the exception of the case where the contract specifies that the operation will be effective on another date, a date which cannot be later than the end of the current fiscal year of the company or of the benefiting company, or earlier than the end of the previous fiscal year which was completed by the company or by the companies which are being merged with it.

Article 247: Unanimity of the partners

If the specified operation results in an increase in the obligations assumed by the partners or the stockholders or one or more companies, which is a matter of discussion, the provisions of the second paragraph of Article 244 of this law are not implemented but the unanimity of the aforementioned partners and stockholders is required.

Article 248: The plan

All the companies participating in one of the operations mentioned in Article 243 of this law draw up a plan for the merger or split.

This plan is filed with the trade register in the locality where the headquarters of those companies are located and published in accordance with the regulations stipulated in a special law.

Companies which participate in one of the operations mentioned in the first and second paragraphs of Article 243 must file a statement with the trade register. In the statement, they report on all the actions undertaken, for the purpose of acting on the operation, and they certify that the operation is being carried out in accordance with the legislation in force. The operation is considered to be invalid if it does not meet the requirements stated in this paragraph. The court ensures that the statement complies with the regulations of this article.

SUBSECTION II -- PROVISIONS ON PUBLIC COMPANIES

Article 249: Pertinent operations

The operations mentioned in Article 243 and carried out only among public companies are subject to the provisions of this subsection.

PARAGRAPH I -- MERGERS

Article 250: Decision of the extraordinary general meeting

A merger is decided upon by the extraordinary general meeting of each one of the companies participating in the operation.

The board of directors of each one of the companies mentioned above compiles a written report which is made available to the stockholders.

Article 251: Report of the certified public accountants

One or more merger experts appointed by court decision compile, on their own responsibility, a written report on the merger methods. They can get all the necessary documents to inform themselves from each company and they can carry out all the required inspections. In relation to the participating companies, they are subject to the conflicts of interest stipulated in articles 168 and 169 of this law.

The merger experts verify whether the value assigned to the stocks of the companies participating in the operation are accurate and whether the exchange ratio is fair.

The report or reports of the merger experts are made available to the stockholders. They must:

- Indicate the method or methods used to determine the proposed ratio of exchange;
- Indicate whether this method or these methods have the appropriate features and present the values which each one of these methods arrives at, giving an opinion on the relative importance assigned to these methods in determining the value which was determined;
- Indicate, among other things, the special difficulties involved in making an evaluation, if there are any.

Article 252: Contributions in kind

The extraordinary general meeting of the acquiring company makes a decision on approving the contributions in kind, in accordance with the regulations in Article 162 of this law.

Article 253: The case of an acquiring company which holds all the stocks of the acquired company

If, from the time of the filing of the merger plan with the trade register to the execution of the operation, the acquiring company holds, on a continuing basis, all the stocks which represent all the capital of the acquired companies, then neither the approval of the merger by the extraordinary general meeting of the acquired companies nor the compilation of the reports mentioned in articles 250 and 251 are necessary.

Article 254: Merger by creating a new company

When the merger is achieved by creating a new company, it can be based on other contributions besides those of the companies which are merged.

In all cases, the draft statute of the new company is approved by the extraordinary general meeting of each one of the companies which are being eliminated. The operation does not have to be approved by the general meeting of the new company.

Article 255: Creditors of the acquired company

The acquiring company has full obligation for the payment of the credits of the acquired company; therefore, this acquisition does not make any changes in these credits.

The creditors of the companies which participate in the merger operation and which have given credits before the publication of the merger plan can appeal the merger within 30 days of the date that it is published in the newspaper, in accordance with the second paragraph of Article 248 of this law. A court decision can reject the appeal or order the return of the credits or the granting of guarantees by the acquiring company, if it has them and if these guarantees are considered to be sufficient.

If the credits are not returned or guarantees are not given, in accordance with the court decision, the merger must be respected by the creditors.

Any appeal made by a creditor does not prohibit the continuation of the merger operations.

