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Commercial Code[1]

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Part I
GENERAL PART

Chapter 1
GENERAL PROVISIONS

§ 1. Undertaking

An undertaking for the purposes of this Code is a natural person who offers goods or services for charge in their own name and for whom the sale of goods or provision of services is permanent activity, or a company provided in this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 2. Classification of companies

(1) A company is a general partnership, limited partnership, private limited company, public limited company or commercial association. Other companies may also be prescribed by law.

(2) A company shall be entered in the commercial register.

(3) The passive legal capacity of a company commences as of its entry in the commercial register and terminates as of its deletion from the commercial register, if the company has no assets.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) Companies may merge, divide or be transformed into a company of other type only in the cases and pursuant to the procedure provided by law.

(5) In the cases provided by law, the permission of a competent agency is required for merger, division or transformation.

§ 3. Sole proprietor

(1) Any natural person may be a sole proprietor.

(2) A sole proprietor shall submit a petition for his or her entry in the commercial register before the commencement of the activity.
[RT I 2008, 60, 331 – entry into force 01.01.2009]

(3) A sole proprietor may notify the registrar of the commercial register of the suspension of their activities in advance specifying the period of time when they do not operate as an undertaking. A sole proprietor whose operation due to the nature of the area of activity is seasonal, may notify the registrar of the commercial register of the starting date and final date of the operation as an undertaking. The notification of the starting date and final date of the operation as an undertaking may also be provided in case of temporary operation.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 4. Areas of activity of undertaking

(1) An undertaking may operate in areas of activity in which operation is not prohibited by law.

(2) Areas of activity for which a licence is required or in which only a particular type of undertaking may operate may be provided by law.

(3) [Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]

(4) A farmer is an undertaking engaging in at least one activity which can be classified as production of agricultural products and who uses a farm for such purpose in the capacity of an owner, usufructuary or commercial lessee.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(5) Upon entry in the commercial register, an undertaking shall specify its planned principal activity and shall keep the register informed of any changes to the principal activity. A company required to file the annual report with the commercial register, shall indicate the areas of activity of the year ended and the areas of activity intended for the new accounting year in its annual report and shall not make a separate announcement of any change in these. Upon notification the commercial register of areas of activity and specification of

areas of activity in annual reports, the Estonian Classification of Economic Activities is used.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(6) The Classification of Economic Activities shall be established by a regulation of the minister in charge of the policy sector. The minister in charge of the policy sector may determine the level of classification to be used upon giving the commercial register notice of activities and upon specifying activities in annual reports.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 5.

[Repealed – RT I, 2009.5, 35 – entry into force 01.07.2009]

§ 6. Group

(1) If a company is a partner or shareholder of another company and owns a majority voting interest therein, the participating company is called the parent undertaking, and the company in which it participates is called a subsidiary. A company in which another subsidiary or subsidiaries, with or without the parent undertaking, have a majority voting interest is also a subsidiary of the parent undertaking.

(2) A subsidiary is also a company in which another company (parent undertaking) has control as a partner or shareholder, on the basis of an agreement or without an agreement.

(3) A parent undertaking together with its subsidiaries forms a group.

§ 6^1. Group liability

(1) A parent undertaking has the right to issue instructions to a managing body of a subsidiary. The instructions must be issued at least in a format which can be reproduced in writing. The managing body of the subsidiary must follow the instructions of the parent undertaking, taking into account the provisions of subsection 2 of this section. The members of the managing body of the subsidiary who have not been appointed by the votes of the parent undertaking or who have been appointed as independent members of the managing body are not obliged to follow the instructions.

(2) If a member of the managing body of a subsidiary acts in conflict with the interests of the subsidiary, the member of the managing body is not deemed to have violated their obligations, if the transaction has been made recognisably in the interests of the group as a whole, with due consideration received by the subsidiary, and if at the time of the transaction the subsidiary is solvent and does not become insolvent as a result of the transaction.

(3) If a subsidiary which is managed on the basis of the instructions of the parent undertaking, finds itself in an economic situation in which it is likely to become insolvent in the future, the parent undertaking must take immediate steps to prevent insolvency or decide to dissolve the subsidiary or file a bankruptcy petition.

(4) If a parent undertaking acts contrary to the provisions of subsection 3 of this section, the parent undertaking is liable for the obligations of the subsidiary which have occurred after the situation specified in subsection 3 becomes evident. If the parent company has issued instructions to the managing bodies of the subsidiary, which were in conflict with the interests of the subsidiary and are not in the interests of the group, the parent undertaking is liable for the obligations of the subsidiary which have not been performed as a result of issuing such instructions.

(5) In case of declaration of bankruptcy of a subsidiary, the claim provided in subsection 4 of this section may be filed in the name of the subsidiary only by a trustee in bankruptcy.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

Chapter 2
BUSINESS NAME

§ 7. Definition of business name

A business name or firm is the name entered in the commercial register under which an undertaking operates.

§ 8. Business name of sole proprietor

(1) The business name of a sole proprietor shall contain the given name and surname of the sole proprietor, and shall not contain an appendage or abbreviation referring to a company.

(2) The business name of a farmer who is a sole proprietor need not contain the given name and surname of the sole proprietor if the name of the farm is contained in the business name.

(3) If a sole proprietor transfers the enterprise to another natural person, the transferee may continue to operate under the existing business name with the written consent of the transferor.

(4) If a natural person acquires an enterprise by way of succession, the transferee may continue to operate under the existing business name.

(5) If a name contained in the business name of a sole proprietor is changed, the sole proprietor may continue to operate under the existing business name.

(6) A sole proprietor may have several business names as long as such names are used with regard to different enterprises.

§ 9. Business name of company

(1) A company may only have one business name.

(2) The business name of a general partnership shall contain the appendage “täisühing” [general partnership]; a limited partnership, the appendage “usaldusühing” [limited partnership]; a private limited company, the appendage “osaühing” [private limited company]; a public limited company, the appendage “aktsiaselts” [public limited company]; and a commercial association, the appendage “ühistu” [association].

(3) Instead of the appendages specified in subsection 2 of this section, a general partnership may use the abbreviation “TÜ”; a limited partnership, the abbreviation “UÜ”; a private limited company, the abbreviation “OÜ”; and a public limited company, the abbreviation “AS” in its business name.

(4) The appendages and abbreviations specified in subsections 2 and 3 may only be used at the beginning or end of the business name.

§ 10. Transfer of business name

A business name shall not be transferred without the enterprise, except if the business name is transferred upon liquidation or in the bankruptcy proceedings of an undertaking.

§ 11. Distinctiveness of business name

(1) The business name of a sole proprietor must be clearly distinguishable from other business names entered in the commercial register and business names reserved in the commercial register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) The business name of a company must be clearly distinguishable from other business names entered in the commercial register in Estonia and business names reserved in the commercial register in Estonia.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2^1) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) If the given name and surname of a sole proprietor for which an application for entry in the register is made are the same as a given name and surname already entered in the register as a business name or as a part thereof, the applicant of the entry shall render his or her business name clearly distinguishable by adding or omitting appendages.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 12. Restrictions on choice of business name

(1) A business name shall not be misleading with regard to the legal form, area of activity or scope of activity of the undertaking.

(2) A business name shall not be contrary to good morals.

(3) A sign or combination of signs which consists of letters, words or numerals and is protected as a trade mark in Estonia must not be used in a business name without the consent of the owner of the trade mark certified by a notary, unless the undertaking is engaged in an area of activity in respect of which the trade mark is not protected. Subsection 1 of § 40 of the Commercial Register Act applies to such consent.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3^1) A person who does not have the right to use a geographical indication is prohibited from using a registered geographical indication in the business name, except if the person operates in the area of activity concerning which the geographical indication is not protected.

(3^2) Subsections 3 and 3^1 also apply upon changing of activities after the entry of the business name in the commercial register.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(4) The Government of the Republic may establish restrictions on the use of the word “Eesti” [Estonia] in a business name in all expressions and foreign language equivalents, except in the business name of the branch of a foreign company pursuant to the provisions of clause 1 of § 387 of this Code.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

(5) If a business name contains the name of a state or administrative unit or other place-name in addition to the appendage referring to the company, the business name shall contain an appendage which distinguishes it from the name of the state or administrative unit or other place-name.

(6) The names of state and local government bodies and agencies shall not be used in a business name.

(7) The words “riigi” [state], “linna” [city] and “valla” [rural municipality], and other words which refer to the participation of a local government may be used in the business name of a company only if the state or local government holds more than one-half of the shares of the company.

(8) A business name shall be written in the Estonian-Latin alphabet.

(9) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]

§ 13. Use of name in business name

(1) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]

(2) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]

(3) The name of a person who is not the sole proprietor shall not be used in the business name of a sole proprietor, the name of a person who is not a partner shall not be used in the business name of a general partnership, and the name of a person who is not a general partner shall not be used in the business name of a limited partnership.

(4) The provisions of subsection 3 of this section shall not apply if the sole proprietor transfers the enterprise, or if a partner of a general partnership or a general partner of a limited partnership departs or is excluded from the company.

§ 14. Business name of branch of foreign company

[Repealed – RT I, 23.11.2021, 1 – entry into force 31.12.2021]

§ 15. Use and protection of business name

(1) An undertaking has the exclusive right to the business name of the undertaking. A court may prohibit, in proceedings on petition, the use of a business name which does not conform to the requirements of this Chapter or which a person has no right to use and, if such prohibition is violated, to impose a fine on the violator. The above shall not preclude the protection of the business name in the proceeding of an action.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

(2) The commercial documents of the undertaking and its website shall indicate the business name, registered office and commercial registry code of the undertaking. If the commercial documents and website of a private limited company or public limited company contain reference to the company's capital, the amount of the share capital and, in case contribution for shares has not been completely paid, the amount of outstanding contributions shall also be specified. The commercial documents of the branch of a foreign undertaking and its website shall include the information specified in the first and the second sentence of this subsection regarding both the undertaking and its branch, if it is relevant. In addition, the commercial documents of the branch and its website shall indicate the legal form of the foreign undertaking and the register where the undertaking is registered. If the foreign undertaking is being liquidated, a reference to this fact shall be provided.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) [Repealed – RT I 2002, 53, 336 – entry into force 01.07.2002]

Chapter 3
PROCURATION

§ 16. Definition of procuration

(1) Procuration is an authorisation which grants the representative of the undertaking (procurator) the right to represent the undertaking in concluding all transactions related to economic activities.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) The procurator may transfer or encumber an immovable of the undertaking only if the undertaking grants this right to him or her in the procuration, and this is noted in the commercial register.

(3) Where the undertaking has restricted a procuration, the restriction does not apply with regard to third persons, except the restrictions provided in this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(4) The provisions concerning representation in the General Part of the Civil Code Act apply to procuration unless otherwise provided for in this Code.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 17. Grant of procuration

(1) Procuration may be granted by a company, a sole proprietor entered in the commercial register or a legal representative of a sole proprietor. Upon entry of an undertaking in the commercial register, procuration shall be granted by a sole proprietor; upon foundation of a general partnership or limited partnership, procuration shall be jointly granted by all managing partners and, upon foundation of a private limited company, public limited company or commercial association, procuration shall be jointly granted by the founders by the memorandum of association of the company.

(2) Procuration may only be granted to a natural person. An undertaking may have one or several procurators.

(3) Procuration may be granted to several persons in such a manner that all or some of the procurators are only entitled to represent the undertaking jointly (joint procuration). Procuration may be granted in such a manner that the procurator may represent the undertaking only jointly with a member of the management board or with a partner who is entitled to represent the company.

(4) A foreign company may grant a procuration for the representation of a branch.

(5) A partner of the same general partnership or limited partnership, a member of the supervisory board of the same company or the

auditor of the same company shall not be a procurator.

§ 18. Signature of procurator

A procurator shall sign such that he or she adds the word “prokurist” [procurator] or the abbreviation “p.p.” (per procura) to his or her signature.

§ 19. Bases for termination of procuration

(1) An undertaking may terminate a procuration at any time.

(2) A procurator may demand that the undertaking terminate the procuration if the legal relationship which is the basis for the procuration terminates.

(3) A procuration shall not terminate upon the death of a sole proprietor.
[RT I 2002, 53, 336 – entry into force 01.07.2002]

§ 20. Prohibition on transfer of procuration

A procurator shall not transfer a procuration.

§ 21. Entry of procuration

(1) An entry concerning a procuration shall be entered in the commercial register based on the petition of the undertaking. In the case of a company, the resolution of the body which appointed the procurator shall be appended to the petition.

(2) An entry concerning a procuration shall set out the name and personal identification code of the procurator. If a procuration is granted to several procurators, the entry shall contain a notation concerning if and to which of them joint procuration is granted.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(3) [Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

Part II
COMMERCIAL REGISTER

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

Chapter 4
GENERAL PROVISIONS REGARDING REGISTER

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 22. Maintenance of commercial register and judicial proceedings

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 22[1]. Controller and processor of commercial register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 23. – § 25. [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 26. Registration department seal

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 27. Working language

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 28. Access to commercial register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 29.

[Repealed – RT I 2003, 4, 19 – entry into force 01.02.2003]

§ 30.

[Repealed – RT I 1999, 10, 155 – entry into force 01.01.2000]

§ 31. Information to be entered in commercial register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 32. Documents to be submitted to registrar

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 32[1]. Notarial acts and additional services of notaries

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 33. Entry in commercial register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 34. Legal effect of entry

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 35. Notification obligation of administrative agencies

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

Chapter 5
CONTENT OF COMMERCIAL REGISTER

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 36. Composition of commercial register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 37. Registry card

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 38. Business file

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 39. Registry file

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 40. Registry journal

[Repealed – RT I, 21.03.2014, 3 – entry into force 31.03.2014]

§ 41. Alphabetical card index

[Repealed – RT I, 18.12.2012, 3 – entry into force 19.12.2012]

Chapter 6
FORM OF ENTRY

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 42. Registry code

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 43. Entries

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 44. Entry amendment

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 45. Correction of entry

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 45[1]. Opening of replacement card

[Repealed – RT I, 18.12.2012, 3 – entry into force 19.12.2012]

§ 46. Entry made on basis of court decision

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 47. Invalidity of registry card entries

[Repealed – RT I, 18.12.2012, 3 – entry into force 19.12.2012]

§ 48.

[Repealed – RT I 2001, 56, 336 – entry into force 07.07.2001]

Chapter 7
MAKING OF ENTRY

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 49. Content of document submitted to registrar

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 50. Receipt of documents

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 51.

[Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 52. Business name verification

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 53. Terms in proceedings

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 54.

[Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 54^{1}.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 55. Content of ruling on entry

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 56. Implementation of ruling on entry

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 57. Change of registered office of undertaking

[Repealed – RT I, 21.06.2014, 8 – entry into force 01.01.2015]

§ 58. Registration proceedings in case of bankruptcy, appointment of cover pool administrator, prohibition on business and prohibition to engage in enterprise

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 59. Deletion of undertaking from commercial register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 60. Failure to submit annual report

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 61. Making entry without petition

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 62. Personal data submitted to registrar

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 63. Information on telecommunications of undertaking

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 63[1]. Contact person

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

Chapter 8
REGISTRY CARD

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 64. Registry card information

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 65. Registry card information of part B of card register

[Repealed – RT I, 18.12.2012, 3 – entry into force 19.12.2012]

§ 66. Entry concerning invalidation of resolution of company

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

Chapter 9
MAINTENANCE OF COMMERCIAL REGISTER USING ELECTRONIC MEANS

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 67. Conditions for maintenance of commercial register using electronic means

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 68. Validity of electronic entry

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 69. Access to commercial register through computer network

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 69[1]. Information concerning prohibitions on business and prohibitions to engage in enterprise

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 70. Payment procedure for issuing of information in electronic register

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 70[1]. System of interconnection of registers of European Union

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 70[2]. Exchange of information among registers of European Union

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

Chapter 10
LIABILITY

[Repealed - RT I, 05.05.2022, 1 - entry into force 01.02.2023]

§ 71. Liability of undertaking

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 72.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 11
COMPLAINTS

§ 73. – § 74. [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

Part III
SOLE PROPRIETOR

§ 75. Petition for entry in commercial register and information to be entered in commercial register

(1) A sole proprietor is entered in the commercial register based on their petition or on other grounds provided by law in accordance with the procedure provided by the Commercial Register Act. The petition sets out the data specified in subsection 2 of this section and the data to be entered in the commercial register pursuant to the Commercial Register Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) The following is entered in the commercial register with regard to a sole proprietor:
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
1) the business name of the sole proprietor, the address and e-mail address of the enterprise, and the beginning and end of a financial year;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) name and personal identification code of the sole proprietor;
3) other information provided by law.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 76.

[Repealed – RT I 2008, 60, 331 – entry into force 01.01.2009]

§ 77. Accounting

A sole proprietor shall organise his or her accounts pursuant to the Accounting Act.

§ 78. Liability

A sole proprietor shall be liable for his or her obligations with all of his or her assets.

Part IV
GENERAL PARTNERSHIP

Chapter 12
DEFINITION AND FOUNDATION OF GENERAL PARTNERSHIP

§ 79. Definition of general partnership

A general partnership is a company in which two or more partners operate under a common business name and are jointly and severally liable for the obligations of the general partnership with all of their assets.

§ 80. Partner

(1) A natural person or legal person may be a partner in a general partnership.

(2) A local government shall not be a partner in a general partnership.
[RT I 2009, 57, 381 – entry into force 01.01.2010]

(3) A new partner may be admitted into a general partnership only with the consent of all partners.

§ 81. Registered office

[Repealed – RT I, 20.04.2017, 1 – entry into force 15.01.2018]

§ 82. Partnership agreement

(1) A general partnership shall operate on the basis of a partnership agreement entered into by the partners. The partners shall agree on:
1) the business name and registered office of the general partnership;
2) [Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]
3) the amount of the contributions of the partners;
4) other obligatory terms and conditions provided by law.

(2) The partners may also agree on other terms and conditions which are not in conflict with the law. If agreed terms and conditions are in conflict with the law, the provisions of law shall apply.

(3) The partnership agreement may be amended only with the consent of all partners. The partnership agreement may prescribe cases in which the partnership agreement may be amended by a majority vote. The partnership agreement shall not be amended by a majority vote of less than three-quarters of all votes.

(4) The partnership agreement may prescribe that a partner has different rights and obligations than the other partners, with the consent of the partner. These rights and obligations may be amended or terminated only with the consent of the partner.

§ 83. Petition for entry in commercial register

(1) A petition for entry in the commercial register sets out the information to be entered in the register pursuant to § 84 of this Code and pursuant to the Commercial Register Act. The petition is signed by all partners.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(1^{1}) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) The petition shall additionally set out the e-mail address and other telecommunications data (telephone and fax numbers, Internet website address, etc.) of the general partnership and information on the planned principal activity.
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(3) Any other petition submitted to the commercial register shall be signed by a partner entitled to represent the general partnership. If the partners are only entitled to represent the general partnership jointly, the petition shall be signed by all partners entitled to represent the general partnership jointly.

(4) If an amendment to an entry or a new entry is applied for by a petition submitted to the commercial register, the corresponding resolution of the partners shall be appended to the petition. Upon entry or deletion from the register of a new partner, such partner shall also sign the petition submitted to the registrar unless the partner has been excluded from the partnership or is deceased.

§ 84. Information to be entered in commercial register

The following is entered in the commercial register:
1) the business name of the general partnership;
2) the registered office, address and e-mail address of the general partnership;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2^{1}) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
3) the beginning and end of the financial year of the general partnership;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
4) the names, personal identification codes or registry codes of the partners;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5) the partners authorised to represent the general partnership and which of them are entitled to represent the general partnership jointly;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5^{1}) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
6) other information prescribed by law.

Chapter 13
RELATIONS AMONG PARTNERS

§ 85. Equality of partners

The partners shall be treated equally under equal circumstances.

§ 86. Contributions

(1) The partners shall make contributions in the amount prescribed by the partnership agreement.

(2) Contributions shall be equal unless the partnership agreement prescribes otherwise.

(3) A contribution may be monetary or non-monetary. A non-monetary contribution may also be the provision of services to the general partnership, or the transfer to or use of assets by the general partnership. The monetary value of a non-monetary contribution shall be determined by the partnership agreement. Unless otherwise prescribed by the partnership agreement, assets shall be deemed to be transferred to the ownership of the general partnership, not to its use.

(4) The contribution of a partner may be increased or reduced only with the consent of the partner.

§ 87. Payment of contribution

(1) A partner shall pay the contribution during the term determined by the partnership agreement.

(2) If the term for payment of the contribution is not specified by the partnership agreement, a partner shall pay it promptly after conclusion of the partnership agreement.

§ 88. Management of partnership

(1) Each partner has the right and the obligation to participate in the management of the general partnership.

(2) The right to manage may be granted by the partnership agreement to one or several partners. In this case, the other partners shall not participate in the management of the general partnership.

(3) If several partners are entitled to manage the general partnership, each of them may act independently unless the partnership agreement prescribes otherwise. A managing partner shall not perform an act if another managing partner objects to it.

(4) If the partnership agreement prescribes that the managing partners of the general partnership may only act jointly, an act may be performed with the consent of all managing partners. An act may be performed without the consent of the other partners if a delay in performance would cause damage to the general partnership.

(5) The managing partners may jointly grant the right to manage the general partnership to a third person. Each managing partner may cancel the right granted to a third person.

(6) If there is reason to presume that damage will be caused to the general partnership, a partner who, pursuant to subsection 2 of this section, is not entitled to manage the general partnership may also manage the general partnership to avoid such damage.

§ 89. Scope of competence

In managing the general partnership, a managing partner may perform acts which are necessary for the everyday economic activities of the general partnership. A resolution of the partners is required for the performance of acts which are beyond everyday economic activities.

§ 90. Deprivation of management right

A court may deprive a managing partner of the management right at the request of the other partners if there is good reason. The primary good reason shall be non-performance of a material obligation by the partner or inability to manage the general partnership.

§ 91. Relinquishment of management right

A managing partner may relinquish the management right with good reason by notifying the other managing partners thereof in advance if the relinquishment does not damage the interests of the general partnership.

§ 92. Compensation for expenditure and damage

(1) The general partnership shall compensate a partner for necessary expenditure made, including expenditure for performance of the general partnership's obligations, and losses incurred in acting in the interests of the general partnership unless the partnership agreement prescribes otherwise.

(2) Monetary expenditure made in the interests of the general partnership shall be compensated for to a partner together with interest in an amount provided by law unless the partnership agreement prescribes otherwise.

§ 93. Adoption of resolution of partners

(1) A resolution of the partners shall be adopted if over one-half of the votes of all partners are in favour unless the law or the partnership agreement prescribes a greater majority requirement. The partners may adopt a resolution only if all partners are notified of the voting in advance.