The provisions of this article do not prevent the implementation of agreements which authorize the creditor to demand the immediate repayment of his loan in the case of the merger of a debtor company with another company.

PARAGRAPH 2 -- SPLITS

Article 256: Provisions for implementation

Articles 250, 251, and 252 of this law are applicable in the case of a split.

Article 257: Contributions in new companies

When the split of the company must be achieved by transferring its contributions to new public companies, each one of the new companies can be established with another contribution besides that of the company which has been split up.

In this case and if the stocks of each one of the new companies have been given to the stockholders of the company which has been split up, in proportion to their shares in the capital of this company, it is not necessary to compile the report mentioned in Article 251 of this law.

In all cases, the draft statutes of the new companies are approved by the extraordinary general meeting of the company which is being split up. The approval of the operation by each one of the general meetings of the new companies is not necessary.

Article 258: Joint responsibility for the debts inherited

The companies which benefit from the contributions resulting from the split are completely and collectively indebted to the creditors of the split-up companies. However, this transfer does not result in any changes in the obligations to the creditors.

Article 259: Division of the liabilities and the right of creditors to appeal

Setting aside the regulations in the previous article, it can be taken into consideration that the companies profiting from split are obligated only for the share of the liabilities of the divided company which is entrusted to them, without being collectively responsible among themselves.

In this case, the creditors of the divided company can appeal the split under the conditions of and with the consequences stipulated in paragraphs 2-5 of Article 255 of this law.

Article 260: Partial contributions to the assets

A company which contributes a share of its assets to another company and the company which benefits from this contribution can decide, by a joint agreement, to subject this operation to the provisions of article 256-259 of this law.

SUBSECTION III – PROVISIONS FOR LIMITED LIABILITY COMPANIES

Article 261: Methods

The provisions of articles 251, 253, 255, 258, and 259 of this law are applicable for mergers or splits of limited liability companies to the benefit of the same type of companies. When the operation is carried out through the transfer of contributions to existing limited liability companies, the provisions of articles 252 of this law are also applicable.

When the merger is achieved by transferring the contributions to a new limited liability company, this company can be established with other contributions besides those of the companies which are merged.

In this case and if the shares of the starting capital of the new companies are given to the partners of the company which has been split up, in proportion to their shares in the capital of this company, it is not necessary to compile the report mentioned in Article 251 of this law.

In the cases discussed in the preceding two paragraphs, the partners of the companies which are being eliminated can operate directly as founders of the new companies and operations can take place in accordance with the legal provisions which regulate limited liability companies.

Article 262: Implementation of provisions by a joint agreement

A company which contributes a part of its assets to another company and the company which benefits from this contribution can decide, by a joint agreement, to subject the operation to the regulations which are applicable in the case of the split up of a company through contributions to existing limited liability companies.

SUBSECTION V -- PROVISIONS ON PARTICIPATION OPERATIONS OF PUBLIC COMPANIES AND LIMITED LIABILITY COMPANIES

Article 263:

When the operations mentioned in Article 243 of this law include the participation of public companies and limited liability companies, articles 251, 252, 253, 255, 258, and 259 of this law are applicable.

SECTION V -- LIQUIDATION

SUBSECTION I -- GENERAL PROVISIONS

Article 264: Regulations on liquidation

Liquidation of companies is regulated by means of the provisions contained in the statute, while also keeping in mind the provisions of this subsection.

Article 265: Consequences of the dissolution of a company

A company is in the process of liquidation from the moment of its dissolution for any reason, with the exception of the case presented in Article 10 of this law.

The name of the company is followed by the notation "company in the process of liquidation."

This notation and the name of the liquidator or liquidators must be included in all the official memoranda and documents issued by the company and addressed to third parties.

The existence of the company as a juridical person is maintained to satisfy the needs of the liquidation, up to the completion of this process.

The dissolution of the company has an effect on third parties only after the date that the dissolution was announced in the trade register.

Article 266: Publication of the name of the liquidator

The document which names the liquidator is made public in accordance with the conditions set in a special law, which also stipulates the documents which must be filed with the trade register annex.

Article 267: Transferring the assets of a person who has participated in administration or control

With the exception of the case where there is approval of all the partners, the transfer of all or a part of the assets of the company in the process of liquidation to a person who has been, in the company, a partner in a general partnership, an "unlimited" partner, an administrator, a member of the council of overseers, a member of the board of directors, a certified public accountant, or an auditor, can be carried out only with the authorization of the court, which, in accordance with the laws, hears the liquidator or, if there is one, the certified public accountant or the auditor.

Article 268: Prohibition of the transfer of the assets to the liquidator or to one of his employees or relatives

The transfer of all or a portion of the assets of a company in the process of liquidation to the liquidator, to one of his employees or to his spouse, his ancestors, or progeny.

Article 269: Transfer of all the assets to another company

The transfer of all the assets of a company or the contribution to the assets of another company, especially through the merger process, is authorized:

1. In general partnerships, with the approval of all the partners;
2. In limited partnerships, with the approval of all the "unlimited" partners and of the majority of "limited" partners, on the basis of number and capital;
3. In limited liability companies, with the approval of the majority which is required for amending the statute;
4. In public companies, in accordance with the conditions for a quorum and majority specified for sessions of the extraordinary general meeting.

Article 270: Conclusion of the liquidation process

At the end of the liquidation process, the partners are called to decide on the concluding financial balance, on the document certifying that the liquidator has properly carried out his tasks, and on the withdrawal of his mandate as liquidator and to record the conclusion of the liquidation process.

If the partners are not called, then each one of them can request, through the court, that a proxy be named to call them.

This person is named, on priority basis, by the court.

Article 271: Conclusion, by means of the court

If the session of the general meeting on the conclusion, stipulated in the previous article, cannot make a decision or if it does not consent to approve the liquidator's books, the decision is made by the court at the request of the liquidator or of any interested person.

The liquidator files his books with the trade register where any interested party can examine them and can receive a copy for a fee.

The court makes a decision on the books and, if it is necessary, on the conclusion of the liquidation process, instead of this decision being made by the general meeting of partners or of stockholders.

The final books compiled by the liquidator are filed in the annex of the trade register. The following are attached to them: the decision of the general meeting of the partners on these books, on the document certifying that the liquidator has properly carried out his tasks, and the withdrawal of his mandate as a liquidator or, if these do not exist, the court decision mentioned in the above paragraph.

Article 272: Publication of the announcement of the conclusion of the liquidation process

The announcement on the conclusion of the liquidation process is published in accordance with the methods specified in a special law.

Article 273: Crossing off (deleting from) the trade register

A company is deleted from the trade register after the formalities specified in the last paragraph of Article 271 and in Article 272 are completed.

Article 274: Responsibility of the liquidator

The liquidator is responsible to the company and to third parties for the detrimental consequences of the mistakes which he made while carrying out his functions.

A lawsuit can be brought against the liquidator under the conditions stipulated in Article 196 of this law.

Article 275: Statute of limitation for lawsuits against non-liquidating partners

Any lawsuit against partners who are not liquidating or against their living spouses, heirs or persons benefiting from their inheritance, can be brought during a period of five years, beginning with the date of the announcement of the dissolution of the company in the trade register.

SUBSECTION II -- SPECIAL PROVISIONS ON LIQUIDATIONS PROVIDED FOR IN AGREEMENTS BETWEEN THE PARTIES OR LIQUIDATIONS BY THE COURT

Article 276: Area of implementation

In the absence of provisions in the statute or of an agreement between the parties, the liquidation of the dissolved company will be carried out in accordance with the articles of this subsection, without affecting the implementation of the articles of Subsection I of this section.

Among other things, the court decision can order that this liquidation take place under the same conditions, at the request of:

1. The majority of the partners in the general partnerships;
2. Partners who represent at least one-tenth of the starting capital in the limited partnerships, limited liability companies, and public companies;
3. Creditors of the company;

On this occasion, any provisions of the statute which are in conflict with the provisions in this section are considered to be invalid.