(2) The number of votes of a partner shall correspond to the amount of the contribution of the partner unless the partnership agreement prescribes otherwise. If the number of votes of a partner is calculated according to the amount of the contribution of the partner, each one euro of the contribution shall give the partner one vote unless the partnership agreement prescribes otherwise.
[RT I 2010, 20, 103 – entry into force 01.01.2011]

(3) A partner shall not participate in voting and the partners votes shall be subtracted from the quorum if release of the partner from an obligation or liability, entry into a transaction with the partner or assertion of a claim against the partner is being decided.

(4) A resolution which is in conflict with the law or the partnership agreement shall be declared invalid by a court at the request of a partner if the request is submitted within three months after adoption of the resolution.

§ 94. Right of partner to information

(1) A partner has the right to obtain information concerning the activities of the general partnership, to examine all documents of the general partnership and to demand a copy of the approved annual report. Upon a resolution of the partners, the right of a partner to obtain information and examine documents may be restricted if there is reason to believe that this may damage the interests of the partnership.

(2) A partner shall preserve the secrecy of information received concerning the activities and documents of the general partnership unless otherwise decided by the partners or unless the law provides that the information and documents are subject to public disclosure.

§ 95. Prohibition on competition

(1) Without the consent of the other partners, a partner shall not compete with the general partnership in the same area of activity or participate in a company which competes with the general partnership in the same area of activity, in a capacity which affects the commercial activities of such company. If upon foundation of the general partnership or upon the partner becoming a partner the above circumstances are known to the other partners but no objections are raised, the consent of the other partners shall be deemed to be given.

(2) The partnership agreement may prescribe a term during which the prohibition on competition specified in subsection 1 of this section is valid with regard to a former partner of the general partnership. The specified term shall not be longer than five years from the departure or exclusion of the partner from the general partnership.

(3) If the partnership agreement does not prescribe a prohibition on competition with regard to a former partner but the interests of the general partnership require such prohibition, a court may, at the request of the general partnership, impose a prohibition on competition for the term specified in subsection 2 of this section.

§ 96. Violation of prohibition on competition

(1) Upon violation of the prohibition on competition provided for in § 95 of this Code, the general partnership may demand termination of the prohibited activity, transfer of the income received from the prohibited activity to the general partnership and compensation for damage to the extent exceeding the claimed income.

(2) A partner who violates the prohibition on competition shall not participate in the adoption of a resolution on assertion of the claim specified in subsection 1 of this section.

(3) The limitation period for the claim specified in subsection 1 of this section shall be three months from the date the other partners become aware of the violation of the prohibition on competition but not longer than three years from violation of the prohibition on competition. The general limitation period shall apply to a claim for compensation of damage.

§ 97. Profit and loss

(1) The amount of the share of profit to be distributed among the partners shall be decided by the partners after the end of the financial year on the basis of the approved annual report. If a general partnership compiles the annual report of a consolidation group, the partners shall decide on the amount of the share of profit to be distributed on the basis of the consolidated reports of the consolidation group.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

(1^1) [Repealed – RT I 2009, 54, 363 – entry into force 01.01.2010]

(1^2) If a company capitalises the development-related expenditure as intangible assets and the development expenditure has not completely depreciated, profit cannot be distributed unless the sum of the reserves which can be used for the distribution of profit and the retained profit from previous periods at least equals the undepreciated development expenditure.
[RT I, 30.12.2015, 4 – entry into force 01.01.2016]

(2) Each partner shall receive a part of the share of profit to be distributed corresponding to the amount of the contribution of the partner unless the partnership agreement prescribes otherwise.

(3) If a partner has not paid the contribution, the contribution shall be recovered from the share of profit apportioned to the partner.

(4) Losses shall be covered by the partners in proportion to their contributions unless the partnership agreement prescribes otherwise.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

§ 97^1. Approval of annual report and submission to commercial register

(1) The annual report shall be approved by the partners. If a general partner is a private limited company, a public limited company, a commercial association or a non-profit association, the annual report shall be submitted to the commercial register together with the sworn auditor's report, if auditing is compulsory, the proposal for the distribution of profit or the covering of loss and the division of the sales revenue within six months as of the end of the financial year.
[RT I 2010, 9, 41 – entry into force 08.03.2010]

(1^1) A general partnership exempt from the preparation of the annual report of the consolidation group pursuant to subsection 5 or 6 of § 29 of the Accounting Act shall submit to the commercial register within six months as of the end of the financial year the annual report of the consolidation group prepared by the parent undertaking together with the sworn auditor's report, if auditing is compulsory. Neither the annual report of the consolidation group nor the sworn auditor's report need to be submitted to the commercial register if the parent undertaking is a legal person registered in Estonia.
[RT I, 30.12.2015, 4 – entry into force 01.01.2016]

(2) Together with the annual report, the commercial register shall be submitted the information regarding the amount of the share of profit to be distributed that was decided pursuant to subsection 1 of § 97 of this Code or the information regarding the amount of losses covered pursuant to subsection 1 of § 97 of this Code if the above information is not manifested by the annual report. If the resolution on the distribution of profit or the covering of loss is adopted after the submission of the annual report, the aforementioned information shall be submitted together with the next annual report.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

(3) The division of the sales revenue shall contain information regarding the sales revenue for the accounting year in up to ten major

areas of activity pursuant to the Classification of Economic Activities established on the basis of subsection 6 of § 4 of this Code. In case of the annual report of a consolidation group, the division of the sales revenue is submitted on the basis of the respective information in the unconsolidated income statement of the consolidating entity.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

Chapter 14
RELATIONS OF GENERAL PARTNERSHIP WITH THIRD PERSONS

§ 98. Representation of general partnership

(1) Each partner may represent the general partnership in making all transactions unless the partnership agreement prescribes otherwise.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) The partnership agreement may provide that the general partnership may be represented by all or some of the partners jointly. These partners may authorise one or several partners among themselves to perform a certain transaction or act. Each partner who grants an authorisation may cancel the authorisation. Joint representation shall apply with regard to third persons only if it is entered in the commercial register.

(3) The managing partners may jointly grant the right of representation of the general partnership to a third person and have it entered in the commercial register. Each managing partner may cancel the right granted to a third person.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) A person entitled to represent the general partnership may represent the general partnership in all relations with third persons. A restriction on the right of representation shall be invalid with regard to third persons.

§ 99. Procurator of general partnership

A procurator of a general partnership shall be appointed jointly by the managing partners. Each managing partner may cancel the procuration.

§ 100. Deprivation of right of representation

A court may deprive the right of representation of a partner at the request of all the other partners if there is good reason. The primary good reason shall be non-performance of an obligation to a material extent by the partner or inability to represent the general partnership.

§ 101. Liability

(1) A general partnership shall be liable for its obligations with all of its assets.

(2) The partners shall be jointly and severally liable for the obligations of the general partnership with all of their assets. A partner may be required to perform obligations only in money.

(3) An agreement which is in conflict with the provisions of subsection 2 of this section shall not apply with regard to third persons.

(4) A partner has the right to present all objections against the claim of a creditor which the partner may present themselves or which the general partnership could present. A partner shall not lose the right to the objections even if the general partnership waives them or recognises its obligation.

(5) A partner may refuse to perform the obligations of the general partnership until a creditor has filed a claim against the general partnership which is not satisfied or as long as the general partnership has rights in respect of the creditor which may allow for the claim to be dismissed. Compulsory enforcement shall not be imposed on a partner pursuant to an enforcement document against the general partnership.

§ 102. Liability of partner joining or departing from general partnership

(1) A person who becomes a partner of a general partnership shall also be liable for the obligations of the general partnership which arose before the person became a partner.

(2) A former partner of the general partnership shall also be jointly and severally liable with the other partners for an obligation of the general partnership which arose before entry of the departure or exclusion of the partner in the commercial register if the due date for performance of the obligation has arrived or arrives within five years after departure or exclusion.

(3) An agreement which is in conflict with the provisions of subsections 1 or 2 of this section shall not apply with regard to third persons.

(4) [Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

Chapter 15
DISSOLUTION OF GENERAL PARTNERSHIP AND DEPARTURE OF PARTNER

§ 103. Bases for dissolution of general partnership and continuation of activities

(1) A general partnership shall be dissolved:
1) by a resolution of the partners;
2) by a court ruling;
[RT I 2008, 59, 330 – entry into force 01.01.2009]
3) upon expiry of a term or achievement of an object;
4) on another basis provided by law.

(2) The partnership agreement may prescribe that the general partnership shall also be dissolved upon departure of a partner from the general partnership, the bankruptcy of a partner or upon the death of a partner who is a natural person, or dissolution of a partner who is a legal person.

(3) If dissolution of the general partnership is prescribed by the partnership agreement or if the general partnership is dissolved upon expiry of a term or achievement of an object, the partners may decide on continuation of the activities of the general partnership, or on merger, division or transformation of the general partnership. A resolution on continuation of activities shall be adopted if more than three-quarters of the votes of the partners are in favour unless the partnership agreement prescribes a greater majority requirement.

(4) The partners shall submit a joint petition for entry of the continuation of activities in the commercial register. The resolution on continuation shall enter into force as of its entry in the commercial register.

§ 104. Dissolution of general partnership by resolution of partners

A general partnership may be dissolved by a resolution of the partners if more than three-quarters of the votes of the partners are in favour unless the partnership agreement prescribes a greater majority requirement.

§ 105. Dissolution of general partnership by court judgment

(1) At the request of a partner, a court may decide on dissolution of the general partnership if there is good reason. The primary good reason shall be non-performance of a material obligation by a partner or the impossibility of its performance.

(2) An agreement which is in conflict with the provisions of subsection 1 of this section shall be void.

§ 106. Successor joining general partnership

(1) Upon the death of a partner, his or her successors have the right to join the general partnership if prescribed by the partnership agreement or if all the partners agree to it.

(2) If the partnership agreement prescribes that only one successor may become a partner but neither this person nor the procedure for selecting him or her is specified, the person may be specified by the will of the bequeather. The partnership agreement may prescribe that a successor may join the general partnership only with the consent of the other partners.

(3) Upon the consent of the other partners, a successor or successors may be granted the status of a limited partner by which the general partnership shall be deemed to be transformed into a limited partnership. A partner who is a successor has the right to the same share of profit as the deceased general partner. The partnership agreement may prescribe a reduction in the share of profit of a successor if the share of profit of the bequeather was increased in consideration of his or her activities or increased responsibility.

(4) If a successor does not wish to or cannot join the general partnership or if the partners do not agree to the successor joining the general partnership, the successor has the right to receive a share of the compensation pro rata to their share of the estate, which the deceased partner would have received upon departure from the general partnership.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(5) If one of the successors joins the general partnership, the corresponding share of the compensation which the deceased partner would have received is taken into account in calculating the successor’s share of the estate.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(6) A successor may submit a petition to join the general partnership within three months from the date the successor becomes aware of the successor’s right of succession.

(7) If a partner who is a successor departs or is excluded from the general partnership, or the general partnership is dissolved, or the partner is given the status of a limited partner during the term specified in subsection 6 of this section, the partner who is a successor shall be liable for the obligations of the general partnership which exist at that moment to the extent of his or her share of the estate.

§ 107. Departure of partner from general partnership

A partner may depart from the general partnership at the end of the financial year by giving at least six months’ advance notice thereof unless the partnership agreement prescribes a shorter term.

§ 108. Exclusion of partner at request of other partners

If the bases for dissolution of a general partnership provided for in § 105 of this Code become evident, a court may, at the request of the other partners, decide on exclusion from the general partnership of the partner who caused these circumstances.

§ 109. Exclusion of partner at request of creditor

Where satisfaction of the claim of a creditor of a partner from the assets of the partner is unsuccessful, the creditor of the partner may

request, within six months after the failure of the execution, that a court exclude the partner from the general partnership and that the claim of the creditor be satisfied from the compensation to be paid.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 110. Assumption

If a general partnership has two partners and one of them has left or is excluded from the general partnership pursuant to §§ 107-109 of this Code, a court may, at the request of the other partner, decide that this partner shall continue activities as the legal successor of the general partnership as a sole proprietor and that the general partnership shall be dissolved without liquidation.

§ 111. Compensation

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) Upon departure or exclusion of a partner from the general partnership, the partner is paid as compensation the share of the assets of the general partnership which the partner would receive if the company was dissolved on the date of departure or exclusion of the partner. The partnership agreement may prescribe a different procedure for the calculation of compensation.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) Compensation is paid not later than six months after the departure or exclusion of the partner unless agreed otherwise. Compensation is paid with interest in an amount provided by law.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 112. Making of entry concerning dissolution of general partnership and exclusion of partner

The partners shall submit a joint petition for entry of the dissolution of the general partnership in the commercial register. An entry concerning the exclusion of a partner shall be made on the basis of a court judgment.

§ 112^{1}. Economic difficulties of general partnership and obligation to submit bankruptcy petition

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) Where the economic position of a general partnership has deteriorated and it is likely to become insolvent in the future, the legal representatives of the general partnership must take steps to overcome the economic difficulties, restore its liquidity, improve its profitability and ensure its sustainable management, including consider the filing of a reorganisation petition. In case of permanent insolvency of a general partnership, the legal representatives of the general partnership must submit the bankruptcy petition of the general partnership promptly but not later than within 20 days after the date on which the insolvency of the general partnership became evident.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) If it becomes evident that a general partnership has become insolvent, only the payments necessary under the circumstances are made on account of the general partnership.

(3) In the case of violation of the obligation to file a bankruptcy petition provided in subsection 1 of this section, and of the obligation provided in subsection 2 of this section, the persons obligated to submit the petition are jointly and severally liable for the damage caused by the violation. The persons obligated to submit the petition are required to compensate any payments made after the date on which the insolvency became evident to the general partnership, except in the case where making the payments under the circumstances in question conforms to the due diligence requirements. The limitation period of the claim is five years after the violation of the obligation.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

Chapter 16
LIQUIDATION OF GENERAL PARTNERSHIP

§ 113. Basis for liquidation

A general partnership shall be liquidated upon dissolution unless otherwise provided by law.

§ 114. Appointment of liquidators

(1) The liquidators of a general partnership shall be the partners unless the partnership agreement or a resolution of the partners prescribes otherwise. The legal successors of a partner shall appoint one liquidator to jointly represent them.

(2) Upon agreement of the partners, a third person may be appointed as a liquidator. At the request of a partner, a court may, with good reason, appoint a person who is not a partner as a liquidator.

(3) Upon the bankruptcy of a partner, the trustee in bankruptcy shall participate in the liquidation instead of the partner.

(4) [Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

(5) The partners shall specify the procedure for and amount of remuneration of liquidators. If the partners do not reach an agreement on the procedure for and amount of remuneration, a court may be requested to specify them.

§ 115. Removal of liquidators

(1) The partners may remove a liquidator if all partners vote in favour of the removal.

(2) A court may remove a liquidator with good reason at the request of a partner or other interested person.

§ 116. Entry of liquidator

(1) The partners shall submit a joint petition for entry of the first liquidators in the commercial register. A petition for entry in the commercial register of a change of liquidator or the right of representation of a liquidator shall be submitted by the liquidators. The resolution which constitutes the basis for the change of a liquidator or the right of representation of a liquidator shall be appended to the petition. All liquidators shall submit to the registrar a written confirmation concerning their right pursuant to law to act as liquidators.

(2) The appointment or removal of a liquidator on the basis of a court judgment shall be entered in the commercial register by the registrar on the basis of the court judgment.

(3) The names and personal identification codes of the liquidators shall be entered in the commercial register.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 117. Rights and obligations of liquidators

(1) The liquidators shall terminate the activities of the general partnership, collect debts, sell the assets of the general partnership and satisfy the claims of creditors.

(2) The liquidators only have the right to conclude transactions which are necessary for liquidation of the general partnership.

(3) The liquidators shall represent the general partnership.

(4) If the general partnership has several liquidators, the liquidators only have the right to represent the general partnership jointly. The liquidators may authorise one or several from among themselves to perform a certain transaction or certain type of activity.

(4^1) The right of one liquidator or some of the liquidators to represent the general partnership separately may be prescribed by the partnership agreement, a resolution of the partners or a court decision. The right of sole representation applies with regard to third persons only if it is entered in the commercial register.

(5) A restriction on the authority of the liquidators shall be invalid with regard to third persons.

(6) During a liquidation proceeding, the notation “likvideerimisel” [in liquidation] shall be appended to the business name of the general partnership.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 118. Accounting during liquidation

(1) A general partnership undergoing liquidation shall organise its accounting pursuant to the procedure provided by the Accounting Act unless otherwise provided by the law or the nature of liquidation.

(2) Upon adoption of a dissolution resolution, the liquidators prepare a liquidation report. The liquidation report is approved by a resolution of the partners and it must be submitted to the commercial register within four months after adoption of the dissolution resolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) With the adoption of the dissolution resolution, the current financial year of the general partnership ends and a new financial year begins. A change of the previous financial year period may be decided by the dissolution resolution pursuant to subsection 2 of § 13 of the Accounting Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3^1) Where 12 months have passed since the beginning of the new financial year specified in subsection 3 of this section, and the liquidation process has not yet ended, an interim liquidation report is prepared as of the end of each financial year following the dissolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) A general partnership has the obligation to audit the liquidation report and interim liquidation report in case the audit obligation applied to the latest annual accounts before the resolution on dissolution or it would apply to the liquidation report or interim liquidation report, taking into account the requirements provided by the Auditors Activities Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(5) After completion of the liquidation, the liquidators prepare the final liquidation report.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 119. Distribution of assets of general partnership

After satisfaction of the claims of creditors, the liquidators shall distribute the remaining assets among the partners corresponding to the contributions of the partners unless the partnership agreement prescribes otherwise.

§ 120. Liability of partners upon liquidation of general partnership

(1) If the assets of a general partnership are not sufficient to cover the claims of creditors, the partners shall be liable for the obligations of the general partnership in proportion to the amounts of their contributions unless the partnership agreement prescribes otherwise.

(2) If the part to be paid by a partner provided for in subsection 1 of this section cannot be collected from a partner, the other partners shall cover the deficit in proportion to their contributions unless the partnership agreement prescribes otherwise. The partner whose part of the debt is paid by the other partners shall compensate this part of the debt to them.

(3) If the claims of creditors can also not be satisfied pursuant to the procedure provided for in subsection 2 of this section, the liquidators shall submit a bankruptcy petition for the general partnership.

(4) The provisions of § 101 of this Code shall apply to the right of a creditor to demand satisfaction of the creditor's claim.

§ 121. Relations among partners and relations with third persons

During liquidation, the provisions of §§ 85–102 of this Code apply to relations among partners and to relations between the general partnership and third persons. Where satisfaction of the claim of a creditor of a partner from the assets of the partner is unsuccessful, the creditor of the partner may request that a court exclude the partner from the general partnership and that the claim of the creditor be satisfied from the compensation to be paid, unless the provisions for liquidation provide otherwise.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 122. Deletion from commercial register and deposit of documents

(1) After completion of liquidation, the liquidators submit a petition to the commercial register for deletion of the general partnership from the commercial register. The final liquidation report is appended to the petition.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) The liquidators shall deposit the documents of the general partnership with a liquidator or, based on the resolution of the partners, with a third person or an archive. If the liquidators have not assigned the depositary of documents, the depositary shall be appointed by the court.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) The name, residence or registered office, and personal identification code or registry code of the depositary of documents shall be entered in the commercial register on the petition of the liquidators or, in the case of a court-appointed depositary, on the basis of the court ruling. Upon a change of depositary, the transferor shall notify the registrar before the transfer in order to allow for the entry of new information in the register. Documents are kept in Estonia.
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(4) Partners and their successors have the right to examine and use deposited documents. Third persons may examine the documents only if they have a legitimate interest.

(5) A general partnership is responsible for the preservation of documents created or received as a result of its activities during the term prescribed by law. Upon liquidation of a general partnership, the documents of the general partnership which are to be preserved may be transferred to an archives upon agreement with the archives. Upon a transfer of documents to an archives, the responsibility for preservation of the documents transfers to the archives.

§ 123. Distribution of assets without liquidation proceeding

(1) If the partners decide to dissolve the general partnership without a liquidation proceeding, the claims of a third person shall be satisfied pursuant to the provisions for liquidation of the general partnership. A majority of over three-quarters of the votes of the partners is required to adopt a resolution on dissolution without a liquidation proceeding unless the partnership agreement prescribes a greater majority requirement.

(2) If a general partnership is dissolved due to the exclusion of a partner at the request of a creditor (§ 109), the general partnership may be dissolved without liquidation only with the consent of the creditor who petitioned for the exclusion of the partner.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 124. Claims asserted against partner

If a general partnership is dissolved, a partner shall be jointly and severally liable with the other partners for the obligations of the general partnership for five years after dissolution of the general partnership. Agreements which derogate from this requirement shall not be applicable with regard to third persons.

Part V
LIMITED PARTNERSHIP

§ 125. Definition of limited partnership

(1) A limited partnership is a company in which two or more persons operate under a common business name, and at least one of the persons (general partner) is liable for the obligations of the limited partnership with all of the general partner's assets, and at least one of the persons (limited partner) is liable for the obligations of the limited partnership to the extent of the limited partner's contribution.

(2) The provisions concerning general partnerships shall apply to limited partnerships unless otherwise provided for in Part V of this Code.

(3) A share certificate shall not be issued with regard to a limited share.

§ 126. Partner

The provisions concerning partners of general partnerships shall apply to general partners and limited partners unless otherwise provided for in Part V of this Code.

§ 127. Petition for entry in commercial register

[RT I 2003, 4, 19 – entry into force 01.02.2003]

(1) In addition to the provisions of § 83 of this Code and provisions of the Commercial Register Act, the amount of the contribution of a limited partner, which is entered in the commercial register, must be set out in a petition for entry in the commercial register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) [Repealed – RT I 2003, 4, 19 – entry into force 01.02.2003]

§ 128. Management

(1) A limited partner shall not have the right to manage the limited partnership (§ 88) unless the partnership agreement prescribes otherwise.

(2) A limited partner shall participate as a general partner in the adoption of resolutions of the partners of the limited partnership.

§ 129. Prohibition on competition

The provisions of §§ 95 and 96 of this Code shall apply to a limited partner only if the limited partner is granted the right to manage the limited partnership by the partnership agreement.

§ 130. Right of limited partner to information

A limited partner has the rights specified in § 94 of this Code.

§ 131. Representation of limited partnership

(1) A limited partner shall not have the right to represent the limited partnership unless the partnership agreement prescribes otherwise. The provisions of subsection 3 of § 98 of this Code shall apply to the right of representation of a limited partner.

(2) The right to represent the limited partnership granted to a limited partner shall be entered in the commercial register.