Article 277: Cessation of the powers of the directors

The powers of the board of directors or of the administrators cease as of the date of the court decision on the implementation of the previous article or on the date of the dissolution of the company, if this occurs at a later date.

Article 278: Continuity of the functions of the control organs

The dissolution of the company does not interrupt the functions of the council of overseers and the certified public accountants.

Article 279: Appointment of auditors

In the absence of the certified public accountants, and in companies which are not required to have them, one or more auditors can be appointed by the partners under the conditions specified in the first paragraph of Article 289 of this law. Otherwise, they can be designated by court decision at the request of the liquidator or of any person concerned.

The document appointing the auditors specifies their powers, duties, and remuneration and the length of time that they will be carrying out their functions. They have the same responsibility as the certified public accountants.

Article 280: Appointment of the liquidator by the partners

One or more liquidators are appointed by the partners if the dissolution is a result of the completion of the period specified in the statute or if the partners decide to dissolve the company.

The liquidator is appointed:

1. In general partnerships. with the approval of all the partners;

2. In limited partnerships, with the approval of all the "unlimited" partners and of the "limited" partners holding the majority of the capital;
3. In limited liability companies, with the approval of the partners holding the majority of the capital;
4. In public companies, under the conditions of the quorum and majority stipulated for sessions of the regular general meeting.

Article 281: Designation of a liquidator if one has not been appointed by the partners

If the partners have not been able to appoint a liquidator, one is designated by court order at the request of any interested person.

Any interested person can appeal the order within 15 days of the date of its announcement, under the conditions stipulated in Article 266 of this law.

This appeal is sent to the court which can appoint another liquidator.

Article 282: Designation of a liquidator in the case of dissolution by the court

If the company is dissolved by court decision, this decision designates one or more liquidators.

Article 283: Length of the term of the liquidator

The term of the liquidator cannot exceed three years.

However, this term can be extended by the partners or by the court, according to the case, when the liquidator has been appointed by the partners or by court decision,

If the general meeting of the partners has not been able to hold a regular session, the term can be extended by court decision, at the request of the liquidator.

In seeking the extension of his term, the liquidator gives the reasons why the liquidation could not be completed and indicates the measures which he plans to take and the length of time needed to complete the liquidation.

Article 284: Discharging and replacing the liquidator

The liquidator is discharged and replaced in the manner specified in the document by which he has been appointed.

Article 285: Calling a meeting of the partners

Within six months of his appointment, the liquidator calls a session of the general meeting of the partners, at which he presents a report on the assets and liabilities of the company and the progress of the liquidation operations and indicates how much time is needed to complete the operations. The deadline which the liquidators is given for presenting the report can be extended to 12 months, by court decision, at the liquidator's request.

If it is not convoked by the liquidator, the session of the general meeting is called by the control organ, if there is one, or by a proxy appointed by court decision at the request of any one of the persons concerned.

If it is impossible to hold a session of the general meeting or if no decision has been taken at such a session, the liquidator seeks the necessary authorizations to carry out the liquidation, through the organs of the law.

Article 286: Powers of the liquidator

The liquidator represents the company. He has all the necessary powers to sell the assets, with permission.

The limitations on these powers resulting from the statute or from the act of appointment must be respected by third parties.

He is authorized to pay the creditors and to divide up any surpluses.

He can continue with the tasks which have already been begun or he can become involved with new issues related to the liquidation, only if he is authorized, according to the case, either by the partners or by court decision.

Article 287: Accountings of the company and the annual general meeting

Within three months after the end of the fiscal year the liquidator compiles the annual accountings on the basis of the inventory of the various elements of the assets and liabilities existing on that date and also prepares a written report by means of which he gives an accounting of liquidation operations during the past fiscal year.