§ 132. Extent of liability of limited partner

(1) A limited partner who has paid a contribution in full shall not be liable for the obligations of the limited partnership. If a limited partner has not paid a contribution in full, the limited partner shall be liable for the obligations of the limited partnership to the extent of the unpaid contribution.

(2) If a contribution is refunded to a limited partner without observing the provisions of § 133 of this Code, the limited partner shall be liable for the obligations of the limited partnership to the extent of the refunded contribution.

(3) The provisions of subsection 2 of this section shall also apply if a limited partner is paid the limited partner’s share of profit before the share of loss and contribution of the limited partner are covered.

(4) An agreement which is in conflict with the provisions of this section and an agreement which exempts a limited partner from payment of a contribution shall not apply with regard to third persons.

§ 133. Reduction of contribution

(1) The reduction of a contribution of a limited partner shall apply with regard to third persons as of entry in the commercial register.

(2) The reduction of a contribution shall not apply with regard to a creditor whose claim against the limited partnership arises before entry of the reduction of contribution in the commercial register.

§ 134. Transformation

(1) If a limited partner joins a general partnership or in the case provided for in subsection 3 of § 106 of this Code, the general partnership shall be deemed to be transformed into a limited partnership without dissolution. If all the limited partners depart or are excluded from a limited partnership and at least two general partners remain, the limited partnership shall be deemed to be transformed into a general partnership without dissolution.

(2) Transformation shall be entered in the commercial register on the initiative of the registrar or on a petition of the general partnership.

Part VI
PRIVATE LIMITED COMPANY

Chapter 17
GENERAL PROVISIONS

§ 135. Definition of private limited company

(1) A private limited company is a company which has share capital divided into private limited company shares.

(2) A shareholder shall not be personally liable for the obligations of the private limited company.

(3) A private limited company shall be liable for performance of its obligations with all of its assets.

§ 136. Share capital

Share capital is denominated in euros.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

Chapter 18
FOUNDATION

§ 137. Founder

(1) A private limited company may be founded by one or several persons.

(2) A founder may be a natural person or a legal person.

§ 138. Memorandum of association

(1) In order to found a private limited company, the founders shall conclude a memorandum of association.

(2) The memorandum of association shall set out:
1) the business name, registered office and address of the private limited company being founded;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
2) the names and residences or registered offices of the founders;
3) the proposed amount of share capital;
4) the nominal value and number of shares, and their division among the founders;
5) the amount to be paid for shares and the procedure, time and place of payment;
6) if a share is paid for by a non-monetary contribution, the item of the non-monetary contribution and its valuation method;
7) the information on the members of the management board and, if a supervisory board is formed, on its members;
8) the information on procurators or auditors, if appointed;
9) the projected costs of foundation and the procedure for payment thereof.

(3) Upon conclusion of a memorandum of association, the founders shall also approve the articles of association of the private limited company as an annex to the memorandum of association.

(4) The memorandum of association and the articles of association approved thereby shall be notarised and signed by all founders. A representative of a founder may sign the memorandum of association and the articles of association approved thereby if the authorisation document granted to the representative is certified by a notary. The articles of association shall be amended after entry in the commercial register pursuant to the procedure provided for in § 175 and shall not require amendment of the memorandum of association.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(5) If the private limited company has one founder, the memorandum of association shall be substituted by a notarised foundation resolution signed by the founder.

§ 139. Articles of association

(1) The articles of association of a private limited company shall set out:
1) the business name and registered office of the private limited company;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
2) the amount of share capital which may be specified as a specific amount or as a minimum and maximum capital such that the minimum capital shall be at least one-quarter of the maximum capital;
3) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]
4) the procedure for payment for shares;
5) the specific rights attaching to a share, or of a shareholder, whereas in case the specific rights attaching to a share are envisaged and various classes of shares are issued the articles of association shall specify the designation of the various classes of shares and the specific rights attaching to the class of shares;
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]
6) if a share is paid for by a non-monetary contribution, the valuation method of the non-monetary contribution;
7) the formation and amount of legal reserve;
[RT I 2010, 77, 589 – entry into force 01.01.2011]
7^1) if there is a management board and supervisory board, the number of members thereof, which may be expressed as a specific

number or a maximum and minimum number, and if necessary, also the specifications for the right of representation of the members of the management board;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
8) other obligatory terms and conditions provided by law.

(2) The articles of association may also prescribe other terms and conditions which are not in conflict with the law. If a provision of the articles of association is in conflict with a provision of law, the provision of law shall apply.

(3) All founders shall sign the articles of association approved by the memorandum of association. The articles of association which are amended after entry in the commercial register shall be signed by at least one member of the management board or, if the members of the management board are only authorised to represent the private limited company jointly, by all the members of the management board authorised to represent the private limited company jointly.

§ 139[1]. Articles of association used upon expedited procedure

(1) The articles of association of a private limited company used upon expedited procedure, and the selection of data to be specified therein shall be established by a regulation of the minister in charge of the policy sector.

(2) The articles of association used upon expedited procedure shall provide for at least the information specified in clauses 1, 2, 4 and 7 of subsection 1 of § 139 of this Code. Share capital shall be set out as a specific amount. The private limited company itself is not allowed to add additional provisions to the articles of association used upon expedited procedure.

(3) The articles of association used upon expedited procedure substitutes for the memorandum of association and the articles of association provided in § 139 of this Code.

(4) The articles of association used upon expedited procedure shall be digitally signed by all the founders, indicating the nominal value of the share of each founder.

(5) The articles of association used upon expedited procedure shall not be used by a private limited company operating in an area of activity subject to special requirements if, in addition to the data provided by this Code, the law requires the presentation of additional information in the articles of association of such company.

(6) Otherwise, the general provisions of this Code regarding the articles of association of a private limited company apply to the articles of association used upon expedited procedure.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 140. Payment for share

(1) A contribution may be monetary or non-monetary. A share shall be paid for in money unless the articles of association prescribe payment by a non-monetary contribution.

(2) The founders must pay for the shares in full before submission of a petition for entry of the private limited company in the commercial register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The sum to be paid for a share shall not be set off against salary, fees or other such payments by the private limited company being founded or against other claims against the private limited company being founded.

§ 140[1]. Foundation without making contributions

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 141. Payment of monetary contribution

Upon foundation, the founders shall open a bank account in the name of the private limited company being founded, into which they shall pay their monetary contributions.

§ 142. Non-monetary contribution

(1) A non-monetary contribution may be any thing which is monetarily appraisable and transferable to the private limited company or a proprietary right which may be the object of a claim.

(2) A non-monetary contribution shall not be service or work provided to the private limited company or the activities of the founders in the foundation of the private limited company.

(3) A shareholder shall give notice of the rights of third persons with regard to a non-monetary contribution.

(4) If, at the time of entry in a commercial register of a private limited company or increase of share capital, the value of a non-monetary contribution is lower than the nominal value of the share received on account of the contribution or the share to be increased, the private limited company may demand payment by a shareholder of the contribution in money to the extent to which the value of the contribution was lower than the nominal value. The limitation period of the claim is five years after the entry in the commercial register of a private limited company or increase of share capital.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 143. Valuation of non-monetary contribution

(1) In case of a non-monetary contribution, the sufficiency of the value of the object of the contribution for the nominal value of the share of the shareholder obliged to make the non-monetary contribution shall be valuated by the management board of a private limited company.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(2) The usual value of a thing or right shall be taken as the basis for the valuation of a non-monetary contribution.

(3) Where the share capital of a private limited company is at least 25,000 euros or has been received on account of a non-monetary contribution or the nominal value of the share to be increased is at least 25,000 euros, the valuation of the sufficiency of the value of the non-monetary contribution in regard to compliance with the requirements specified in § 142 of this Code must be verified by an auditor. The liability of an auditor is governed respectively by the provisions concerning the valuation of a non-monetary contribution of a public limited company and the liability of an auditor.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3^1) [Repealed – RT I 2010, 77, 589 – entry into force 01.01.2011]

(4) The members of the management board and the person obliged to make a contribution shall be jointly and severally liable for any damage incurred as a consequence of an inaccurate valuation of the non-monetary contribution.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(5) Within one year after entry of the private limited company in the commercial register, the private limited company may acquire assets with a value exceeding one-tenth of the share capital from a shareholder or a person with an economic interest equivalent to that of the shareholder on the basis of a contract only by a resolution of the shareholders.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(6) The assets specified in subsection 5 of this section shall be valuated pursuant to the procedure provided for in this section.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(7) The management board shall, immediately after valuation of the assets specified in subsection 5 of this section, submit the contract for transfer of the assets together with the documents in proof of the value of the assets to the commercial register. In the cases specified in subsection 3 of this section, the documents specified in the previous sentence and a signed opinion by an auditor concerning the valuation of the assets shall be submitted to the commercial register immediately after the auditor has inspected the valuation of the assets.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

§ 143^1.

[Repealed – RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 144. Petition for entry in commercial register

(1) In order to enter a private limited company in the commercial register, the management board shall submit a petition to the commercial register which shall set out the information specified in § 145 of this Code. The following shall be appended to the petition:
[RT I 2010, 77, 589 – entry into force 01.01.2011]

1) the memorandum of association;

2) the articles of association;

3) a notice of a credit institution or payment institution concerning the payment of share capital if the contribution is over 50,000 euros;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

3^1) names, personal identification codes or registry codes of shareholders, and the nominal value of the share of each shareholder;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

4) the names, personal identification codes and e-mail addresses of the members of the supervisory board, and of auditors, if the company has auditors and, in the case of expedited procedure, also their digitally signed consent to become a member of the supervisory board or an auditor;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

4^1) where it is not included in the petition for entry, the consent of all members of the management board to become a member of the management board, certified by a notary, and a certification that no circumstances arise which pursuant to law preclude being a member of the management board;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

4^2) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

5) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

5^1) the information on the planned principal activity;
[RT I 2006, 61, 456 – entry into force 01.01.2007]

6) upon payment of a non-monetary contribution, the agreement for transfer of the contribution to the private limited company and the certification of the management board regarding the fact that the contribution has been transferred to the private limited company and its value covers the nominal value of the share, and also, in the cases specified in subsection 3 of § 143 of this Code, a sworn auditor’s report concerning the verification of the valuation of the sufficiency of the value of the non-monetary contribution;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

6[1]) [Repealed – RT I 2010, 77, 589 – entry into force 01.01.2011]
7) the e-mail address and other telecommunications data (telephone and fax numbers, Internet website address, etc.) of the private limited company;
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]
8) other documents provided by law.

(2) Where the non-monetary contribution is an immovable or a movable subject to registration, an extract from the land register or the register in which the movable is registered must be appended to the petition, unless the registrar can verify these data.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2[1]) Where a share is paid for by a monetary contribution which is not over 50,000 euros, the members of the management board confirm in the petition that the contributions have been paid to the private limited company.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) Any other petition submitted to the commercial register shall be signed by a member of the management board. A petition for the entry of a new member of the management board in the commercial register shall be signed by the new member of the management board, who shall certify in the petition that he or she has the rights to be a member of the management board pursuant to law. A petition for the entry of a member of the management board in the commercial register shall indicate the final date of the period of office if pursuant to the articles of association the member of the management board shall be appointed to office for a fixed term. If foundation is done by way of expedited procedure, a member of the management board shall also confirm his or her right, according to law, to act as a board member in the petition for entry of the private limited company in the commercial register. If the members of the management board only have the right to represent the private limited company jointly, all the members of the management board entitled to represent the private limited company jointly shall sign the petition submitted to the register.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(3[1]) [Repealed – RT I 2009, 13, 78 – entry into force 01.07.2009]

(4) A private limited company is not entered in the commercial register if the petition for entry in the register is submitted later than one year after the date of conclusion of the memorandum of association or receipt of the foundation number specified in subsection 1 of § 520 of this Code.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 145. Information to be entered in commercial register

(1) The following shall be entered in the commercial register:
1) the business name of the private limited company;
2) the registered office, address and e-mail address;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
3) the amount of share capital;
3[1]) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
4) the date of conclusion of the memorandum of association;
4[1]) the date of entry into force of the articles of association;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
5) the names and personal identification codes of the members of the management board;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5[1]) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
6) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
6[1]) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
7) the beginning and end of the financial year of the private limited company;
8) other information provided by law.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(1[1]) In case of existence of a branch, the following information, received by means of the system of interconnection of registers of the European Union, is entered in the commercial register:
1) the unique identifier of the branch in the system of interconnection of registers of the European Union;
2) the date of entry of the branch in the register and deletion from the register;
3) the address of the branch.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

(2) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 146. Liability of founders and members of management board and supervisory board upon foundation of private limited companies

(1) The founders of a private limited company, the members of the management board and supervisory board shall be jointly and severally liable for damage caused to the private limited company by submission of inaccurate or incomplete information, incorrect valuation of contribution or foundation expenses or making contributions using the assets specified in subsection 1 of § 4 of the Money Laundering and Terrorist Financing Prevention Act or breach of other obligations upon the foundation of the private limited company,

unless a founder or a member of the management board or supervisory board proves that he or she was not aware nor should have been aware of the circumstances which caused the damage.
[RT I 2008, 27, 177 – entry into force 10.07.2008]

(1^1) A claim for payment of compensation to a private limited company for damage specified in subsection 1 of this section may also be submitted by a creditor of the private limited company if the assets of the private limited company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a private limited company, only a trustee in bankruptcy may file a claim on behalf of the private limited company.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(2) In addition to shareholders, the persons on whose account a private limited company was founded are also liable on the basis provided in subsection 1 of this section. A person is not released from liability regardless of whether or not he or she was aware of circumstances if a shareholder acting on the behalf thereof was or should have been aware of such circumstances.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) An agreement which derogates from the provisions of subsections 1, 1^1 and 2 of this section shall only be valid with respect to the creditors of a private limited company if such agreement was entered into in the course of bankruptcy proceedings of the private limited company.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(4) The claims provided for in subsections 1, 1^1 and 2 of this section shall expire after five years of the entry of a private limited company in the commercial register and, in the case the act which constituted the basis for the causing of damage was committed at a later time, five years after the commission of such act.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 147. Transactions concluded before entry in commercial register

(1) Persons who conclude a transaction in the name of a private limited company being founded before entry of the private limited company in the commercial register shall be jointly and severally liable for performance of the obligations arising from the transaction.

(2) The obligations specified in subsection 1 of this section shall transfer to the private limited company as of entry of the private limited company in the commercial register if the person who concluded the transaction had the right to conclude the transaction.

(3) If a person does not have the right to conclude a transaction, the obligations arising from the transaction shall transfer to the private limited company if the shareholders approve the transaction by a resolution.

(4) If the assets of the private limited company are not sufficient to satisfy the claim of a creditor of the private limited company, the founders shall be personally and jointly and severally liable to the creditor of the private limited company for the obligations of the private limited company to the extent that the assets of the private limited company are decreased due to the obligations incurred for the private limited company before entry of the private limited company in the commercial register. The limitation period for such claim shall be five years from entry of the private limited company in the commercial register.

Chapter 19
SHARE AND SHAREHOLDER

§ 148. Share

(1) The minimum nominal value of a share shall be one cent.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

(2) If the nominal value of a share is greater than one cent, the nominal value shall be an exact multiple of one cent.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

(3) Shares may have the same or different nominal values. Pursuant to articles of association, different rights may arise from shares. Shares with the same rights form one class of shares.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(4) Each shareholder may have one share of the same class, unless otherwise provided by law. In case of acquisition of an additional share of the same class, the nominal value of the share of this class shall increase accordingly. The merger of the shares shall not take place in case the initial share and the additional share acquired by the shareholder are encumbered by different rights and the parties concerned do not agree in a notarially authenticated form on the type of further effect of the rights encumbering the shares.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(5) A share shall grant the shareholder the right to participate in the management of the private limited company and in the distribution of profit and of remaining assets on dissolution of the private limited company, and other rights prescribed by law or the articles of association.

(6) A certificate shall not be issued for a share.

(7) The shares of a private limited company may be entered in the Estonian register of securities.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 149. Transfer of share

(1) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023, the date of entry into force amended [RT I, 23.12.2022, 2]]

(2) Unless a different procedure is prescribed for transfer of a share in the articles of association, a shareholder may freely transfer their share to another shareholder. Upon transfer of a share to a third person, the other shareholders have a right of pre-emption for one month after presentation of the transfer agreement. The articles of association may prescribe that the right of pre-emption applies also upon transfer of a share to another shareholder. In case of the right of pre-emption, the shareholder transferring the share submits the transfer agreement constituting the grounds for the right of pre-emption to the management board of the private limited company, and the management board promptly notifies the other shareholders about the entry into the agreement. In other respects, the provisions of the Law of Obligations Act concerning the right of pre-emption apply to the right of pre-emption.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023, amended [RT I, 23.12.2022, 2]]

(3) The articles of association may prescribe that the transfer of a share is permitted exclusively in case of the fulfilment of an additional condition, which may in particular be the consent of other shareholders, the management board, the supervisory board or another person. In this case, the provisions of subsection 2 of this section do not apply to the private limited company. A transaction performed without the condition specified in the first sentence of this subsection is null and void. With good reason, the shareholder may demand from the person specified in the first sentence to grant the consent for the transfer of the share. Unless otherwise deriving from the articles of association, the consent of all shareholders is required for adoption of a resolution on an amendment of the articles of association which prescribes the restrictions specified in the first sentence.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023, amended [RT I, 23.12.2022, 2]]

(3^1) Where a share is freely transferable, the provisions of subsections 2 and 3 do not apply to a private limited company.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) A disposition for the transfer of a share must be notarised. The notary who authenticates a disposition for the transfer of a share shall send a notice concerning the transfer of the share in the format established by the minister in charge of the policy sector to the registrar of the commercial register within two days after authentication of the contract.
[RT I, 17.03.2020, 1 – entry into force 24.05.2020, date of entry into force changed [RT I, 23.05.2020, 2]]

(5) The provisions of subsection 4 of this section do not apply to the transfer of shares entered in the Estonian register of securities.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(6) If the share capital of a private limited company is at least 10 000 euros and fully paid in, the formal requirement set out in subsection 4 of this section can be waived in the articles of association and it can be prescribed that a disposition for the transfer of a share shall be at least in a format which can be reproduced in writing. All the shareholders of the private limited company shall be in favour of a resolution on such approval of or amendment to the articles of association whereby the formal requirement set out in subsection 4 of this section is waived or restored.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

§ 150. Notification of transfer

(1) The transfer of a share is deemed to be effected and a shareholder is deemed to have changed with respect to the private limited company after notification of the private limited company of the transfer of the share and certification of the transfer of the share.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) Transactions between the transferor and the company made before notifying the company of the transfer of the share and related to the relationship between the shareholder and the company shall apply to the transferee of the share.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(3) Upon receiving a notice of transfer, the management board of the private limited company shall promptly amend the entries in the list of shareholders as appropriate arising from the transfer. The above also applies to amending other information in the list of shareholders which has been submitted to the management board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) [Repealed – RT I 2009, 51, 349 – entry into force 15.11.2009]

(5) If only one shareholder remains in a private limited company as a result of a transfer of a share or if, in addition to one shareholder, only the private limited company itself has a share in the private limited company, the management board of the private limited company must submit a written notice to this effect to the registrar of the commercial register. Data concerning the single shareholder specified in subsection 1 of § 182 of this Code shall be set out in the notice. The notice shall be preserved in the business file.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) The provisions of subsection 1 and 3 of this section do not apply to a private limited company the shares of which are entered in the Estonian register of securities.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 151. Pledging of shares

(1) A share may be pledged unless the articles of association prescribe otherwise.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) A disposition for the pledge of a share must be notarised. The notary who authenticates a disposition for the pledge of a share shall send a notice concerning the pledging of the share in the format established by the minister in charge of the policy sector to the registrar of the commercial register within two days after authentication of the contract.

[RT I, 17.03.2020, 1 – entry into force 24.05.2020, date of entry into force changed [RT I, 23.05.2020, 2]]

(3) Upon pledge of a share, the pledgor shall exercise the rights attaching to the share.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) At the request of a shareholder, the management board of the private limited company shall enter a notice concerning a pledge in the list of shareholders. Notification of the pledge of a share to a private limited company or entry of a pledge in the list of shareholders does not affect the validity of the pledge.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(5) Upon transfer of a pledged share, the right of security shall remain valid with respect to the share unless the acquirer of the share proves that the registrar of the commercial register had not been informed of the right of security at the time of the transfer and the acquirer was not aware nor should have been aware of the right of security.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) The provisions of subsections 2, 4 and 5 of this section do not apply to the pledging of shares entered in the Estonian register of securities.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(7) If it is prescribed in the articles of association pursuant to subsection 6 of § 149 of this Code that a disposition for the transfer of a share shall not be subject to the formal requirement set out in subsection 4 of the same section, the formal requirement specified in the articles of association for a disposition for the transfer of a share shall apply also to a disposition for the pledge of a share, unless otherwise deriving from the articles of association.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

§ 152. Share division

(1) A share may be divided if the shareholder wishes to transfer or pledge a part of the shareholder's share. The resolution of the shareholders shall be required for the division of the share, unless the articles of association prescribe otherwise.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(2) The provisions of § 149 of this Code apply to the partial transfer of a share and the provisions of § 151 of this Code apply to the partial pledging of a share.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(3) The provisions of § 148, subsection 4 of § 149 and § 150 of this Code shall be observed in share division.

(4) The rights encumbering a share shall remain effective upon the division of the share. If the continuation of the effect of the rights in the existing form is impossible, the rights encumbering the share shall remain effective upon the division of the share according to a notarised agreement between the parties concerned.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 153. Share transfer to successor

(1) Upon the death of a shareholder, the share shall transfer to his or her successors unless the law or the articles of association prescribe otherwise.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(2) A prohibition or restriction in the articles of association concerning transfer of a share to a successor is not valid unless the articles of association prescribe a term and procedure for payment of appropriate compensation to the successor.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) The articles of association may prescribe that the consent specified in § 152 of this Code shall not be required for division of a share between the successors of a shareholder.

§ 154. Equality of shareholders

(1) The shareholders shall be treated equally under equal circumstances.

(2) A shareholder shall not be required to pay a contribution exceeding the nominal value and premium of the share without the consent thereof.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 154[1]. Specific rights attaching to shares and specific rights of shareholders

(1) The articles of association may prescribe the specific rights attaching to a share or the specific rights of a shareholder, primarily upon adoption of resolutions of the shareholders, distribution of profit and division of remaining assets upon liquidation of the private limited company (specific rights attaching to a share and specific rights of a shareholder).

(2) The adoption of a resolution for amendment of the articles of association, which annuls or changes the specific right attaching to a share or the specific right of a shareholder, shall require the consent of all the shareholders who have such specific right, unless the articles of association prescribe otherwise.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 155. Amount of contribution

(1) A shareholder is required to make a contribution corresponding to the nominal value of the shareholder's share.

(2) The articles of association may prescribe the right of the private limited company to issue shares for a price exceeding their nominal value (premium). In this case, the shareholder is also required to pay the premium. A premium is adjusted in the cases prescribed by the applied accounting practices. A premium may be used:
1) to cover a loss of the private limited company if such loss cannot be covered by retained profit from previous periods, legal reserve prescribed in the articles of association or other reserves prescribed in the articles of association;
2) to increase share capital by a bonus issue.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

§ 156. Consequences of delay of contribution

(1) A shareholder who fails to pay for the shareholder's share or for the increase of the nominal value of the shareholder's share on time is required to pay a fine on delay in the amount provided by law to the private limited company unless otherwise provided by the articles of association. The above does not preclude or restrict the right to file a claim for compensation of damages exceeding the amount of the fine for delay.

(2) The management board shall send a notice to a shareholder who delays in payment demanding payment by the term specified in the letter, indicating that the shareholder will lose the shareholder's share if payment is not made. The term for payment shall be at least one month after the notice is sent.

(3) If the shareholder does not pay the deficient sum during the term specified in the notice, the shareholder shall lose the shareholder's share or the increase of the shareholder's share, and the private limited company has the right to transfer the share to other shareholders or third persons. A sum paid by the shareholder or a part thereof which does not exceed one-fifth of the nominal value shall not be refunded to the shareholder.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(4) If the shareholder who acquired the share in the case specified in subsection 3 of this section fails to pay for the share or the increase of the nominal value of the share in due time, the person who lost the share or the increase of the nominal value of the share shall be jointly and severally liable to the private limited company for the outstanding contribution to the private limited company.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(5) If in the case specified in subsection 3 of this section the private limited company fails to transfer the share to the other shareholders or third persons, the other shareholders shall be jointly and severally liable for the deficient contribution. In the mutual relations among the shareholders, the shareholders shall be liable according to the nominal values of their shares.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 157. Payment of dividends

(1) Dividends may be paid to the shareholders from net profit or from retained profit from previous years from which losses from previous years have been deducted, on the basis of the approved annual report.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) A shareholder shall be paid a share of profit (dividend) in proportion to the nominal value of the shareholder's share unless the articles of association prescribe otherwise.

(3) Payments shall not be made to shareholders if the net assets of the private limited company, as apparent from the annual report approved at the end of the previous financial year of the private limited company, are less than or would be less than the total of share capital and reserves which pursuant to law or the articles of association shall not be paid out to shareholders.

(3^1) If a company capitalises the development-related expenditure as intangible assets and the development expenditure has not completely depreciated, profit cannot be distributed unless the sum of the reserves which can be used for the distribution of profit and the retained profit from previous periods at least equals the undepreciated development expenditure.
[RT I, 30.12.2015, 4 – entry into force 01.01.2016]

(4) A shareholder has the right to demand payment of a dividend prescribed by a resolution of the shareholders.

(5) The dividend shall be paid in money. With the consent of the shareholder, the dividend may also be paid in other assets.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 158. Return of illegal dividend

(1) If a shareholder receives a dividend which the shareholder does not have a right to receive, the shareholder shall return the dividend which is received without basis.

(2) If upon receipt of the dividend, the shareholder did not know nor should have known that it was paid to the shareholder without basis, return of the dividend may be demanded only if it is necessary for satisfying the claims of the creditors of the private limited company.

(3) A claim for return of the payment specified in subsection 1 of this section may also be submitted by a creditor of the private limited company if the assets of the private limited company are not sufficient to satisfy the claims of the creditor. In the course of bankruptcy proceedings of a private limited company, only a trustee in bankruptcy may file a claim on behalf of the private limited company.

(4) An agreement which derogates from the provisions of subsections 1–3 of this section shall only be valid with respect to the creditors and trustees in bankruptcy of a private limited company if such agreement was entered into in the course of liquidation proceedings of the private limited company. Set-off of claims is prohibited.

(5) The claims specified in subsections 1–3 of this section expire after five years of payment of the dividends.

(6) The members of the management board and supervisory board who caused the payment of the illegal dividend shall be liable for the return of the payment jointly and severally with the shareholder who received such dividend.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 159. Prohibited loans

(1) A private limited company shall not grant a loan:
1) to one of its shareholders whose share represents more than 5 per cent of the share capital;
2) to a shareholder or member of its parent undertaking, whose share represents more than 5 per cent of the share capital of the parent undertaking;
3) to a person to acquire a share of the private limited company;
4) to a member of its management board or supervisory board or its procurator.

(2) A subsidiary may grant a loan to its parent undertaking or a parent undertaking to a shareholder or a member who forms the same group as the subsidiary if this does not harm the financial status of the private limited company or the interests of creditors. A subsidiary shall not grant a loan for acquiring a share of the private limited company to the persons specified in the first sentence of this subsection.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) A private limited company shall also not guarantee a loan taken by the persons specified in subsection 1 of this section. The prohibition does not apply to guaranteeing a loan taken by the parent undertaking or guaranteeing a loan taken by a shareholder or member of the parent undertaking that forms the same group as the subsidiary if this does not harm the financial status of the private limited company or the interests of creditors. A private limited company shall not guarantee a loan taken for acquisition of a share of the private limited company.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(4) Transactions in violation of the provisions of subsections 1 and 2 of this section are void. Violation of the provisions of subsection 3 of this section does not result in the nullity of the transaction but the person whose loan was secured must compensate for the damage caused to the private limited company by the provision of the security.

(5) The provisions of subsections 1–4 of this section correspondingly apply to credit agreements and other economically equivalent transactions.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 160. Legal reserve

(1) Legal reserve shall be formed from annual net profit transfers and other transfers entered in the legal reserve pursuant to law or the articles of association.

(2) If the articles of association prescribe the formation of the legal reserve, it shall not be less than one-tenth of the share capital.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(3) During each financial year, at least one-twentieth of the net profit shall be entered in the legal reserve. When the legal reserve reaches the amount prescribed in the articles of association, the increase of the legal reserve on the account of net profit shall be terminated.

§ 161. Use of legal reserve

(1) Upon a resolution of the shareholders, legal reserve may be used to cover a loss if it is not possible to cover the loss from available shareholders' equity of the private limited company (from retained profit from previous periods and legal reserve prescribed by the articles of association), or may be used to increase share capital.

(2) Payments shall not be made to shareholders from legal reserve.

§ 162. Acquisition or taking as security of own shares

(1) A private limited company shall not acquire or take as security its own shares unless otherwise provided by law.

(2) The acquisition or taking as security of its own shares by the private limited company shall be permitted if:
1) this occurs within five years after adoption of a resolution of the shareholders which specifies the terms and conditions and term for the acquisition or taking as security of shares and the minimum and maximum amounts to be paid for the shares;
[RT I 2008, 16, 116 – entry into force 15.04.2008]
1^1) the nominal value of the share belonging to the private limited company does not exceed one third of the share capital, and
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]
2) acquisition of the share does not cause the net assets to become less than the total of share capital and reserves which pursuant to law or the articles of association shall not be paid out to shareholders.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) The private limited company may acquire its own share without the restrictions provided for in subsection 2 of this section if the share is acquired by succession.

(4) The private limited company's own share shall not grant the private limited company any rights of a shareholder.

(5) A private limited company shall not itself or through a third person acting in its own name but at the expense of the private limited company acquire its own shares upon foundation of the private limited company or an increase of share capital.

(6) A company shall not acquire a share of its parent undertaking which is a private limited company upon an increase of the share capital of such parent undertaking.

(6^1) A private limited company shall neither acquire nor take as security its own share, the contribution for which has not been completely paid.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(7) A transaction constituting an obligation which is in conflict with the provisions of subsections 1, 2, 5, 6 or 6^1 of this section is void. The above does not affect the validity of the acquisition of a share or taking of a share as security.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 163. Transfer of own share

(1) If a private limited company acquires or takes as security its own shares based on subsection 3 of § 162 of this Code, and the total of the nominal values thereof, including the sum total of the nominal values of the own shares belonging to or taken as security by the private limited company is higher than 1/3 of the share capital, then the shares acquired or taken as security in such manner which exceed the 1/3 shall be transferred or taking them as security shall be terminated within three years after the transfer or taking as security.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(2) If a private limited company acquires or takes as security its own shares illegally, the shares shall be transferred or the taking as security shall be terminated within one year after the acquisition or taking as security.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) If the shares are not transferred or the taking as security is not terminated during the term specified in subsections 1 and 2 of this section, the shares shall be cancelled and the share capital shall be reduced accordingly.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

§ 164. Mutual acquisition or taking as security of shares

A subsidiary may acquire or take as security the shares of its parent undertaking under the same terms and conditions as its own shares. Where a subsidiary acquires or takes as security the shares of its parent undertaking, the parent undertaking is deemed to have acquired or taken as security such shares for the purposes of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 165. Jointly held share

(1) If a share is held by several persons jointly, these persons may only exercise the rights attaching to the share jointly. The above does not apply to a private limited company if the private limited company has not been notified of the joint ownership of the share. A person who holds a share jointly has the right to demand to be entered in the list of shareholders.

(2) If a share is held by several persons jointly, these persons shall be jointly and severally liable for performance of the obligations attaching to the share.
3) If the shareholders have not appointed a common representative for performance of the rights arising from the share, a transaction concluded by the private limited company with respect to the joint owners is deemed to be valid even if such act was performed with respect to only one shareholder.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 166. Right of shareholder to information

(1) The shareholders have the right to receive information from the management board on the activities of the private limited company and to examine the documents of the private limited company.

(2) The management board may refuse to give information or to present documents if there is a basis to presume that this may cause significant damage to the interests of the private limited company.

(3) If the management board refuses to give information or refuses to allow documents to be examined, the shareholder may demand that the legality of the shareholder's demand be decided by the meeting of shareholders or to submit, within two weeks after receiving the refusal of the management board or, within four weeks after submission of the request if the management board has not responded to the request, a petition to a court in a proceeding on petition in order to obligate the management board to give information or to allow documents to be examined.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 167. Exclusion of shareholder

(1) Based on an action of a private limited company, a court may exclude a shareholder from the private limited company if the shareholder fails, without good reason, to perform the shareholder's obligations to a material extent or in any other way significantly damages the interests of the private limited company, or does not perform obligations or terminate damage regardless of a written caution from the private limited company.

(2) An action for exclusion of a shareholder may be filed on behalf of the private limited company by shareholders whose shares represent more than one-half of the share capital unless the articles of association prescribe a greater representation requirement.

(3) Upon exclusion of a shareholder, the shareholder's share shall be sold by public auction or in another way determined by the court. Money received from the sale, from which reasonable expenses related to the sale have been deducted, shall be returned to the shareholder.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

§ 167[1]. Liability for damaging private limited company by influencing activity of private limited company

(1) A person who, by misusing his or her influence, influences a member of the management board or supervisory board to act contrary to the interests of the private limited company, is liable to compensate any damage incurred thereby to the private limited company.

(2) In the event specified in subsection 1 of this section, a member of the management board or supervisory board who violated his or her obligations shall be jointly and severally liable with the person who influenced him or her unless he or she proves that he or she has performed his or her obligations with due diligence.

(3) In the case specified in subsection 1 of this section, the persons who derived gains from such damage shall also be held liable jointly and severally with the person who misused his or her influence.

(4) The limitation period for the claims specified in subsections 1–3 of this section is five years.

(5) A claim for payment of compensation to a private limited company for damage specified in subsection 1–3 of this section may also be submitted by an creditor of the private limited company if the assets of the private limited company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a private limited company, only a trustee in bankruptcy may file a claim on behalf of the private limited company.

(6) A creditor or trustee in bankruptcy has the right to file the claim specified in subsection 5 of this section also if the private limited company has waived the claim or has entered into a contract of compromise with such member or resulting from an agreement, has limited the claim or filing thereof in another manner or reduced the limitation period.
[RT I 2007, 67, 413 – entry into force 28.12.2007]

§ 167[2]. Convertible bond

(1) If prescribed in the articles of association, a private limited company may issue, for a conditional increase of the share capital, bonds by a resolution of the shareholders, the holders of which have the right to convert their bonds to shares (convertible bond).

(2) A convertible bond shall be registered. A convertible bond may be transferred under the same terms and conditions as a share.

(3) Convertible bonds may be issued after entry of the private limited company in the commercial register.

(4) The shareholders shall have the pre-emptive right to subscribe for convertible bonds pursuant to the procedure provided for in § 193 of this Code.

(5) At least the nominal value of a convertible bond shall be paid for the convertible bond, in money. The nominal value of a share issued for the bond may be greater than the nominal value of the bond only if this difference is paid for in money.

(6) The sum of the nominal values of convertible bonds shall not be greater than one-half of the share capital.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

Chapter 20
MANAGEMENT

§ 168. Competence of shareholders

(1) The shareholders are competent to:
1) amend the articles of association;
2) increase and reduce share capital;
3) elect and remove members of the supervisory board;
4) elect and remove members of the management board, if the company does not have a supervisory board;
[RT I 2008, 16, 116 – entry into force 15.04.2008]
5) approve the annual report and distribute profit;
6) divide shares, unless the articles of association prescribe otherwise;
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]
7) elect an auditor;
8) designate a special audit;
9) if the company does not have a supervisory board, appoint and remove procurators;
10) decide on conclusion and terms and conditions of transactions with the members of the supervisory board or, if the company does

not have a supervisory board, with the members of the management board, decide on the conduct of legal disputes with the members of the management board or supervisory board, and appointment of the representative of the private limited company in such transactions and disputes;
[RT I 2008, 16, 116 – entry into force 15.04.2008]
11) decide on dissolution, merger, division or transformation of the private limited company;
12) decide on other matters placed in the competence of the shareholders by law or the articles of association.

(2) The shareholders may also adopt resolutions on matters within the competence of the management board or supervisory board. In such case, the shareholders shall be liable in the same manner as members of the management board or supervisory board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 169. Number of votes of shareholder

(1) The number of votes of a shareholder shall be proportional to the amount of the shareholder's share, unless the articles of association prescribe otherwise.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(2) Each one cent of a share shall grant one vote unless the articles of association prescribe otherwise.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

§ 170. Meeting of shareholders

(1) The shareholders shall adopt resolutions at a meeting or pursuant to the procedure provided for in § 173 of this Code. In the cases provided by law, the shareholders may only adopt resolutions at a meeting of shareholders.

(2) A meeting of shareholders is competent to adopt resolutions if the represented votes represent over one-half of the shares unless the articles of association prescribe a greater representation requirement.

(3) A shareholder may participate in a meeting personally or through a representative, the availability of whose right of representation shall be certified by a document in a format which can be reproduced in writing.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(4) The costs of organising a meeting of shareholders shall be borne by the private limited company. If a meeting of shareholders is called at the request of the shareholders or if shareholders themselves call a meeting, the shareholders who requested the calling of the meeting or called the meeting may be required to cover the costs of the general meeting by a resolution of the meeting of shareholders which receives at least two thirds of the votes represented at the general meeting.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(5) A shareholder may vote on the draft resolutions prepared in respect to the items on the agenda of a meeting of shareholders by submitting his or her vote to the private limited company prior to the meeting of shareholders at least in a format which can be reproduced in writing, unless otherwise prescribed in the articles of association, provided that the identification of shareholders and the security and reliability of voting shall be ensured upon voting prior to the meeting. Subsections 2 and 3 of § 298^2 of this Code are applied respectively.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

§ 170^1. Electronic participation in meeting of shareholders

[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(1) Participation in a meeting of shareholders by electronic means shall take place pursuant to the procedure provided for in § 33^1 of the General Part of the Civil Code Act.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(2) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(3) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(4) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(5) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

§ 171. Calling meeting of shareholders

(1) A meeting of shareholders shall be called by the management board.

(2) The management board shall call a meeting of shareholders if this is necessary in the interests of the private limited company, or if:
[RT I 2005, 57, 449 – entry into force 01.01.2006]
1) the net assets (total assets minus total liabilities on a balance sheet) of the private limited company are less than one-half of the share capital, or
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) this is demanded by the supervisory board or auditor; or
3) this is demanded by shareholders whose shares represent at least one-tenth of the share capital.

(3) If the management board does not call a meeting of shareholders within one month after receipt of a demand from the supervisory

board, auditor or shareholders, the supervisory board, auditor or shareholders have the right to call the meeting themselves.

(4) A list of the shareholders participating in a meeting of shareholders shall be compiled at the meeting of shareholders, which shall set out their names, the number of votes arising from their shares and the way of participation in the meeting, and also the names of the representatives of shareholders. If the shareholder has voted prior to the meeting using electronic means or by mail, the list shall also specify the voting date. The list shall be signed by the chairman of the meeting and the recording secretary, and any shareholder or the shareholder's representative who physically attended the meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(5) Minutes shall be taken of the meetings of shareholders. The provisions of subsections 1–6 of § 304, respectively, apply to the minutes of the meetings of shareholders.

(6) If the votes specified in subsection 2 of § 170 of this Code are not represented at a meeting of shareholders and the meeting has no quorum due to the above, the management board shall call a new meeting without changing the agenda, which is competent to adopt resolutions regardless of the number of votes represented at the meeting. The above applies exclusively in case the notice for calling the new meeting has been sent to the shareholders no earlier than two days after the first meeting and no later than on the tenth day after the first meeting.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 171[1]. Agenda of meeting of shareholders

[RT I 2005, 57, 449 – entry into force 01.01.2006]

(1) The agenda of a meeting of shareholders shall be determined by the management board unless the articles of association prescribe otherwise. If a meeting of shareholders is called by the shareholders, the supervisory board or an auditor, such persons shall also determine the agenda of the meeting.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) Shareholders whose shares represent at least one-tenth of the share capital may demand the inclusion of additional issues on the agenda. The agenda shall not be changed prior to the meeting if the respective demand is submitted later than three days before holding the meeting of shareholders.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) An item which is initially not on the agenda of a meeting of shareholders may be included on the agenda with the consent of at least nine-tenths of the shareholders who participate in the meeting of shareholders if their shares represent at least two-thirds of the share capital. Upon adoption of such resolution, the votes given prior to the meeting shall not be accounted as part of the meeting quorum.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(4) A meeting of shareholders may decide on calling the next meeting and settle submissions concerning operational issues related to the agenda or to the procedure for holding the meeting without including such matters in the agenda beforehand, and to discuss other matters at the meeting of the shareholders without passing a decision on such matters.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

§ 171[2]. Draft resolution

(1) The person who calls the meeting shall prepare a draft resolution in respect to each item on the agenda unless the articles of association prescribe otherwise.

(2) If a meeting of shareholders is called by the shareholders, the supervisory board or an auditor, such persons shall submit the prepared drafts of the resolutions to the management board prior to the notification about calling the meeting of shareholders. The drafts of the resolutions may be additionally included in the notice on calling the meeting.

(3) If the shareholders demand the inclusion of additional issues on the agenda, they shall simultaneously with the demand on the modification of the agenda submit to the private limited company a draft resolution or substantiation regarding each additional issue.

(4) The private limited company shall make the drafts of the resolutions and substantiations prepared by the management board and submitted by the shareholders, the supervisory board or an auditor available to the shareholders in the location determined by the private limited company or on the website of the private limited company. It shall be possible to examine the drafts of the resolutions at least as of the notification about a meeting until the day of holding the meeting of shareholders unless otherwise provided by law.

(5) The private limited company shall make the drafts of the resolutions and substantiations specified in subsection 3 of this section available to the shareholders immediately after the submission thereof to the private limited company if these are submitted to the private limited company after the notification about the meeting of shareholders.

(6) Failure to make the drafts of the resolutions specified in subsection 2 of this section available shall not constitute a material violation of the procedure of calling a meeting of shareholders.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 172. Notice calling meeting of shareholders

(1) The management board shall send a notice of a meeting of shareholders to all shareholders. The notice shall be sent to the address or e-mail address entered in the list of shareholders. If a private limited company is aware or should be aware that the address of a shareholder differs from the address entered in the list of shareholders, the notice shall also be sent to that address. The notice

shall be sent in such manner that, under normal conditions of delivery, it would reach the addressee at least one week before the meeting takes place.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(2) A notice shall indicate the time, place and agenda for the meeting of shareholders and the location or website address of the private limited company, where it is possible to examine the drafts of the resolutions and substantiations, and also other important circumstances related to the meeting. If the private limited company provides an opportunity to vote using electronic means or by mail, the information regarding the procedure and term for voting using electronic means or by mail shall be specified in the notice.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) If, after dispatching the notice on calling a meeting of shareholders, the agenda of the meeting is changed at the request of the shareholders, such changes to the agenda must be communicated before the meeting of the shareholders takes place pursuant to the same procedure and within the same term as prescribed for the dispatch of the notice on calling a meeting of shareholders.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) If the share is jointly owned by several persons and the shareholders did not appoint a joint representative for exercising the rights arising from the share, the notice on calling a meeting of shareholders shall be considered sent to all the persons who jointly own the share also in case it has been sent exclusively to the shareholders who are entered as the shareholders in the list of shareholders. If the private limited company is aware or should be aware that not all persons who own the share are entered in the list of shareholders, the notice shall be sent to all the shareholders.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(5) If in the case specified in subsection 4 of this section the notice has been sent to all the shareholders and only one of the persons who jointly own the share participates in the meeting, it shall be presumed that the attending shareholder is entitled to represent the other joint shareholders. The above does not apply if a resolution is adopted without calling a meeting.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 172[1]. Violation of procedure for calling of meeting of shareholders

If the requirements of law or the articles of association are materially violated in calling a meeting of shareholders, the meeting of shareholders shall not have the right to adopt resolutions except if all shareholders participate in or are represented at the meeting. Resolutions adopted at such meeting are void unless the shareholders with respect to whom the procedure for calling the meeting was violated approve of the resolutions.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 173. Adoption of resolution without calling meeting

(1) Shareholders have the right to adopt resolutions without calling a meeting of shareholders.

(2) The management board shall send a draft resolution specified in subsection 1 of this section in a format which can be reproduced in writing to all shareholders, specifying the term during which the shareholder must present the shareholder's position on it in a format which can be reproduced in writing. If a shareholder does not give notice of whether the shareholder is in favour of or opposed to the resolution during this term, it shall be deemed that the shareholder votes against the resolution.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(3) The management board shall prepare a record of voting concerning the voting results and shall promptly send it to the shareholders. A record of voting shall set out:
1) the business name and registered office of the private limited company;
2) the name of the recording secretary;
3) the adopted resolution together with the voting results (including the shareholders who voted for the resolutions by name);
4) at the request of a shareholder who maintains a dissenting opinion with regard to a resolution, the content of the shareholder's dissenting opinion;
5) other circumstances of importance with regard to the vote.