Aside from the exceptions specified by court decision, the liquidator calls, according to the methods set in the statute, at least once a year and within 6 months of the end of the fiscal year, a meeting of the partners, which decides on the annual accountings, gives the required authorizations and, if necessary, extends the terms of the auditors, the certified public accountants, or the members of the council of overseers.

If there is no session of the general meeting, the report mentioned in the first paragraph of this article is filed with the trade register and it is available to any person concerned.

Article 288: Right of the partners to be informed

During the liquidation period, partners can have access to all the company's documents, under the same conditions as before.

Article 289: Quorum, majority, and the right to vote

The decisions stipulated in paragraph 2 of Article 287 of this law are made:

- by the partners holding the majority of the capital, in general partnerships, limited partnerships, and limited liability companies;
- by a quorum and majority in the ordinary general meeting, in public companies.

If the required majority cannot be achieved, the decision is made by the court, at the request of the liquidator or of any person concerned.

When the examination carried out requires the amending of the statute, the decision to amend the statute is made under the conditions specified for this purpose, according to the type of company.

Liquidating partners can participate in the voting.

Article 290: Convocation of the general meeting in the case of the continuation of the activity of the company

In the case of the continuation of the activity of the company, the liquidator must call a session of the general meeting of the partners, in accordance with the conditions set forth in Article 287 of this law.

If no session is called by the liquidator, any person concerned can call a session of the general meeting, by means of the certified public accountants, the council of overseers or the control organ, or through a proxy designated by court decision.

Article 291: Dividing up the assets

When there are no provisions to the contrary in the statute, the company's own capital which remains after the payment of the face value amount for the stocks or the shares of starting capital is divided up among the partners in the same proportion as their contribution to the starting capital.

Article 292: Distributing the funds

If he deems it necessary, the liquidator decides to distribute the funds which are at his disposal during the liquidation, while taking into account the rights of the creditors.

If no results have been achieved after the liquidator has been notified, any person concerned can seek, by means of the law, that a decision be made to distribute the funds during the liquidation, if this is thought to be justifiable.

The decision to distribute the funds is published in a newspaper which is authorized to publish legal notices, in which the announcement required by Article 266 of this law has also been published. All the holders of registered stocks are informed of the decision by registered letter.

Article 293: The competent court and the procedure

The court is competent to makes the decisions stipulated in Article 283, paragraph 2; Article 285, paragraphs 2 and 3; Article 286, paragraph 4; Article 287, paragraph 2; Article 289, paragraph 2; and articles 290 and 292, paragraph 2. The decision stipulated in articles 290 and 292, paragraph 2 must be made immediately.

Article 294: Depositing funds

The sums of money earmarked for distribution to partners and creditors are deposited within 15 days after the date of the decision to distribute the money, in an account opened in a bank in the name of the company which is in the process of liquidation.

If the money earmarked for the creditors or partners cannot be distributed to them, it is deposited in a special savings account of the state treasury after a year has elapsed.

CHAPTER VII -- PENAL PROVISIONS

Article 295: False statements made at the time of the establishment of a limited liability company or of the increasing of its capital

Partners of a limited liability company who knowingly made a false statement on the division of the starting capital among the partners, the payment for shares of this capital, or the depositing of funds, or who have failed to make such a statement are sentenced to from 2 to 6 months in prison and a fine of from 2,500 to 100,000 leks, or to only one of these punishments.

The provisions of this article are not implemented in the case of the increasing of capital.

Article 296: Abuse of power

Administrators or members of the council of overseers or of the board of directors who have deceptively used the powers which they possessed or the votes which they had under their control because of their position for their own advantage and who knew that they were acting in conflict with the interests of the company, for personal gains or to favor another company or enterprise in which they have had direct or indirect interests are sentenced to from 1 to 5 years in prison and a fine of from 5,000 to 2,500,000 [leks], or to only one of these punishments.