(4) The positions of shareholders specified in subsection 2 of this section that were submitted in a format which can be reproduced in writing shall be an integral part of the record of voting.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(4[1]) If the resolution of the shareholders provides the basis for the election of a member of the management board, the record of voting shall be signed by the member of the management board, in whose respect an entry has been made in the commercial register, or a shareholder of the private limited company. The signature under the record of voting by a person specified in the previous sentence shall be certified by a notary. The notarial certification of the signature shall be substituted by the digital signing of the record of voting by the person specified in the first sentence of this subsection.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(4[2]) The provisions of subsection 4[1] of this section need not be observed if the extension of the term of office of a member of the management board is decided. The provisions of subsection 4[1] of this section need not be observed also in case the petition for the entry of a member of the management board in the register is signed by the member of the management board, in whose respect an entry has been made in the commercial register, or a shareholder of the private limited company.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(5) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) If a private limited company has a single shareholder or if, in addition to such shareholder, only the private limited company is a shareholder, resolutions may be adopted without observing the provisions of § 170, subsections 4–6 of § 171, § 172 and subsections 1–4^{1} of this section. In such event, a resolution shall be prepared in writing and signed by the shareholders and such resolution shall set forth, among other, the names of the shareholders, the number of votes and the time of passing the resolution. If the resolution of the shareholders provides the basis for the election of a member of the management board, the signature of one shareholder shall be certified by a notary. The notarial certification of the signature shall be substituted by the digital signing of the resolution by the person specified in the previous sentence. Subsection 4^{2} of this section shall be implemented to the election of a member of the management board respectively.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(7) The provisions of subsection 6 of this section also apply in the case where there are more shareholders provided that they all agree to the resolution and sign it.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 174. Resolution of shareholders

(1) A resolution of the shareholders shall be adopted if over one-half of the votes represented at the meeting of shareholders are in favour unless the law or the articles of association prescribe a greater majority requirement.

(2) If a resolution is made pursuant to the procedure provided for in subsection 2 of § 173 of this Code, the resolution shall be adopted if over one-half of the votes of the shareholders are in favour unless the law or the articles of association prescribe a greater majority requirement.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) In the election of a person, the candidate who receives more votes than the others shall be deemed to be elected. Upon an equal division of votes, lots shall be drawn unless the articles of association prescribe otherwise.

(4) If the minutes of a meeting of shareholders, the record of votes or a resolution of shareholders is submitted to the commercial register, such document shall include a complete list of shareholders which sets out the number of votes of each shareholder.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 175. Resolution on amendment of articles of association

(1) A resolution on amendment of the articles of association shall be adopted if at least two-thirds of the votes of the shareholders who participate in the meeting or, in the case specified in subsection 2 of § 174 of this Code, at least two-thirds of the votes of the shareholders are in favour, unless the articles of association prescribe a greater majority requirement.

(2) A resolution on amendment of the articles of association shall enter into force as of the making of a corresponding entry in the commercial register. The resolution of the shareholders on amendment of the articles of association, the minutes of the meeting of shareholders or the record of voting, and the new text of the articles of association shall be appended to the petition submitted to the commercial register.

§ 176. Decrease of assets

Where the net assets of a private limited company are less than one-half of the share capital, the shareholders must decide on:
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
1) a reduction or increase of share capital on the condition that the net assets would thereby form at least one-half of the share capital; or
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
1^{1}) the implementation of other measures as a result of which the net assets of the private limited company would form at least one-half of the share capital; or
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) dissolution, merger, division or transformation of the private limited company; or
3) submission of a bankruptcy petition.

§ 177. Restriction on right to vote

(1) A shareholder shall not vote if release of the shareholder from obligations or liabilities, consent for the transfer of the shareholder's share, conclusion of a transaction between the shareholder and the private limited company, or conduct of a legal dispute with the shareholder or appointment of a representative of the private limited company in such legal dispute or transaction, or issues related to the monitoring or evaluation of the activities of a shareholder or representative thereof in the capacity of a member of the management board or supervisory board, is being decided. The votes of the shareholder shall not be taken into account in the determination of representation.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) The provisions of subsection 1 of this section do not apply if a private limited company has only one shareholder or if, in addition to such shareholder, only the private limited company itself is a shareholder. In such case all transactions between the private limited company and the sole shareholder shall be formalised in writing or, a document signed by the shareholder which sets out the main terms and conditions of a transaction shall be promptly prepared.

[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) Irrespective of the provisions specified in subsection 1 of this section, the shareholder may vote upon the shareholder's election as a member of the management board, extension of the term of office and removal.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 177[1]. Nullity of resolution of shareholders

(1) A resolution of the shareholders is void if it violates a provision of law established for the protection of the creditors of the private limited company or due to other public interest, of if it is contrary to good morals, or if the procedure for calling the meeting of shareholders which made the resolution or making the resolution was materially violated. A resolution is also void in other cases provided by law.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(2) The nullity of a resolution may be relied on in court proceedings by filing an action or an objection.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) The nullity of a resolution cannot be relied upon if an entry has been made in the commercial register based on the resolution and two years have passed from the date making the entry.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) Subsections 5 and 6 of § 178 of this Code correspondingly apply to a court proceeding for establishment of the nullity of a resolution.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 178. Contestation of resolution of shareholders

(1) Based on an action filed against a private limited company, a court may revoke a resolution of shareholders which is in conflict with the law or the articles of association. The limitation period for the claim is three months after the date of adopting the resolution of the shareholders.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) Revocation of a resolution cannot be demanded if the shareholders have approved the resolution by a new resolution and the action specified in subsection 1 of this section has not been filed against the new resolution within the term specified in the same subsection.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) Revocation of a resolution of shareholders may be demanded by the management board or supervisory board if, by performing the resolution, an offence or misdemeanour would be committed or if performance of the resolution would clearly result in an obligation to compensate for damage, and by a shareholder who did not participate in passing the resolution. A shareholder who participated in the adoption of a resolution may demand the revocation of the resolution only if the shareholder's objection to the resolution has been entered in the minutes. The shareholders who gave their vote prior to the meeting may demand revocation of a resolution also without entering the objection in the minutes.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(4) If an action is filed, the court shall not hear the matter before the expiry of term specified in subsection 1 of this section. Different actions filed in order to revoke the same resolution shall be joined and heard in one proceeding.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(5) A court judgment for revocation of a resolution of the shareholders applies to all shareholders and members of the management board and supervisory board regardless of whether or not they participated in the court proceeding.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) In an entry has been made in the commercial register based on a revoked resolution, the court shall send a copy of the judgment to the registrar of the commercial register for amendment of the entry.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 179. Approval of reports

(1) After the end of a financial year, the management board shall prepare the annual report pursuant to the procedure provided for in the Accounting Act.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) The management board shall submit the annual report and the profit distribution proposal to the shareholders. The annual report shall be approved and executed pursuant to the provisions of § 25 of the Accounting Act. If the private limited company has an auditor, the sworn auditor's report shall be appended to the annual report. If the private limited company has a supervisory board, the report of the supervisory board shall be appended to the annual report.
[RT I, 25.05.2012, 8 – entry into force 04.06.2012]

(3) Approval of the annual report shall be decided by the shareholders. A shareholder may request the private limited company the presence of the auditor who provided the sworn auditor's report at the decision on the approval of the annual report and provision of explanations concerning the sworn auditor's report by him or her. A corresponding written request shall be submitted at least five days prior to the meeting of the shareholders.

[RT I 2010, 9, 41 – entry into force 08.03.2010]

(4) The management board submits the approved annual report together with the proposal for the distribution of profit or the covering of loss, the division of the sales revenue and the sworn auditor's report, if auditing is compulsory, to the commercial register within six months after the end of a financial year. If the shareholders do not pass a resolution to approve the annual report, the management board submits the unapproved annual report with the respective notation to the commercial register. Together with the submission of the annual report, the management board notifies the commercial register in what way specified in § 176 of this Code the shareholders have decided to cover the loss. If compared to the time of the approval of the previous annual report the shareholders' data have changed, a new list of shareholders as of the approval of the annual report is also submitted together with the annual report. The list sets forth the data specified in subsection 1 of § 182 whereas only the country of the residence or registered office of the shareholder is specified instead of the address of the shareholder.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4^1) [Repealed – RT I 2009, 54, 363 – entry into force 01.01.2010]

(4^2) The management board of a company exempt from the preparation of the annual report of the consolidation group pursuant to subsection 5 or 6 of § 29 of the Accounting Act shall submit to the commercial register within six months as of the end of the financial year the annual report of the consolidation group prepared by the parent undertaking together with the sworn auditor's report, if auditing is compulsory. Neither the annual report of the consolidation group nor the sworn auditor's report need to be submitted to the commercial register if the parent undertaking is a legal person registered in Estonia.
[RT I, 30.12.2015, 4 – entry into force 01.01.2016]

(4^3) Where the private limited company has no members of the management board, the obligation provided in subsection 4 of this section is applied, if there is no supervisory board, to the majority shareholder or sole shareholder of the private limited company.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(5) The information specified in subsection 3 of § 332 shall be indicated in the profit distribution proposal. The provisions of § 335 shall correspondingly apply to the resolution on profit distribution.

(6) The division of the sales revenue shall contain information regarding the sales revenue for the accounting year in up to ten major areas of activity pursuant to the Classification of Economic Activities established on the basis of subsection 6 of § 4 of this Code. In case of the annual report of a consolidation group, the division of the sales revenue is submitted on the basis of the respective information in the unconsolidated income statement of the consolidating entity.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

§ 180. Management board

(1) The management board is a managing body of the private limited company which represents and manages the private limited company.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) The management board may have one member (director) or several members. A member of the management board need not be a shareholder. A member of the management board must be a natural person with active legal capacity.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(3) A member of the supervisory board shall not be a member of the management board. The articles of association may prescribe other persons who shall not be members of the management board.

(3^1) A person with respect to whom a court has, pursuant to §§ 49 or 49^1 of the Penal Code, imposed a prohibition on acting as a member of the management board or a prohibition to engage in enterprise, a person who is prohibited from operating within the same area of activity as the private limited company, or a person who is prohibited to act as a member of the management board on the basis of law or a court decision shall not be a member of the management board.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(4) If the private limited company has a supervisory board, the management board shall, in managing, adhere to the lawful orders of the supervisory board. Transactions which are beyond the scope of everyday economic activities may only be concluded by the management board with the consent of the supervisory board. Such restriction shall not apply with regard to third persons.

(5) The management board shall present an overview of the economic activities and economic situation of the private limited company to the supervisory board at least once every four months and shall immediately give notice of any material deterioration of the economic condition of the private limited company or any other material circumstances related to the economic activities of the private limited company. The management board shall also notify of any circumstances related to other private limited companies belonging to the same group as the private limited company, which may significantly affect the operation of the private limited company.

(5^1) Where the economic position of a private limited company has deteriorated and it is likely to become insolvent in the future, the management board must take steps to overcome the economic difficulties, restore its liquidity, improve its profitability and ensure its sustainable management, including consider the filing of a reorganisation petition. Where a private limited company is insolvent and the insolvency, due to the company's economic situation, is not temporary, the management board must promptly but not later than within 20 days after the date on which the insolvency became evident, file the bankruptcy petition of the private limited company with a court. After insolvency has become evident, the members of the management board may no longer make payments on behalf of the private limited company, unless making the payments in the situation of insolvency conforms to the due diligence requirements. The members

of the management board must jointly and severally compensate to the private limited company for any payments made by the private limited company after the insolvency of the company became evident which, under the given circumstances, were not made with due diligence. The provisions of § 187 of this Code apply to the liability of the members of the management board. If the private limited company has no members of the management board, the obligation set forth in this subsection applies, if there is no supervisory board, to the shareholders if the shareholders were aware or should have been aware of the permanent insolvency.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(6) If the management board has more than two members, the members of the management board shall elect a chairman of the management board from among themselves, who shall organise the activities of the management board. If the private limited company has a supervisory board, the articles of association of the private limited company may prescribe that the chairman of the management board shall be appointed by the supervisory board.

(7) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

(8) The specific work procedure of the management board may be prescribed by the articles of association or by a decision of the shareholders, management board or supervisory board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 180[1]. Remuneration of members of management board

(1) The amount of remuneration payable to a member of the management board and the procedure for payment shall be determined by a resolution of the shareholders or, in the case there is a supervisory board, by a resolution of the supervisory board.

(2) Upon establishing the procedure for remuneration of the members of the management board and the amount of fees and other benefits, and entry into contracts with the members of the management board, the shareholders or the supervisory board shall ensure that the total amount of the payments made by the private limited company to the members of the management board are in reasonable proportion to the duties of the members of the management board and the economic situation of the private limited company.

(3) If the economic situation of a private limited company significantly deteriorates and further payment to a member of the management board of the fees established for or agreed upon with the member, or further allowing of other benefits to the member would be extremely unfair to the private limited company, the private limited company may demand the decrease of the fees or benefits.

(4) The decrease specified in subsection 3 of this section does not affect other terms and conditions of contracts entered into with the member of the management board. If decrease of fees or other benefits is demanded, the member of the management board may exercise the right to extraordinary cancellation of a contract entered into with him or her upon one month's advance notice of cancellation.

(5) Upon declaration of bankruptcy of a private limited company and termination of the contract of a member of the management board, the member of the management board has the right to demand, in the course of the bankruptcy proceeding, compensation of the damage caused by the termination of the contract within one year after the date of termination of the contract.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 181. Right of representation of management board

(1) Every member of the management board may represent the private limited company in all transactions unless the articles of association prescribe that some or all of the members of the management board shall represent the private limited company jointly. Joint representation shall apply with regard to third persons only if it is entered in the commercial register.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(1[1]) The differences concerning the right of representation of the members of the management board of a private limited company with articles of association used for expedited procedure shall be prescribed by the petition for entry of the company in the register and later, in the resolution of the shareholders. The provisions on § 175 of this Code apply to the approval and entry into force of the resolution of the shareholders.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(2) Upon concluding transactions on behalf of a private limited company, the members of the management board are required to adhere, with respect to the private limited company, the restrictions prescribed by the articles of association or established by the shareholders, the supervisory board or the management board. A restriction on the right of representation does not apply with regard to third persons.

(3) A transaction concluded between a private limited company and a member of the management board is void if the shareholders or the supervisory board do not agree to the transaction. The above does not apply to transactions concluded in the course of the everyday economic activities of the private limited company or according to the market price of a service.

(4) A member of the management board has no right to represent the private limited company in the performance of transactions for which, pursuant to law, the shareholders or the supervisory board must separately decide on the appointment of representatives.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

§ 182. List of shareholders

(1) The management board shall keep a list of shareholders which shall set out the names, addresses, personal identification codes or registry codes and the nominal value of their shares. Section 62 of this Code applies to the addresses and personal identification codes or registry codes.

[RT I 2006, 61, 456 – entry into force 01.01.2007]

(1^{1}) A shareholder shall immediately inform the management board about any changes in the information on the shareholders.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

(1^{2}) The management board shall immediately inform the commercial register about any changes in the information on the shareholders, unless a notary sends a notice regarding a change pursuant to the second sentence of subsection 4 of § 149 or the second sentence of subsection 2 of § 151 of this Code or on any other grounds, or unless the shares of the private limited company are registered with the Estonian register of securities.
[RT I, 17.03.2020, 1 – entry into force 01.08.2020]

(2) The shareholders, members of the management board and supervisory board, competent state agencies and other persons with a legitimate interest have the right to examine the list of shareholders.

(3) Upon a resolution of the shareholders, the list of the shareholders may be maintained by the registrar of the Estonian register of securities. A resolution of the shareholders shall be adopted if at least two-thirds of the votes represented at the meeting or, in the case specified in subsection 2 of § 173 of this Code, at least two-thirds of the votes of the shareholders are in favour, unless the articles of association prescribe a greater majority requirement. The management board of a private limited company shall ensure timely submission of correct information provided by law to the person maintaining the list of the shareholders.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(4) Upon entry of shares in the Estonian register of securities or deletion of shares from the Estonian register of securities, the management board of the private limited company shall promptly submit a notice from the registrar of the Estonian register of securities concerning registration or deletion of the shares to the registrar of the commercial register.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(5) Upon a resolution of the shareholders, the shares of a private limited company may be deleted from the Estonian register of securities and the right to maintain the list of the shareholders may be granted to the management board. The second sentence of subsection 3 of this section shall apply to the adoption of such resolution.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(6) Upon replacement of the person maintaining the list of the shareholders, the management board or the Estonian register of securities shall use the list of the shareholders issued by the Estonian register of securities or the management board respectively as the basis for maintaining the list of the shareholders.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(7) The data specified in subsection 3 of this section, except for the addresses of shareholders, can be examined through the commercial register as the data of the business file.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 183. Accounting

The management board shall organise the accounting of the private limited company.

§ 184. Election and removal of members of management board

(1) The members of the management board shall be elected and removed by the shareholders. If the private limited company has a supervisory board, the members of the management board shall be elected and removed by the supervisory board. The resolution of the supervisory board and minutes of the meeting or, if no supervisory board exists, the resolution of the meeting of shareholders and the minutes of the meeting or record of voting shall be appended to a petition for entry of the termination of the authority of a member of the management board, or for entry of a new member of the management board in the register. In order to elect a member of the management board, his or her consent is required.

(1^{1}) If a private limited company has a supervisory board, the chairman of the supervisory board or a person authorised by the chairman shall sign a petition for deletion of a member of the management board from the register or entry of a new member of the management board in the register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(1^{2}) If a member of the management board is elected at a meeting of shareholders, the recording secretary or the chairman of the meeting shall be the member of the management board, in whose respect an entry has been made in the commercial register, or a shareholder of the private limited company. The signature under the minutes of the meeting by a person specified in the previous sentence shall be certified by a notary. The notarial certification of the signature shall be substituted by the digital signing of the minutes by the person specified in the first sentence of this subsection.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(1^{3}) The provisions of subsection 1^{2} of this section need not be observed if the minutes of the meeting of shareholders are notarised or if the extension of the term of office of a member of the management board is decided. The provisions of subsection 1^{2} of this section need not be observed also in case the petition for the entry of a member of the management board in the register is signed by the member of the management board, in whose respect an entry has been made in the commercial register, or a shareholder of the private limited company.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(2) A member of the management board shall be elected for an unspecified term unless the articles of association prescribe a term. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. A resolution for extension of the term of office of a member of the management board entered in the commercial register shall be immediately sent to the registrar of the commercial register.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(3) A member of the management board may be removed upon a resolution of the shareholders regardless of the reason. Rights and obligations arising from contracts entered into with a member of the management board shall terminate pursuant to the contracts. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the management board. If the private limited company has a supervisory board, the supervisory board may also remove a member of the management board.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4) [Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

(5) If the private limited company does not have a supervisory board, shareholders whose shares represent at least one-tenth of the share capital may, with good reason, request the removal of a member of the management board by a court.

(6) With good reason, a court may appoint a new member to replace a removed member of the management board at the request of the supervisory board, a shareholder or other interested person. A member of the management board appointed by a court has the right, at the expense of the private limited company, to be compensated for his or her costs to a reasonable extent and to receive a reasonable fee, the amount of which shall be established, in the case of dispute, by a court ruling. The authority of the court-appointed member of the management board shall continue until appointment of a new member of the management board by the shareholders or the supervisory board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(7) A member of the management board may resign from the management board regardless of the reason by giving the notice thereof to the body that appointed him or her. Rights and obligations arising from a contract concluded with a member of the management board shall terminate pursuant to the contract. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the management board.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(8) Where an entry made in the commercial register concerning a member of the management board becomes incorrect due to the removal, resignation or expiry of the term of office of the member of the management board, the provisions of § 53 of the Commercial Register Act apply.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 185. Prohibition on competition

(1) Without the consent of the shareholders or, if a supervisory board exists, without the consent of the supervisory board, a member of the management board shall not:
1) be a sole proprietor in the area of activity of the private limited company;
2) be a partner of a general partnership or a general partner of a limited partnership which operates in the same area of activity as the private limited company;
3) be a member of a managing body of a company which operates in the same area of activity as the private limited company, except if the companies belong to one group.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) If the activities of a member of the management board are in conflict with the provisions of subsection 1 of this section, the private limited company may demand that the member of the management board terminate the prohibited activity, transfer the income received from the prohibited activity to the private limited company and compensate for damage to the extent exceeding the claimed income.

(3) The limitation period for a claim to terminate a prohibited activity and to transfer the income received from the prohibited activity shall be three months from the date the private limited company becomes aware of the violation of the prohibition on competition but not longer than three years after the violation of the prohibition on competition. The general limitation period shall apply to a claim for compensation of damage.

§ 186. Preservation of business secrets

(1) The members of the management board shall preserve the business secrets of the private limited company.

(2) The private limited company shall not claim compensation for any damage caused by violation of the obligation specified in subsection 1 of this section if the members of the management board acted in accordance with a lawful resolution of the meeting of shareholders or of the supervisory board.

§ 187. Liability of members of management board

[RT I 2005, 57, 449 – entry into force 01.01.2006]

(1) A member of the management board shall perform his or her duties with due diligence.

(2) Members of the management board who cause damage to the private limited company by violation of their obligations shall be

jointly and severally liable for compensation for the damage caused. A member of the management board is released from liability if he or she proves that he or she has performed his or her obligations with due diligence.

(3) The limitation period for assertion of a claim against a member of the management board is five years unless the articles of association of the private limited company or an agreement with the member of the management board prescribes another limitation period.

(4) A claim for payment of compensation to a private limited company for damage specified in subsection 2 of this section may also be submitted by a creditor of the private limited company if the assets of the private limited company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a private limited company, only a trustee in bankruptcy may file a claim on behalf of the private limited company.

(5) A creditor or trustee in bankruptcy has the right to file the claim specified in subsection 4 of this section also if the private limited company has waived the claim against a member of the management board or has entered into a contract of compromise with such member or, upon agreement with the member of the management board, has limited the claim or filing thereof in another manner or reduced the limitation period.

(6) [Repealed – RT I 2005, 68, 525 – entry into force 01.01.2006]

§ 188. Liability of shareholders

(1) A shareholder shall be liable for any damage wrongfully caused to the private limited company, another shareholder or a third person, in the capacity of shareholder.

(2) A shareholder shall not be liable for any damage caused if the shareholder did not participate in the adoption of the resolution which was the basis for the cause of damage or if the shareholder voted against the resolution. In the case provided for in subsection 2 of § 173 of this Code, a shareholder who does not give notice of whether the shareholder is in favour of or opposed to a resolution shall be deemed to vote against the resolution.
[RT I 2002, 53, 336 – entry into force 01.07.2002]

§ 189. Supervisory board

(1) A private limited company shall have a supervisory board if prescribed by the articles of association of the private limited company.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(2) The provisions of this Code concerning the supervisory board of a public limited company shall correspondingly apply to the competence and activity of the supervisory board unless otherwise provided by law.

(3) The election and removal of members of the supervisory board shall be governed by the provisions concerning the election of the supervisory board of a public limited company, excluding the provisions of subsection 7 of § 304 of this Code. The minutes and record of voting prepared in respect to a resolution concerning the election of a member of the supervisory board shall be governed by the provisions regarding the minutes and record of voting prepared in respect to the election of a member of the management board of a private limited company.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

§ 190. Auditor

(1) The obligation of auditing the annual accounts of a private limited company shall be stipulated in the Auditors Activities Act or the articles of association of the private limited company.
[RT I 2010, 9, 41 – entry into force 08.03.2010]

(2) The provisions of §§ 328–329^{1} of this Code shall apply to the competence and activity of the auditor.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 191. Special audit

(1) Shareholders whose shares represent at least one-tenth of the share capital may demand a resolution on conduct of a special audit on matters regarding the management or financial situation of the private limited company, and the appointment of an auditor for the special audit by a resolution of the shareholders.

(2) If the shareholders do not decide on conduct of a special audit, shareholders whose shares represent at least one tenth of the share capital may request that a special audit be conducted and that an auditor for the special audit be appointed by a court. The court shall decide on conduct of a special audit only with good reason. If possible, the court shall also hear the members of the management board and supervisory board of the private limited company before deciding on the conduct of a special audit.

(2^{1}) The shareholders whose shares represent at least one tenth of the share capital may also demand, pursuant to the procedure provided by subsection 2 of this section, the substitution of the auditor for the special audit appointed by the shareholders if the person appointed by the shareholders clearly lacks the expertise or experience necessary for the conduct of the special audit or if doubts exist concerning his or her impartiality. The court shall also hear the auditor for the special audit appointed by the shareholders.

(3) Auditors, sworn advocates or companies of advocates may be the auditors for a special audit. If the auditors for a special audit are appointed by the shareholders, the shareholders shall also approve the procedure for their remuneration. The procedure for and amount of remuneration for court-appointed auditors for a special audit shall be specified by the court.

(4) The members of the management board and supervisory board shall enable the auditors for the special audit to examine all documents necessary for conduct of the special audit and shall provide necessary information. The auditors for the special audit also have the above right with respect to companies belonging to the same group as the private limited company being audited. The auditors for the special audit shall preserve the business secrets of the private limited company. In the case of refusal to allow documents to be examined or information to be given, an auditor for the special audit may submit, within two weeks after the refusal, or within four weeks after submission of a request to such effect if no response to such request has been received, a petition to a court by way of proceedings on petition in order to obligate the members of the management board or supervisory board to allow documents to be examined or information to be given.

(5) The auditors for the special audit shall prepare a report concerning the results of the special audit, which they shall present to a meeting of shareholders.

(6) The provisions concerning the liability of auditors for mandatory auditing apply to the liability of auditors for special audit. The provisions of the Bar Association Act apply to the liability of sworn advocates and companies of advocates conducting special audits.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 21
ALTERATION OF SHARE CAPITAL

Subchapter 1
Increase of Share Capital

§ 192. Adoption of resolution on increase of share capital

(1) A resolution on increase of share capital shall be adopted if at least two-thirds of the votes of the shareholders who participate in the meeting or, in the case specified in subsection 2 of § 174 of this Code, at least two-thirds of the votes of the shareholders are in favour, unless the articles of association prescribe a greater majority requirement.

(2) If the articles of association must be amended due to the increase of share capital, amendment of the articles of association shall be decided before share capital is increased.

(3) A resolution on increase of share capital shall not be adopted before entry of the private limited company in the commercial register.

§ 192[1]. Resolution on increase of share capital

The following shall be set out in a resolution on increase of share capital:
1) the number of new shares and their nominal values and the amount of increase of share capital;
1[1]) the persons who have the right of subscription for new shares and the term of exercising the right of subscription;
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]
2) if the nominal values of the shares are increased, the new nominal values of existing shares;
3) specifications for the rights attaching to the new shares;
4) the time and place for payment for the new shares and whether and to what extent the shares are to be paid by a monetary or non-monetary contribution; in the case of a non-monetary contribution, the item of the contribution;
5) if the shares are issued at a premium, the amount of the premium;
6) in the case of a bonus issue, reference to the underlying balance sheet and equity categories, and the amount of each equity category used to carry out the bonus issue.

§ 193. Pre-emptive right of shareholder

(1) Upon increase of share capital, a shareholder has the pre-emptive right of subscription for the shares to be issued in proportion to the shareholder’s share unless the resolution on increase of share capital prescribes otherwise. If a private limited company has several classes of shares and new shares of one or several classes are issued, the holders of the corresponding classes of shares have a pre-emptive right in the subscription for of such shares before other shareholders.

(2) If a shareholder does not wish to exercise the right specified in subsection 1 of this section, the other shareholders have the right of subscription for the new shares.

(3) The shareholders' pre-emptive right of subscription for shares may be precluded by a resolution of shareholders supported by at least three-quarters of the shares represented at the meeting or, in the case specified in subsection 2 of § 174 of this Code, by at least three-quarters of the votes of the shareholders, unless the articles of association prescribe a greater majority requirement. The management board shall provide a written explanation to the shareholders in advance as to why it is necessary to preclude the pre-emptive subscription right and shall also justify the issue price of shares.

(4) In the cases specified in the articles of association, the pre-emptive right of subscription for shares may be precluded in the manner provided for in subsection 3 of this section also with respect to certain shareholders only. The consent of all the shareholders is required for the adoption of a resolution for such amendment of the articles of association.

(5) If the shareholders do not wish to exercise the right specified in subsections 1 and 2 of this section or if such right is precluded pursuant to the provisions of subsection 3, the other persons who have acquired the right of subscription for a share pursuant to a resolution on increase of the share capital shall have the right of subscription for new shares.

(6) The management board shall send a resolution on increase of the share capital to the shareholders who have the pre-emptive right of subscription for new shares and who did not participate in the adoption of the resolution.

(7) The right of subscription for a share may be transferred under the same terms and conditions as a share.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 193[1]. Undersubscription

(1) A subscription shall be deemed to be an undersubscription if all new shares are not subscribed for within the term specified in the resolution on increase of the share capital.

(2) In case of an undersubscription, all rights of subscribers associated with the subscription shall terminate, and the increase of the share capital shall not occur. The management board shall promptly refund the payments made by subscribers. The members of the management board shall be jointly and severally liable for the refund of payments.

(3) The management board may, by a resolution of the shareholders, be granted the right to extend a subscription term or to cancel shares which are not subscribed for during the subscription term. The management board may exercise such right within fifteen days after the end of the subscription term. If shares are subscribed for by the new due date provided by the management board, the subscription is deemed to be valid.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 194. Application of foundation provisions

The provisions of § 140, §§ 141–143, subsection 2 of § 144 and subsections 2, 4 and 5 of § 520 of this Code shall apply to an increase of share capital unless this Subchapter prescribes otherwise.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 194[1]. Set-off of claim

Upon an increase of share capital, payment for a new share or for a share increasing the size of a share may, pursuant to a resolution of shareholders, be set off against a claim of the shareholder or the person acquiring the share against the private limited company if this does not harm the interests of the private limited company or of its creditors. A claim shall be valuated as a non-monetary contribution.

§ 194[2]. Right of management board or supervisory board to increase share capital

(1) The articles of association may grant the management board or the supervisory board the right to increase the share capital by contributions for up to five years.

(2) The management board or the supervisory board may increase share capital to an amount prescribed in the articles of association. The share capital shall not be increased by more than one-half of the share capital which existed at the time the management board or the supervisory board received the right to increase the share capital.

(3) The management board or the supervisory board shall have the rights specified in subsection 3 of § 193[1] of this Code.

(4) The management board or the supervisory board may pay for issued shares by a non-monetary contribution only if prescribed in the articles of association.

(5) If the right to increase the share capital is granted to the supervisory board, the resolution of the supervisory board and the minutes of the meeting and, in the case provided for in § 323 of this Code, the record of voting, shall be appended to the petition submitted to the commercial register concerning the increase of the share capital. If the right to increase the share capital is granted to the management board, the member of the management board who has filed a petition shall add a confirmation to the petition that the management board has decided to increase the share capital.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 195. Bonus issue

(1) A private limited company may increase share capital on account of the shareholders' equity of the private limited company without making contributions (bonus issue).

(2) After approval of the annual report and adoption of the profit distribution resolution, the shareholders may decide on a bonus issue based on the annual report and the profit distribution resolution. A bonus issue may also be carried out on the basis of the interim balance sheet which must be prepared and approved pursuant to the procedure for the preparation and approval of the balance sheet included in the annual report. Increase of the share capital shall not be entered in the commercial register if the petition for increasing the share capital and the corresponding resolution are submitted to the registrar of the commercial register eight months after the date as at which the annual report or interim balance sheet, which was the basis for the share capital increase, was prepared.

(3) Upon a bonus issue, the share of a shareholder shall be increased in proportion to the nominal value of the shareholder's share. Any resolution contrary to the above is void.

(4) Upon a bonus issue, the own shares held by the private limited company shall also be increased.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 195[1]. Conditional increase of share capital

(1) In case of issue of convertible bonds specified in § 167[2] of this Code, the shareholders may decide on the conditional increase of the share capital to the extent of the sum of the nominal values of the convertible bonds exchangeable for shares. A resolution on the conditional increase of the share capital may prescribe the increase of the share capital to an extent exceeding the sum of the nominal values of the exchangeable convertible bonds, if the difference between the nominal value of the convertible bonds and the nominal value of the shares is covered in money.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) The shareholders may also decide on a conditional increase of the share capital to the extent of the performance of the subscription rights if this is necessary for preparing the concentration of the private limited company or for granting the subscription rights to the members or employees of the private limited company or a company related thereto, or other persons related to the private limited company.

(3) A conditional increase of the share capital to an extent of more than one-half of the existing share capital at the time of the adoption of the resolution is prohibited.

(4) A resolution of the shareholders contrary to the conditional increase of share capital is void.

(5) A resolution for conditional increase of share capital shall set out:
1) the objective of the conditional increase of share capital;
2) the set of persons entitled to participate in the conditional increase of share capital;
3) the issue price of shares or the bases for determination thereof;
4) the term for performing the subscription rights.

(6) In the event of conditional increase of the share capital, the shares shall be paid for only in money.

(7) Following the adoption of a resolution for conditional increase of the share capital, the management board shall file a petition for entry of the conditional increase of the share capital in the commercial register.

(8) Shares shall not be issued based on a resolution on conditional increase of the share capital before the conditional increase of share capital has been entered in the commercial register.

(9) Based on a resolution on conditional increase of the share capital, the entitled person acquires the share in the same manner as in the event of share subscription, based on a declaration of intention submitted to a private limited company. The management board shall issue the shares only based on a resolution of the shareholders and for compliance with such resolution, and not before the issue price of a share has been paid. In case of conditional increase of the share capital in connection with the issue of convertible bonds, the management board shall issue the share at the request of the holder of a bond within the term specified in the bond and exchange it for a bond.

(10) In case of conditional increase of the share capital, the share capital and number of shares is deemed to be increased as of the issue of the share.

(11) Not later than within one month after the end of the financial year of the private limited company, the management board shall submit a petition to the registrar of the commercial register for entry in the register the number of shares issued based on a resolution on conditional increase of share capital and the corresponding increase of the share capital during the financial year. The members of the management board shall confirm in the petition that the shares were issued only based on a resolution on conditional increase of share capital and that they have been paid for in full.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 196. Submission of petition to commercial register

(1) If share capital is paid in full or a bonus issue is conducted, the management board shall submit a petition to the commercial register for entry of the increase of share capital in the commercial register. The following shall be appended to the petition:
1) the resolution of the shareholders;
2) the new text of the articles of association if the articles of association are amended;
3) the minutes of the meeting of shareholders or, in the case provided for in § 173 of this Code, the record of voting;
4) upon increase of share capital by new contributions, a notice of a credit institution or payment institution concerning the payment of share capital if the contribution is over 50,000 euros;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
5) upon a bonus issue, the annual report or interim balance sheet on which it is based;
6) upon payment by a non-monetary contribution, documents certifying the value of the contribution and its transfer;
6[1]) if the shares are entered in the Estonian register of securities, a notice from the Estonian register of securities confirming that the management board has notified the register of the increase in share capital;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
7) other documents prescribed by law.

(2) The members of the management board shall certify the transfer of a non-monetary contribution to the private limited company by their signatures. If the non-monetary contribution is an immovable, an extract from the land register shall be appended to the petition.

(3) The management board shall submit a petition for entry of the increase of share capital in the commercial register within six months after adoption of the resolution on increase of share capital.

(3[1]) In the case of increase of share capital by a bonus issue, the petition submitted to the registrar shall include a confirmation that the members of the management board who signed the petition are not aware of a decrease to the assets of the private limited company, during the time between the date of preparation of the balance sheet which was the basis for the increase of the share capital and the date of submission of the petition to the registrar, to an extent which could hinder the adoption of the resolution on the increase of the share capital on the date of submission of the petition.

(3[2]) The registrar need not check the conformity of the content of the balance sheet which was the basis for the increase of the share capital with the law.

(4) Share capital shall be deemed to be increased and the rights arising from the newly issued or increased portion of shares shall be deemed to have arisen as of the making of such entry in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 196[1]. Liability of members of management board upon entry of increase of share capital in register

(1) The members of the management board of a private limited company are jointly and severally liable for damage caused to the private limited company by submission of incorrect or inaccurate information or incorrect valuation of contributions upon the increase of the share capital unless a member of the management board proves that he or she was not aware and did not have to be aware of the circumstances which caused the damage.

(2) An agreement which derogates from the provisions of subsection 1 of this section shall only be valid with respect to the creditors of a private limited company if such agreement was entered into in the course of bankruptcy proceedings of the private limited company.

(3) The claim provided in subsection 1 of this section expires after five years of the date on which the increase of the share capital was entered in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 196[2]. Participation in profit distribution

(1) The resolution on increase of share capital may prescribe a date as of which the new shares or the shares whose nominal value was increased grant the right to receive a dividend. Such right does not arise with respect to a dividend payable for a later financial year than the financial year following the year of increase of the share capital.

(2) If the date specified in subsection 1 of this section is not prescribed in a resolution on increase of share capital, the right to receive a dividend shall arise during the financial year in which the entry on increase of share capital is made.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 2
Reduction of Share Capital

§ 197. Adoption of resolution on reduction of share capital

(1) A resolution on reduction of share capital shall be adopted if at least two-thirds of the votes of the shareholders who participate in the meeting or, in the case specified in subsection 2 of § 174 of this Code, at least two-thirds of the votes of the shareholders are in favour, unless the articles of association prescribe a greater majority requirement.

(1[1]) If upon a reduction of share capital there is a desire to reduce the nominal values of shares or to cancel shares other than proportionally with regard to each share, the corresponding resolution shall be adopted if, in addition to the provisions of subsection 1 of this section, the resolution is supported by the shareholders whose shares are disproportionately cancelled compared with other shares, or the nominal values of whose shares are disproportionately reduced.

(2) If the articles of association must be amended due to the reduction of share capital, amendment of the articles of association shall be decided before share capital is reduced, except if share capital is reduced in the case specified in subsection 2 of § 198 of this Code.

§ 197[1]. Resolution on reduction of share capital

The following shall be set out in a resolution on reduction of share capital:
1) the reason for the reduction of share capital;
2) the extent and method of reduction of share capital;
3) the new nominal values of shares.

§ 198. Extent of reduction of share capital

(1) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) The provisions of § 199 of this Code do not apply if an increase of share capital at least to the current amount of share capital is decided concurrently with a reduction of share capital. Shares which are issued concurrently with the reduction of the share capital may only be paid for in money. A resolution on an increase and reduction of share capital must be entered in the commercial register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 199. Notification of creditors

(1) The management board shall, within fifteen days after adoption of a resolution on reduction of share capital, send a notice concerning the new amount of share capital to the known creditors of the private limited company who have claims against the private limited company which predate the adoption of the resolution on reduction of share capital.

(2) The management board shall publish a notice concerning a resolution on reduction of share capital in the publication *Ametlikud Teadaanded* and invite all creditors to submit their claims. The notice shall indicate that creditors are to submit their claims within two months.
[RT I 2006, 55, 412 – entry into force 01.01.2007]

(3) The private limited company shall secure the claims of creditors if they are submitted within two months after publication of the notice. If the due date for fulfilment of a claim has arrived or if a claim is not sufficiently secured, the creditor may demand satisfaction or securing the claim. The creditor may demand securing the claim if the creditor provides proof that decrease in the share capital endangers the satisfaction of the claim.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 199[1].

[Repealed – RT I 2007, 67, 413 – entry into force 28.12.2007]

§ 199[2]. Simplified reduction of share capital

(1) Share capital may be reduced in order to cover a loss of the private limited company without applying the provisions of § 199 of this Code (simplified reduction of share capital).
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) Simplified reduction of share capital may be applied if the profit of the private limited company and the legal reserve are not sufficient to cover a loss and if the private limited company has no other reserves.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) The resolution on reduction of share capital shall indicate the loss for the coverage of which the share capital is being reduced.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) Available capital which arises upon a simplified reduction of share capital may only be used to cover the loss of the private limited company.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(5) In the case of simplified reduction of the share capital, no payments shall be made to the shareholders and no dividends shall be paid to the shareholders during the financial year on which the decrease of the share capital was decided and for the two subsequent financial years.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 200. Submission of petition to commercial register

(1) The management board shall submit a petition for entry of a reduction of share capital in the commercial register not earlier than three months after publication of the notice of share capital reduction, unless a notice on reduction of the share capital need not be published. The following shall be appended to the petition:
[RT I 2006, 55, 412 – entry into force 01.01.2007]
1) the resolution of the shareholders;
2) the new text of the articles of association if the articles of association are amended;
3) the minutes of the meeting of shareholders or, in the case provided for in § 173 of this Code, the record of voting;
3[1]) if the shares are entered in the Estonian register of securities, a notice from the Estonian register of securities confirming that the management board has notified the register of the reduction of share capital;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
3[2]) reference to the dates on which notices to the creditors were published in the *Ametlikud Teadaanded*;
4) other documents prescribed by law.

(2) In the petition, the members of the management board shall confirm that the claims of creditors who submitted their claims during the term or who opposed the reduction are secured or satisfied.

(3) The share capital shall be deemed to be reduced as of the making of such entry in the commercial register.

§ 200[1]. Payments to shareholders

(1) Payments may be made to the shareholders upon a reduction of share capital if prescribed in the resolution on reduction of share capital.

(2) The payments specified in subsection 1 of this section may be made no earlier than three months after entry of the reduction of share capital in the commercial register and on the condition that the claims of creditors submitted during the term are secured or satisfied.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 22
DISSOLUTION OF PRIVATE LIMITED COMPANY

§ 201. Grounds for dissolution of private limited company

A private limited company is dissolved on the grounds provided in § 39 of the General Part of the Civil Code Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 202. Adoption of dissolution resolution of private limited company

(1) A dissolution resolution shall be adopted if at least two-thirds of the votes of the shareholders who participate in the meeting or, in the cases specified in subsection 2 of § 174 of this Code, at least two-thirds of the votes of the shareholders are in favour, unless the articles of association prescribe a greater majority requirement.

(2) The management board shall present the preceding annual report and an overview of the economic activities of the private limited company for the current year to the shareholders.

(3) The overview of economic activities shall indicate the term during which the private limited company is able to satisfy the claims of creditors.

§ 203. Compulsory dissolution

(1) A private limited company is dissolved by a court ruling if:
1) the shareholders have not adopted a dissolution resolution where its adoption is obligatory pursuant to law, or if the shareholders have not adopted any of the resolutions prescribed in § 176 or if no meeting of shareholders has been called to adopt the resolutions specified in § 176;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) the term of office of the management board expired more than two years previously and a new management board has not been elected;
3) in other cases provided by law.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) A petition for the compulsory dissolution of a private limited company may be submitted by the management board, the supervisory board, a member of the management board, a member of the supervisory board, a shareholder or other persons specified by law. Unless otherwise provided by law, a court may also decide on compulsory dissolution at its own initiative.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) If the deficiency or other circumstance that provides the basis for compulsory dissolution can be evidently eliminated, the court shall previously establish a term for the private limited company for the elimination of the deficiency or circumstance.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

§ 204. Petition for dissolution of private limited company

(1) The management board shall submit a petition for entry of the dissolution resolution of the private limited company in the commercial register. The resolution of the shareholders and the minutes of the meeting of shareholders or, in the cases provided for in § 173 of this Code, the record of voting shall be appended to the petition.

(2) If a private limited company is dissolved on the basis of a court decision, the court shall send the decision to the commercial register for entry.

(3) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 205. Liquidation

A private limited company shall be liquidated (liquidation proceeding) upon dissolution unless otherwise provided by law.

§ 206. Appointment of liquidators

(1) The liquidators of a private limited company shall be members of the management board unless the articles of association, a resolution of the shareholders or a court ruling prescribes otherwise. A natural person who is prohibited from acting as a member of the management board shall not be a liquidator.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

(2) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) A court shall appoint the liquidators in a compulsory dissolution or if this is requested by shareholders whose shares represent at least one-tenth of the share capital. The court shall also specify the procedure for and amount of remuneration for the liquidators.

§ 207. Removal of liquidators

(1) A liquidator who is a member of the management board, or who has been appointed in accordance with the articles of association or by a resolution of the shareholders can be recalled at any time by a resolution of the shareholders. In order to adopt such resolution, a majority of votes equal to the majority of votes necessary for appointment of a liquidator is needed.

(2) A court may recall a liquidator appointed by the court, and to appoint a new liquidator. At the request of the shareholders whose shares represent at least one tenth of the share capital, a court may also recall, for a good reason, a liquidator who is a member of the management board, or who has been appointed in accordance with the articles of association or by a resolution of the shareholders, and to appoint a new liquidator.

(3) A liquidator may resign for the same reasons and pursuant to the same procedure as a member of the management board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 208. Entry of liquidator

(1) The management board submits a petition for entry of the first liquidators in the commercial register. The resolution of the shareholders, the minutes of the meeting of shareholders or the voting record constituting the grounds for the appointment of the liquidator is appended to the petition. A petition for entry in the commercial register of replacement of a liquidator or change of the right of representation of a liquidator is submitted by the liquidators. The resolution of the shareholders or the minutes of the meeting of shareholders or the voting record constituting the grounds for the replacement of a liquidator or change of the right of representation of a liquidator must be appended to the petition. All liquidators submit to the registrar a written confirmation concerning their right to act as liquidators pursuant to law.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If a liquidator is appointed by a court decision, the court shall send the decision to the commercial register for entry.