Article 297: Violations of the law during the establishment of a public company

The following are sentenced to from 1 to 5 years in prison and a fine of from 5,000 to 100,000 leks, or to only one of these punishments:

1. Persons who, knowingly, during the drafting of a certificate of deposit, in stating the subscriptions and payments, guarantee as accurate and true those subscriptions which they knew were false or those who declared as deposited funds which were not actually available to the company as well as those who gave the depositors of the funds a list of stockholders which included false subscriptions or deposits of funds which have not been definitely made available to the company;
2. Persons who, knowingly, by the simulation of subscriptions or deposits, or by the publication of subscriptions or deposits which do not exist, or by any other falsified activity, have profited from or have tried to profit from some subscriptions or deposits;
3. Persons who, knowingly, to encourage subscriptions or deposits, publish the names of fictitious persons who, it seems, were or were supposed to be associated with the company in any type of position.
4. Persons who, deceptively, have evaluated a contribution in kind at higher than its real value.

Article 298: Improper issuance of stocks

Founders, members of the council of overseers, or members of the board of directors of a public company who issue stocks or stock splits on a certain date are sentenced to a fine of from 5,000 to 100,000 leks:

- a) if this issuance precedes the registration of the company in the trade register;
- b) if the registration is carried out in an illegal manner;
- c) if this is done before the formalities for establishing the company are carried out in the proper manner;

- ch) if this is done before a change in the statute, as a result of an increase in capital, which preceded the issuance, is recorded in the trade register;
- d) if the registration mentioned in point "c" has been carried out in an illegal manner;
- dh) before the formalities for increasing capital, mentioned in point "c", are carried out in the proper manner.

Prison sentences of from 3 months to one year can, among other things, be given:

- a) if stocks or stock splits are issued before at least 1/4 of the face value of the stocks for cash contribution and, if necessary, the full amount of the issuance bonus are paid for in the subscription; or before the stocks for contribution in kind are paid for completely, prior to the registration of the company; or, if necessary, before the change in the statute is recorded in the trade register;
- b) in the case of an issuance which follows an increase in capital, before full payment has been made for the capital subscribed earlier. The sentences specified in this article can be doubled when it is a question of public companies with public offerings.

Article 299: Certified public accountants who are not in compliance with the law

Any person who, in his own name or as a partner in a firm of certified public accountants, knowingly accepts, exercises, or holds the position of certified public accountant, while not respecting legal provisions on conflict of interest, is sentenced to from 2 to 6 months in prison and a fine of from 5,000 to 100,000 leks, or only one of these punishments.

Article 300: Illegal exercise of the functions of certified public accountant

Any certified public accountant who, in his own name or as a partner in a firm of certified public accountants, knowingly gives or confirms fabricated information on the situation of the company or does not inform the Prosecutor of the Republic of punishable acts of which he has knowledge is sentenced to from 1 to 5 years in prison and a fine of from 5,000 to 200,000 leks, or only one of these punishments.

With the exception of cases in which the law obliges or authorizes them to serve as informers, certified public accountants who expose the secrets of the company are sentenced to up to 2 years in prison and a fine of from 2,500 to 100,000 leks, or only one of these punishments.

Article 301: Failure to make the obligatory notations

Members of the board of directors, administrators, or liquidators of a company who fail to make notations of data required by Article 37, paragraph 3, Article 74, paragraph 2, and Article 265, paragraphs 2 and 3 of this law, in all the acts or documents issued by the company and intended for third parties are sentenced to a fine of from 5,000 to 25,000 leks.

Article 302

The Council of Ministers is charged with presenting a special draft law which, among other things, will regulate the status of commercial companies created before this law goes into effect.

Article 303

Decree No. 7407, dated 31 July 1990, "On Economic Activity with the Participation of Foreign Capital in the People's Socialist Republic of Albania", and any other provision which is contrary to this law, is repealed.

Article 304

This law goes into effect on 1 January 1993.

Tirana, 19 November 1992

Law No. 7638

Proclaimed by Decree No. 399, of 14 December 1992, of the President of the Republic of Albania, Sali Berisha