(3) The names and personal identification codes of the liquidators shall be entered in the commercial register.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 209. Rights and obligations of liquidators

(1) Liquidators have the rights and obligations of the management board which are not contrary to the nature of liquidation. Liquidation does not affect the legal relationships between the shareholders or between the shareholders and the private limited company, or the rights of the supervisory board, unless otherwise provided by law and the nature of liquidation.

(2) The liquidators shall terminate the activities of the private limited company, collect debts, sell assets and satisfy the claims of creditors.

(3) The liquidators may only conclude transactions which are necessary for liquidation of the private limited company. The right of representation of liquidators is unrestricted with regard to third persons.

(4) The right of representation of liquidators who are members of the management board does not change upon liquidation unless the articles of association, a decision of the shareholders or a court decision prescribes the changing of the right of representation into joint representation or sole representation. Liquidators appointed by a resolution of the shareholders or a court decision may represent the private limited company only jointly, unless the resolution of the general meeting or a court decision prescribe that all or some of the liquidators may represent the private limited company alone or together. A division of the right of representation which differs from the right of representation prescribed by law applies with respect to third persons only if it has been entered in the commercial register.

(5) During a liquidation proceeding, the notation “likvideerimisel” [in liquidation] shall be appended to the business name of the private limited company.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 210. Submission of bankruptcy petition

If the assets of a private limited company being liquidated are insufficient for satisfaction of all claims of creditors, the liquidators shall submit a bankruptcy petition.

§ 211. Accounting during liquidation

(1) A private limited company undergoing liquidation shall organise its accounting pursuant to the procedure provided by the Accounting Act unless otherwise provided by the law or the nature of liquidation.

(2) Upon adoption of a dissolution resolution, the liquidators prepare a liquidation report. The liquidation report is approved by a resolution of the shareholders and it must be submitted to the commercial register within four months after the adoption of the dissolution resolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) With the adoption of the dissolution resolution, the current financial year of the private limited company ends and a new financial year begins. A change of the previous financial year period may be decided by the dissolution resolution pursuant to subsection 2 of § 13 of the Accounting Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3^1) Where 12 months have passed since the beginning of the new financial year specified in subsection 3 of this section, and the liquidation process has not yet ended, an interim liquidation report is prepared as of the end of each financial year following the dissolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) A private limited company has the obligation to audit the liquidation report and interim liquidation report in case the audit obligation applied to the latest annual accounts before the dissolution resolution or it would apply to the liquidation report or interim liquidation

report, taking into account the requirements provided by the Auditors Activities Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(5) A court may release a private limited company from the obligation to audit the liquidation report or interim liquidation report if the financial situation of the private limited company is so clear that the audit is evidently not necessary in the interests of the shareholders or creditors.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 212. Notification of creditors

(1) The liquidators shall promptly publish a notice of the liquidation proceeding of the private limited company in the official publication *Ametlikud Teadaanded*.

(2) The liquidators shall send a notice of liquidation to the known creditors.

(3) The notice of liquidation shall indicate that creditors are to submit their claims within four months after publication of the notice.

§ 213. Submission of claims

The creditors shall notify the liquidators of all their claims against the private limited company within four months after publication of the notice. A notice shall set out the content, basis and amount of the claim, and documents substantiating the claim shall be appended thereto. Failure to notify of a claim on time does not affect the validity of the claim or restrict the right of the creditor to file an action with a court against the private limited company being liquidated.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 214. Satisfaction of claims

(1) Liquidators shall satisfy the claims of creditors of which the private limited company is aware regardless of whether or not notification of such claims has been given.

(2) If a creditor known to the private limited company has not filed a claim and the claim cannot be satisfied for reasons independent of the private limited company, the money which belongs to the creditor shall be deposited if the conditions for depositing exist.

(3) If an obligation cannot be performed during liquidation or if a claim is under dispute, the assets of the private limited company cannot be distributed between the shareholders unless the contested amount of money has been deposited and the creditor has been granted sufficient security.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 215. Final liquidation report

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(1) After satisfaction of the claims of all creditors and the deposit of money, the liquidators prepare the final liquidation report, including a distribution plan for the assets remaining upon liquidation which constitutes a part of the final liquidation report.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) A private limited company has the obligation to audit the final liquidation report in case the audit obligation applied to the latest annual accounts before the dissolution resolution or it would apply to the final liquidation report, taking into account the requirements provided by the Auditors Activities Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The liquidators must present the final liquidation report to all shareholders for examination at the registered office of the private limited company and notify the shareholders thereof.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) If the provisions of law or of the articles of association, or the resolutions of the meeting of the shareholders have not been observed in the preparation of the final liquidation report, a court may, based on a court claim of the shareholders whose shares represent at least 1/10 of the share capital, order preparation of a new final liquidation report, or supplementary liquidation. Such court claim may be filed within two months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination. The private limited company will be the defendant.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 216. Distribution of assets

(1) After satisfying or securing all the creditors' claims and depositing the money, the remaining assets shall be distributed among the shareholders according to the nominal values of their shares pursuant to the asset distribution plan prepared by the liquidators unless the articles of association prescribe otherwise.

(2) Assets may be distributed six months after the entry of the dissolution of the private limited company in the commercial register and publication of the notice of liquidation and two months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination, provided that the final liquidation report has not been contested in court, or the court claim has been dismissed or denied, or the proceedings in the matter have been terminated.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2[1]) Where the private limited company has only one shareholder, or only the private limited company itself is the other shareholder, the assets may be distributed also before the lapse of two months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) A court may allow payments to shareholders before the lapse of six months after publication of the notice of liquidation unless it damages the interests of the creditors.

(4) Payments shall be made in money unless the articles of association prescribe otherwise.

(5) The liquidators need not sell assets unless this is necessary for satisfaction of the claims of creditors, and if the shareholders consent thereto.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 217. Continuation of activities of dissolved private limited company

(1) If dissolution of a private limited company is prescribed by the articles of association or is decided by the shareholders, the shareholders may, until commencement of the distribution of assets among the shareholders, decide on continuation of the activities of the private limited company or on merger, division or transformation of the private limited company. A resolution on continuation of activities shall be adopted if at least two-thirds of the votes of the shareholders who participate in the meeting or, in the cases specified in subsection 2 of § 174 of this Code, at least two-thirds of the votes of the shareholders are in favour, unless the articles of association prescribe a greater majority requirement.

(2) Where continuation of activities is decided, the new management board and supervisory board must be appointed and the share capital must be reduced to the value of the remaining assets by the same resolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The liquidators must submit a petition for entry of the continuation of activities in the commercial register. The resolution on continuation enters into force as of its entry in the commercial register. The petition is to be signed also by the new member of the management board. In case of continuation of activities, or increase or reduction of the share capital, a resolution of the shareholders or the minutes of the meeting of shareholders or voting record constituting the grounds for the increase or reduction of the share capital is appended to the petition.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 217[1]. Continuation of activities of private limited company deleted from commercial register

(1) The shareholders may decide on continuation of the activities of a private limited company deleted from the register pursuant to § 61 or 62 of the Commercial Register Act.

(2) A resolution on continuation of activities is adopted if at least 2/3 of the votes of the shareholders who participate in the meeting have been given in favour, or in the cases specified in subsection 2 of § 174 of this Code at least 2/3 of votes of shareholders have been given in favour thereof, unless the articles of association prescribe a greater majority requirement.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023, amended in part [RT I, 23.12.2022, 2]]

§ 218. Deletion from commercial register and supplementary liquidation

(1) The liquidators submit a petition for deletion of a private limited company from the commercial register after the conclusion of the liquidation, however not earlier than six months after the entry of the dissolution of the private limited company in the commercial register and publication of the liquidation notice and not earlier than three months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination, provided that there are no other obstacles deriving from law to deletion of the private limited company from the register. The final liquidation report is appended to the petition. The petition must include a confirmation by all the liquidators that the final liquidation report has not been contested in court, or the court claim has been dismissed or denied, or that the proceedings in the matter have been terminated and the claims of the creditors of the private limited company have been satisfied or that the assets necessary to satisfy the claims have been deposited and that the private limited company is not a party to any proceedings pending before a court. Where the shareholder has only one shareholder who is simultaneously the liquidator, the term of three months, specified in the first sentence of this subsection, does not apply to the enabling the examination of the final liquidation report.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If, after the private limited company has been deleted from the register, it becomes evident that the private limited company has assets which were not distributed and that supplementary liquidation measures are necessary, a court may, at the request of an interested person, order a supplementary liquidation and restore the rights of the former liquidators or appoint new liquidators.

(3) After a private limited company has been deleted from the register, liquidation may be carried out at the request of a creditor only in the case where the creditor proves that the creditor's claim against the private limited company was not satisfied in the liquidation proceeding, that the creditor has no other possibility for the satisfaction of the claim and that, upon restoration of the liquidation proceeding, the claim could be satisfied, or that the private limited company should not have been deleted from the register because a dispute over the claim existed. Among other, a creditor's demand for supplementary liquidation shall not be satisfied if the creditor has failed, without good reason, to submit the creditor's claim to the liquidators on time.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 219. Deposit of documents

(1) The liquidators shall deposit the documents of a private limited company with a liquidator, a person maintaining an archive or another trustworthy person. If the liquidators have not appointed a depositary of documents, a court shall appoint one as necessary. Documents are kept in Estonia.
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(2) The name, residence or registered office, personal identification code or registry code, and e-mail address of the depositary of documents are entered in the commercial register on the petition of the liquidators or, in the case of a court-appointed depositary, on the basis of the court ruling. The depositary of documents is replaced and a new depositary is entered in the register based on a court ruling.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The depositary of documents shall be responsible for the preservation, during the term prescribed for by law, of the documents deposited with the depositary.

(4) Shareholders and their legal successors, the creditors of the private limited company, and other persons with a legitimate interest in the matter have the right to examine the deposited documents. If the depositary of documents does not enable an entitled person to examine the documents, the entitled person may, within two weeks after receipt of the refusal or within four weeks after submitting the request, if the request has not been answered, file a petition in proceedings in petition with a court for requiring the depositary to enable the examination of the documents.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 220. Liability of liquidators

The liquidators shall be liable in the same manner as members of the management board for any damage caused.

Part VII
PUBLIC LIMITED COMPANY

Chapter 23
GENERAL PROVISIONS

§ 221. Definition of public limited company

(1) A public limited company is a company which has share capital divided into public limited company shares.

(2) A shareholder shall not be personally liable for the obligations of the public limited company.

(3) A public limited company shall be liable for performance of its obligations with all of its assets.

§ 222. Share capital

Share capital shall be denominated in euros. Share capital shall be at least 25,000 euros.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 222^1. Share with nominal value and without nominal value

(1) A share may be issued as share with nominal value or share without nominal value. The simultaneous issue and use of shares with nominal value and without nominal value is prohibited. Any shares issued in contradiction to the requirement specified in the previous sentence shall be null and void. The second sentence of subsection 3 of § 223 of this Code shall apply respectively.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) An equal part of the share capital shall conform to all shares without nominal value. The part of the share capital corresponding to one share without nominal value (book value of the share) shall be established by dividing the share capital by the number of shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(3) A public limited company, which has issued shares with different nominal value, may introduce shares without nominal value in case the equalisation of the nominal values of the shares is decided prior to the introduction of the share without nominal value.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(4) The number of shares without nominal value shall be deemed to be effected as of the making of an entry in the commercial register.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

Chapter 24
SHARE

§ 223. Nominal value and book value of share

(1) The minimum nominal value or book value of a share shall be ten cents.

(2) If the nominal value of a share is greater than ten cents, the nominal value shall be a multiple of ten cents.

(3) Shares with a nominal value or book value of less than ten cents shall be void. The issuers shall be jointly and severally liable for any damage caused by the issue of such shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 224. Indivisibility of share

A share shall be indivisible.

§ 225. Issue price of share

(1) The issue price of a share shall not be less than the nominal value or book value of the share.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) The issue price of a share may be greater than the nominal value or book value of the share (premium). A premium is adjusted in the cases prescribed by the applied accounting practices. A premium may be used:
[RT I 2010, 20, 103 – entry into force 01.07.2010]
1) to cover a loss of the public limited company if such loss cannot be covered by retained profit from previous periods or the legal reserve prescribed in the articles of association;
[RT I 2005, 61, 478 – entry into force 01.12.2005]
2) to increase share capital by a bonus issue.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

(3) The issue price of a share shall be paid in full by the subscriber upon issue of the share.

§ 226. Rights attaching to share

A share shall grant the shareholder the right to participate in the general meeting of shareholders and in the distribution of profits and, upon dissolution, of the remaining assets of the public limited company, as well as other rights provided by law or prescribed by the articles of association.

§ 226^1. Share subscription

(1) By share subscription, a subscriber shall receive the right to receive a share and shall undertake to pay for it.

(2) A subscriber may be given a certificate of subscription concerning shares which are subscribed for.

(3) A subscriber may transfer the rights and obligations attaching to a subscription. If the shares are not paid for in full, the subscriber and the transferee shall be jointly and severally liable for payment. The provisions for transfer of registered shares shall apply to delivery of certificates of subscription.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 227.

[Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 228. Registered shares

(1) Shares shall be registered. Shares shall be entered in the Estonian register of securities. Unless the articles of association of a public limited company prescribe the right of pre-emption for the shareholders or a prohibition on pledge of shares, the person maintaining the share register, pursuant to the provisions of § 18^1 of the Securities Register Maintenance Act, may also be another depository.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(2) The rights attaching to a registered share shall belong to the person who is entered as the shareholder in the share register.

(3) [Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

(4) [Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

(5) [Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 229. Transfer of registered share

(1) Registered shares may be freely transferred.

(2) The articles of association may prescribe that, upon transfer of shares to third persons, other shareholders have a pre-emptive right which applies to each transfer of shares for charge and the term of which shall not exceed two months as of the presentation of the transfer agreement. The seller shall notify the management board of the public limited company of entry into a contract of sale, which shall promptly notify the other shareholders thereof. The provisions of the Law of Obligations Act concerning the right of pre-emption otherwise apply to the right of pre-emption and exercise thereof.

(2^1) Shareholders may exercise the right of pre-emption only commonly and to the full extent. If one of the shareholders waives the right of pre-emption, the others have the right to exercise the right of pre-emption jointly and to the full extent.

(2^2) If the articles of association of a public limited company prescribe the right of pre-emption for the shareholders, a notice concerning the right of pre-emption shall be made in the Estonian register of securities at the request of the public limited company. The disposal of share after the entry of a notation in the register is void to the extent that this prejudices or restricts the exercise of the right of pre-emption.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(3) [Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

(4) The transferee has the right to demand to be entered as a shareholder in the share register. For the purposes of the public limited company, the share shall be deemed to be transferred as of entry of the transferee in the share register maintained by the person maintaining the share register entered in the commercial register.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 230.

[Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 231. Transfer of share to successor

Upon the death of a shareholder, the share shall transfer to a successor of the shareholder.

§ 232. Pledging of share

(1) A share may be pledged unless the articles of association prescribe otherwise.

(2) In order to pledge a share, a written disposition shall be prepared concerning the establishment of the pledge and a notice concerning the pledge shall be entered in the Estonian register of securities or another depository.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(3) Upon pledge of a share, the pledgor shall exercise the rights attaching to the share.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 233. Share register

(1) A share register concerning registered shares shall be maintained which shall set out:
1) the name, address and personal identification code or registry code of the shareholder;
2) the class and nominal value of the shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
3) the date of subscription and acquisition of the shares.
4) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) The share register shall be maintained by the Estonian register of securities or another depository. The information contained in the share register shall be determined by legislation regulating the registration of securities. The management board of the public limited company shall ensure timely submission of correct information provided by law to the person maintaining the share register.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 233^1. Replacement of person maintaining share register

(1) The person maintaining the share register may be replaced based on a resolution of the general meeting. A resolution on replacement of the person maintaining the share register is adopted if at least 9/10 of the votes represented at the general meeting or, in the case specified in subsection 1 of § 300 of this Code, at least 9/10 of the votes represented at the general meeting by each class of shares are in favour, unless the articles of association prescribe a greater majority requirement. The resolution must specify the business name, registry code or other registration number and address of the new person maintaining the share register.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) The management board shall submit a petition for entry of the replacement of the person maintaining the share register in the commercial register not earlier than one month after the adoption of a resolution on replacement of the person maintaining the share register. A resolution of the general meeting on replacement of the person maintaining the share register and the minutes of the general meeting must be enclosed to the petition. A confirmation of the management board of a public limited company that a resolution on replacement of the person maintaining the share register has not been disputed or the petition has been denied is also enclosed to the petition. The registrar shall make a notation on the registry card regarding the fact that a petition for replacement of the person maintaining the share register has been submitted to the registrar.

(3) The registrar shall issue to a public limited company a certificate stating that the resolution of the general meeting conforms to the law and that the replacement of the person maintaining the share register is entered in the commercial register.

(4) If the person maintaining the share register has changed, the management board of a public limited company shall promptly submit to the registrar the certificates of the persons maintaining the share register regarding the fact that the share register has been deleted by the former person maintaining the share register and registered by the new person maintaining the share register. The management board shall confirm in the petition that the person maintaining the share register has changed. The registrar shall enter the new person maintaining the share register on the registry card.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 233^2. Contestation of resolution on replacement of person maintaining share register

At the request of a shareholder, a court may declare a resolution on replacement of the person maintaining the share register which is in conflict with law or the articles of association to be invalid if the request is submitted within one month as of the resolution being made.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 233^3. Compensation upon replacement of person maintaining share register

(1) A shareholder who does not agree with the resolution on replacement of the person maintaining the share register may, within two months as of the making in the commercial register of an entry on replacement of the person maintaining the share register, request a public limited company to acquire the shareholder's shares for a fair monetary compensation.

(2) The provisions of clause 2 of subsection 2 of § 283 of this Code shall not apply to acquisition of shares by a private limited company on the basis specified in subsection 1 of this section.

(3) The names of the shareholders who did not agree with the resolution on replacement of the person maintaining the share register and who wish to use the rights specified in this section, shall be enclosed to the resolution on replacement of the person maintaining the share register. Opposition to the resolution shall be confirmed by the shareholder by his or her signature.

(4) A public limited company must pay a fine for delay on the compensation payable to the shareholder in the amount provided by law. Calculation of the fine for delay shall commence as of the day of expiry of two months since the replacement of the person maintaining the share register.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 234. Access to share register

(1) The share register may be examined in accordance to the provisions of the Securities Register Maintenance Act.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(2) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 235. Classes of shares

(1) Rights attaching to shares may be different in the case of distribution of profit according to the articles of association and in the event of division of remaining assets upon liquidation of the public limited company. Shares with the same rights form a class of shares.

(2) Rights attaching to a class of shares may be amended by a resolution of the general meeting by at least a four-fifths majority of votes in favour unless the articles of association prescribe a greater majority requirement. At least nine-tenths of the shareholders whose shares belong to the class of which the rights are amended must vote in favour of the resolution.

(3) The management board shall promptly notify all holders of registered shares in writing of an amendment to the rights attaching to a class of shares.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 236. Right to vote

(1) Each share shall grant a separate vote unless otherwise provided by law.

(2) Shares with equal nominal values shall grant an equal number of votes. If the public limited company has shares with different nominal values, the difference in votes granted by them shall correspond to the difference in nominal values.

(3) Shares without nominal value shall grant an equal number of votes.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 237. Preferred share

(1) A public limited company may issue non-voting shares which grant the preferential right to receive dividends and to participate in the distribution of the remaining assets of the public limited company upon dissolution (preferred shares). The owner of a preferred share has all the rights of a shareholder with the exception of the right to vote.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) The sum of the nominal values or book values of preferred shares shall not be greater than one-third of the share capital.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(3) The articles of association may prescribe that a preferred share shall grant the right to vote in the adoption of certain resolutions (restricted voting right).

(4) The consent of all holders of preferred shares is required to adopt a resolution on cancellation or amendment of the preference of preferred shares, or on cancellation of preferred shares. Upon cancellation of the preferential right, the holders of preferred shares shall acquire the right to vote.

§ 238. Dividend on preferred share

(1) A holder of a preferred share shall be paid a dividend prior to the payment of dividends to other shareholders. The dividend shall be

specified in the articles of association as a percentage of the nominal value or book value of the share unless the articles of association prescribe otherwise.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) The holder of a preferred share may be paid a larger dividend than prescribed by the articles of association.

(3) If the public limited company does not have distributable profit or if it is insufficient, the dividends to holders of preferred shares may be left unpaid in whole or in part. The unpaid part shall be added to the dividend to be paid the following year, including interest in the amount provided by law.

§ 239. Acquisition and loss of right to vote

(1) If the holder of a preferred share is not paid dividends in full during two financial years, the holder of a preferred share shall acquire the right to vote. In case of a share with nominal value, the holder of a preferred share shall acquire the right to vote according to the nominal value of the share; in case of a share without nominal value, the holder of a preferred share shall acquire the right to vote according subsection 3 of § 236 of this Code. The votes attaching to preferred shares shall be included in the quorum of the general meeting.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) The holder of a preferred share shall lose the right to vote on the last day of the financial year during which a dividend is paid in full.

(3) Acquisition of the right to vote shall not exempt the public limited company from its obligation to pay dividends for the previous years and the interest provided by law, nor cancel the preferential right of the holder of a preferred share to receive dividends and to participate in the distribution of remaining assets upon dissolution.

§ 240.

[Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 241. Convertible bond

(1) If prescribed in the articles of association, a public limited company may issue, for a conditional increase of the share capital, bonds by a resolution of the general meeting, the holders of which have the right to convert their bonds to shares (convertible bond).

(2) A convertible bond may be registered.

(3) Convertible bonds may be issued after entry of the public limited company in the commercial register.

(4) At least the nominal value of a convertible bond shall be paid for the convertible bond, in money. The nominal value or book value of shares issued for the bond may be greater than the nominal value of the bond only if this difference is paid for in money.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(5) The sum of the nominal values of convertible bonds shall not be greater than one-third of the share capital.

Chapter 25
FOUNDATION

Subchapter 1
Foundation without Share Subscription

§ 242. Founder

(1) A public limited company may be founded by one or several persons.

(2) A founder may be a natural person or a legal person.

§ 243. Memorandum of association

(1) In order to found a public limited company, the founders shall conclude a memorandum of association.

(2) The memorandum of association shall set out:
1) the business name, registered office and address of the public limited company being founded;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
2) the names and residences or registered offices of the founders;
3) the proposed amount of share capital;
4) the number of shares and the division of shares among the founders, and, in case of shares with nominal value, the nominal value thereof, and, upon issue of more than one class of shares, their denotation and the rights attaching to the shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
5) the amount to be paid for shares and the procedure, time and place of payment;
6) if a share is paid for by a non-monetary contribution, the item of the non-monetary contribution and its valuation method;
6^1) the business name, registry code or other registration number and address of the person maintaining the share register;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
7) information on the members of the management board and supervisory board, and the auditor;

8) information on procurators, if appointed;
9) the projected costs of foundation and the procedure for payment thereof.

(3) By conclusion of the memorandum of association, the founders shall also approve the articles of association of the public limited company as an annex to the memorandum of association.

(4) The memorandum of association and the articles of association approved thereby shall be notarised and signed by all founders. A representative of a founder may sign the memorandum of association if the authorisation document granted to the representative is notarised. Articles of association shall be amended after entry in the commercial register pursuant to the procedure provided for in § 300 of this Code and shall not require amendment of the memorandum of association.

(5) If the public limited company has one founder, the memorandum of association shall be substituted by a notarised foundation resolution signed by the founder.

§ 244. Articles of association

(1) The articles of association of a public limited company shall set out:
1) the business name and registered office of the Company;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
2) the amount of share capital which may be specified as a specific amount or as a minimum and maximum capital such that the minimum capital shall be at least one-quarter of the maximum capital;
3) in case of shares with nominal value, the nominal values of the shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
3^1) in case of shares without nominal value, the number of the shares, which may be specified as certain number or minimum and maximum number;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
4) [Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]
5) upon issue of more than one class of shares, the denotation of the different classes of the shares and the rights attaching to the shares, and, in case of the shares with nominal value, the nominal value of each class of the shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
6) the procedure for calling the general meeting and for adoption of resolutions;
7) the number of members in the management board and supervisory board, which may be expressed as a specific number or a maximum and minimum number, and if necessary, also the specifications for the right of representation of the members of the management board;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
8) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]
9) if a share is paid for by a non-monetary contribution, the valuation method of the non-monetary contribution;
10) the amount of legal reserve;
11) other obligatory terms and conditions provided by law.

(2) The articles of association may also prescribe other terms and conditions which are not in conflict with the law. If a provision of the articles of association is in conflict with a provision of law, the provision of law shall apply.

(3) All founders shall sign the articles of association approved by the memorandum of association. Articles of association which are amended after entry in the commercial register shall be signed by at least one member of the management board or, if the members of the management board are only authorised to represent the public limited company jointly, by all the members of the management board authorised to represent the public limited company jointly.

§ 245. Disallowance of preferences

The founders shall not reserve any rights for themselves which do not arise from the shares.

§ 246. Payment for share

(1) A contribution may be monetary or non-monetary. A share shall be paid for in money unless the articles of association prescribe payment by a non-monetary contribution.

(2) The shareholders shall pay for shares in full before submission of a petition for entry of the public limited company in the commercial register unless the memorandum of association prescribes an earlier due date. Upon a delay of payment, the provisions of § 275 of this Code shall apply.

(3) The sum to be paid for a share shall not be set off against salary, fees or other such payments by a public limited company being founded or against other claims against a public limited company being founded.

§ 247. Payment of monetary contribution

Upon foundation, the founders shall open a bank account in the name of the public limited company being founded into which monetary contributions shall be paid.

§ 248. Non-monetary contribution

(1) A non-monetary contribution may be any thing which is monetarily appraisable and transferable to the public limited company or a

proprietary right which may be the object of a claim.

(2) A non-monetary contribution shall not be service or work provided to the public limited company or the activities of the founders in the foundation of the public limited company.

(3) A shareholder shall give notice of the rights of third persons with regard to a non-monetary contribution.

(4) If, at the time of entry in the commercial register of a public limited company or increase of share capital, the value of a non-monetary contribution is lower than the nominal value or book value and the premium of the share received out of the contribution, the public limited company may demand payment by a shareholder of the contribution in money to the extent to which the value of the contribution was lower than the nominal value or book value and the premium. The limitation period of the claim is five years after the entry in the commercial register of a public limited company or increase of share capital.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 249. Valuation of non-monetary contribution

(1) The valuation method of a non-monetary contribution shall be prescribed in the articles of association. If generally recognised experts are available for valuation of the item of a non-monetary claim, valuation by such experts of the item shall be arranged.

(2) The usual value of a thing or right shall be taken as the basis for the valuation of a non-monetary contribution.

(3) An auditor shall audit the valuation of a non-monetary contribution and shall present an opinion on whether the contribution meets the requirements specified in § 248 of this Code. A sworn auditor's report shall contain a description of a non-monetary contribution and shall set out the method which was used upon valuation of the non-monetary contribution and whether the value of the non-monetary contribution covers the nominal value and the premium of the share paid for by the non-monetary contribution.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(4) The valuators and the auditor who audits the valuation shall be jointly and severally liable for any damage caused by an inaccurate valuation of the non-monetary contribution.

§ 249[1]. Securities as item of non-monetary contribution

(1) If the securities specified in subsection 1 of § 2 of the Securities Market Act which have been admitted for trading on a regulated securities market within the meaning of the Securities Market Act, except for holding units of investment funds and derivative contracts, are used as an item of non-monetary contribution, the valuation of the non-monetary contribution need not be audited by an auditor, provided that the securities which are the item of non-monetary contribution have been valuated based on the weighted average price which has been used for trading on one or several regulated securities markets during three months prior to the date of making the non-monetary contribution.

(2) If a non-monetary contribution is made in the manner provided in subsection 1 of this section, the management board shall publish a notice concerning the making of such contribution in the official publication *Ametlikud Teadaanded* within one month after making the non-monetary contribution and before submitting a petition for entry of the public limited company in the commercial register. Instead of publication in *Ametlikud Teadaanded*, the notice may be submitted to the commercial register together with the petition for entry of the public limited company in the commercial register within one month after making the contribution. The notice shall contain the following information:
1) number of the shares to be issued out of the non-monetary contribution and, in case of shares with nominal value, the nominal value of the shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
2) item of non-monetary contribution, a description thereof and the name of the person who made the contribution;
3) value of the non-monetary contribution, method of valuation and data of the valuator;
4) a confirmation that the value of the non-monetary contribution equals to the issue price of the shares paid for by the non-monetary contribution, and that after valuation of the contribution, no new and significant circumstances have arisen.

(3) In the case of increase of the share capital, the notice specified in subsection 2 shall be submitted to the commercial register.

(4) If a non-monetary contribution is made in the manner provided in subsection 1 of this section in the course of increasing the share capital pursuant to § 349 of this Code, the notice specified in subsection 2 of this section shall be submitted to the commercial register before the date of making the non-monetary contribution. The notice shall set forth the date of adopting the resolution to increase the share capital.

(5) If a notice concerning the making of a non-monetary contribution is submitted in the manner provided in subsection 4 of this section, the management board shall submit, within one month after making the non-monetary contribution, a notice concerning the making of the non-monetary contribution to the commercial register confirming that after the submission of the notice specified in subsection 4 of this section, no new and significant circumstances have arisen. The notice shall be submitted before or simultaneously with the petition for entry of the increase of the share capital in the commercial register.

(6) If the notice specified in subsection 2 or 5 has not been submitted or published in conformance to the requirements, the non-monetary contribution shall be valuated pursuant to the procedure provided in § 249 of this Code.

(7) If extraordinary circumstances which would significantly change the value of the securities on the date of making the contribution have affected the price specified in subsection 1, the management board shall organise valuation of the securities to which § 249 of this Code shall apply.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

§ 250. Petition for entry in commercial register

(1) In order to enter a public limited company in the commercial register, the management board shall submit a petition which shall set out the information specified in § 251 of this Code and shall be signed by all members of the management board. The following shall be appended to the petition:
1) the memorandum of association;
2) the articles of association;
3) a notice of a credit institution or payment institution concerning the payment of share capital;
[RT I, 20.12.2018, 1 – entry into force 01.01.2019]
4) upon payment of a non-monetary contribution, the agreement for transfer of the contribution to the public limited company, the documents certifying the value of the contribution, except in the case specified in § 249[1] of this Code;
[RT I 2008, 16, 116 – entry into force 15.04.2008]
4[1]) reference to the date of publication of *Ametlikud Teadaanded* containing the notice specified in the first sentence of subsection 2 of § 249[1] of this Code, if the non-monetary contribution was made in the manner specified in subsection 1 of § 249[1] of this Code before entry of the private limited company in the commercial register;
[RT I 2008, 16, 116 – entry into force 15.04.2008]
5) the names and personal identification codes of the members of the supervisory board and the names and personal identification codes of the auditors;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5[1]) the information on the planned principal activity;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5[2]) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
6) [repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
7) the e-mail address and other telecommunications data (telephone and fax numbers, Internet website address, etc.) of the public limited company;
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]
7[1]) a notice from the person maintaining the share register concerning registration of the shares;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
8) other documents provided by law.

(2) Transfer of a non-monetary contribution to the public limited company is certified by the members of the management board by their signatures. If the non-monetary contribution is an immovable or a movable subject to registration, an extract from the land register or the register in which the movable is registered must be appended to the petition, unless the registrar can verify these data.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) Any other petition submitted to the commercial register shall be signed by a member of the management board. A petition for entry in the commercial register of a new member of the management board shall be signed by the new member of the management board. The new member shall confirm his or her right to act as a board member in the petition. If the members of the management board only have the right to represent the public limited company jointly, all the members of the management board entitled to represent the public limited company jointly shall sign the petition submitted to the register.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(4) A public limited company shall not be entered in the commercial register if the petition for entry in the commercial register is submitted after one year has passed since the conclusion of the memorandum of association or passing of the foundation resolution.

§ 251. Information to be entered in commercial register

(1) The following shall be entered in the commercial register:
1) the business name of the public limited company;
2) the registered office, address and e-mail address of the public limited company;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
3) the amount of share capital;
3[1]) the number of shares without nominal value;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
4) the date of entry into force of the articles of association;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
5) the names and personal identification codes of the members of the management board;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5[1]) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
6) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
6[1]) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
7) the beginning and end of the financial year;
8) other information provided by law.

(2) In case of existence of a branch, the following information, received by means of the system of interconnection of registers of the European Union, is entered in the commercial register:

1) the unique identifier of the branch in the system of interconnection of registers of the European Union;
2) the date of entry of the branch in the register and deletion from the register;
3) the address of the branch.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

§ 252. Liability of founders and members of management board and supervisory board upon foundation of public limited company

(1) The founders of a public limited company, the members of the management board and supervisory board shall be jointly and severally liable for damage caused to the public limited company by submission of inaccurate or incomplete information, incorrect valuation of contribution or foundation expenses, or breach of other obligations upon the foundation of the public limited company, unless a founder or a member of the management board or supervisory board proves that he or she was not aware nor should have been aware of the circumstances which caused the damage.

(2) In addition to shareholders, the persons on whose account the public limited company was founded are also liable on the basis provided in subsection 1 of this section. A person is not released from liability regardless of whether or not he or she was aware of circumstances if a shareholder acting on the shareholder's behalf was or should have been aware of such circumstances.

(3) An agreement which derogates from the provisions of subsections 1 and 2 of this section shall only be valid with respect to the creditors of a public limited company if such agreement was entered into in the course of liquidation proceedings.

(4) The claims provided by subsections 1 and 2 of this section expire after five years of the entry of a public limited company in the commercial register and, in the case the act which constituted the basis for the causing of damage was committed later, five years after the commission of such act.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 253. Transactions concluded before entry in commercial register

(1) Persons who conclude a transaction in the name of a public limited company being founded before entry of the public limited company in the commercial register shall be jointly and severally liable for performance of the obligations arising from the transaction.

(2) The obligations specified in subsection 1 of this section shall transfer to the public limited company as of entry of the public limited company in the commercial register if the person who concluded the transaction had the right to conclude the transaction.

(3) If a person does not have the right to conclude a transaction, the obligations arising from the transaction shall transfer to the public limited company if the general meeting approves the transaction.

(4) If the assets of the public limited company are not sufficient to satisfy a claim of a creditor of the public limited company, the founders shall be personally and jointly and severally liable to the creditor of the public limited company for performance of the obligations of the public limited company to the extent that the assets of the public limited company are decreased due to the obligations incurred for the public limited company before entry of the public limited company in the commercial register. The limitation period for such claim shall be five years from entry of the public limited company in the commercial register.

§ 254.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 255. Validity of contract

(1) Within two years after entry of a public limited company in the commercial register, the public limited company may acquire assets with a value exceeding one-tenth of the share capital from a shareholder or a person with an economic interest equivalent to that of the shareholder on the basis of a contract only by a resolution of the general meeting. The above does not apply for acquisition of assets on exchanges or in the course of everyday business activities.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) The assets shall be valuated pursuant to the procedure provided for in § 249 of this Code.

(3) The management board shall, immediately after an auditor has audited the valuation of the assets specified in subsection 1 of this section, submit the contract for transfer of the asset, the documents in proof of the value of the assets and an opinion signed by the auditor on valuation of the assets to the commercial register.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

Subchapter 2
[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 26
SHAREHOLDER AND PUBLIC LIMITED COMPANY

§ 272. Equality of shareholders

The shareholders shall be treated equally under equal circumstances.

§ 273. Obligation of shareholder to pay contributions

A shareholder shall not be required to pay a contribution exceeding the nominal value or book value and premium of the share without the shareholder's consent.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 274. Prohibition on refund of contribution and on accrual of interest on contribution

(1) A contribution paid by a shareholder shall not be refunded, nor shall any interest be paid on a contribution.

(2) Payment of the purchase price by the public limited company upon repurchase of its own shares shall be deemed not to be a refund of contribution.

§ 275. Consequences of delay of contribution

(1) A shareholder who fails to pay for the shareholder's share on time is required to pay a fine on delay in the amount provided by law to the public limited company unless otherwise provided by the articles of association. The above does not preclude or restrict the right to file a claim for compensation of damages exceeding the amount of the fine for delay.

(2) The management board shall send a notice to a shareholder who delays in payment demanding payment during the term specified in the letter, indicating that the shareholder shall lose the shareholder’s share if payment is not made. The term for payment shall be at least fifteen days after the notice is sent.

(3) If the shareholder does not pay the deficient sum during the term specified in the notice, the shareholder shall lose the shareholder’s share and the public limited company has the right to transfer it to other shareholders or third persons. A sum paid by the shareholder which does not exceed one-fifth of the nominal value or book value of the share shall be transferred to the legal reserve, and the remainder of the sum shall be refunded to the shareholder.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 276. Payment to shareholders

(1) A public limited company may only make payments to shareholders from net profit or from retained profits from previous financial years from which uncovered losses from previous years have been deducted, pursuant to law.

(2) A shareholder shall be paid a share of profit (dividend) according to the nominal value or book value of the shareholder’s shares. The articles of association may prescribe different rights attaching to different classes of shares with regard to distribution of profit.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 277. Procedure for payment of dividends

(1) Dividends may be paid on the basis of the approved annual report.

(2) The procedure for payment of dividends shall be prescribed in the articles of association or by a resolution of the general meeting.

(3) The articles of association may give the management board of a public limited company the right to make advance payments to the shareholders with the consent of the supervisory board after the end of a financial year and before approval of the annual report on account of the presumed profit in the amount of up to one-half of the amount subject to distribution among the shareholders.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 278. Amount of dividend

The amount of a dividend shall be approved by the general meeting. The management board shall present a proposal concorded with the supervisory board. Payments shall not be made to shareholders if the net assets of the public limited company, as apparent from the annual report approved at the end of the previous financial year of the public limited company, are less than or would be less than the total of share capital and reserves which pursuant to law or the articles of association shall not be paid out to shareholders.

§ 279. Payment of dividend

(1) A shareholder has the right to demand payment of a dividend prescribed by a resolution of the general meeting.

(2) The dividend shall be paid in money. Upon the consent of the shareholder, the dividend may also be paid in other assets.

§ 280. Return of illegal dividend

(1) If a shareholder is made a payment which the shareholder does not have a right to receive, the shareholder shall return the payment which is received without basis.

(2) If upon receipt of the payment, the shareholder did not know nor should have known that it was paid to the shareholder without basis, return of the payment may be demanded only if it is necessary for satisfying the claims of the creditors of the public limited company.

(3) A claim for return of the payment specified in subsection 1 of this section may also be submitted by a creditor of the public limited company if the assets of the public limited company are not sufficient to satisfy the claims of the creditor. In the course of bankruptcy proceedings of a public limited company, only a trustee in bankruptcy may file a claim on behalf of the public limited company.

(4) An agreement which derogates from the provisions of subsections 1–3 of this section shall only be valid with respect to the creditors and trustees in bankruptcy of a public limited company if such agreement was entered into in the course of bankruptcy proceedings of

the public limited company. Set-off of claims is prohibited.

(5) The claims specified in subsections 1–3 of this section expire after five years of payment of the dividends.

(6) The members of the management board and supervisory board who caused the making of the unlawful payment shall be liable for the return of the payment jointly and severally with the shareholder who received such payment.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 281. Prohibited loans

(1) A public limited company shall not grant a loan:
1) to one of its shareholders whose shares represent more than 1 per cent of the share capital;
2) to a shareholder or member of its parent undertaking, whose shares represent more than 1 per cent of the share capital of the parent undertaking;
3) to a person to acquire shares of the public limited company;
4) to a member of its management board or supervisory board or its procurator.

(2) [Repealed – RT I 2000, 29, 172 – entry into force 17.04.2000]

(2^1) A subsidiary may grant a loan to its parent undertaking or to a shareholder of the parent undertaking or to a member who forms the same group as the subsidiary if this does not harm the financial status of the public limited company or the interests of creditors. A subsidiary shall not grant a loan for acquiring a share of the public limited company to the persons specified in the first sentence of this subsection.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) A public limited company shall also not guarantee a loan taken by the persons specified in subsection 1 of this section. The prohibition does not apply to guaranteeing a loan taken by the parent undertaking or guaranteeing a loan taken by a shareholder or member of the parent undertaking who forms the same group as the subsidiary if this does not harm the financial status of the public limited company or the interests of creditors. A public limited company shall not guarantee a loan taken for acquisition of a share of the public limited company.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(4) Transactions in violation of the provisions of subsections 1 and 2^1 of this section are void. Violation of the provisions of subsection 3 of this section does not result in the nullity of the transaction but the person whose loan was secured must compensate the damage caused to the public limited company by the provision of the security.

(5) The provisions of subsections 1–4 of this section correspondingly apply to credit agreements and other economically equivalent transactions.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 282. Subscription for own shares

(1) A public limited company shall not itself or through a third person acting at the expense of the public limited company subscribe for its own shares.

(2) A subsidiary shall not subscribe for shares of its parent undertaking.

§ 283. Acquisition or taking as security of own shares

(1) A public limited company shall not itself or through a third person acting in its own name but at the expense of the public limited company acquire or take as security its own shares unless otherwise provided by law.

(2) The acquisition or taking as security of its own shares by a public limited company shall be permitted if:
1) this occurs within five years after adoption of a resolution of the general meeting which specifies the terms and conditions and term for the acquisition or taking as security of shares and the minimum and maximum amounts to be paid for the shares;
[RT I 2008, 16, 116 – entry into force 15.04.2008]
2) the sum of the nominal values or book values of the shares held or taken as security by the public limited company does not exceed one-tenth of the share capital; and
[RT I 2010, 20, 103 – entry into force 01.07.2010]
3) acquisition of the shares does not cause the net assets to become less than the total of share capital and reserves which pursuant to law or the articles of association shall not be paid out to shareholders.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) The public limited company may acquire its own shares by a resolution of the supervisory board without a resolution of the general meeting if the acquisition of shares is necessary to prevent significant damage to the public limited company. The shareholders shall be informed of the circumstances surrounding and the details of the acquisition of shares at the next general meeting of shareholders.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(4) A public limited company may acquire its own shares without the restrictions provided for in subsection 2 of this section if the shares are acquired by succession.

(5) A public limited company's own shares shall not grant the public limited company any rights of a shareholder.

(6) In the course of ongoing transactions, a credit institution or another professional securities market participant is permitted to take as

security own shares to the extent of up to one-tenth of the share capital.

(7) A transaction constituting an obligation which is in conflict with the provisions of subsections 1, 2 or 6 of this section is void. The above does not affect the validity of the acquisition of a share or taking of a share as security.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 284. Transfer of own shares

(1) [Repealed – RT I 2008, 16, 116 – entry into force 15.04.2008]

(2) If a public limited company has acquired or taken as security its own shares based on subsection 4 of § 283 of this Code, and the total of the nominal values or book values thereof, including the sum total of the nominal values or book values of the own shares belonging to or taken as security by the public limited company is higher than 1/10 of the share capital, then the shares acquired or taken as security in such manner which exceed the 1/10 shall be transferred or taking them as security shall be terminated within three years after the transfer or taking as security.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(3) If a public limited company acquires or takes as security its own shares illegally, the shares shall be transferred or the taking as security shall be terminated within one year after the acquisition or taking as security.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(4) If the shares are not transferred or the taking as security is not terminated during the term specified in subsections 2 or 3 of this section, the shares shall be cancelled and the share capital reduced accordingly.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

§ 285. Mutual acquisition of shares

A subsidiary may acquire or take as security the shares of its parent undertaking on the same terms and conditions as its own shares. Where a subsidiary acquires or takes as security the shares of its parent undertaking, the parent undertaking is deemed to have acquired or taken as security such shares for the purposes of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 286. Jointly held share

(1) If a share is held by several persons jointly, these persons may only exercise the rights attaching to the share jointly. The above does not apply to a public limited company if the public limited company has not been informed of the common ownership of the share.

(2) The common owners of a share shall be jointly and severally liable for the obligations attaching to the share.

(3) A common owner of a share has the right to demand the entry of the owner in the share register.

(4) If the shareholders have not appointed a common representative for performance of the rights arising from the share, a transaction performed by the public limited company with respect to the joint owners is deemed to be valid even if such act was performed with respect to only one shareholder or some of the shareholders.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

§ 287. Right of shareholder to information

(1) A shareholder has the right to receive information on the activities of the public limited company from the management board at the general meeting.

(2) The management board may refuse to give information if there is a basis to presume that this may cause significant damage to the interests of the public limited company.

(3) If the management board refuses to give information, the shareholder may demand that the general meeting decide on the legality of the shareholder's request or to file, within two weeks after the general meeting, a petition to a court by way of proceedings on petition in order to obligate the management board to give information.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 288.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 289. Liability of shareholder

(1) A shareholder shall be liable for any damage wrongfully caused to the public limited company, another shareholder or third persons, in the capacity of shareholder.

(2) A shareholder shall not be liable for any damage caused if the shareholder did not participate in the adoption of the resolution of the general meeting which was the basis for the cause of damage or if the shareholder voted against the resolution.
[RT I 2002, 53, 336 – entry into force 01.07.2002]

§ 289[1]. Public limited company with one shareholder

(1) If all the shares in a public limited company belong to one single shareholder or if, in addition to the single shareholder, the shares

of the public limited company are owned only by the public limited company itself, the management board shall immediately submit a corresponding written notice to the registrar of the commercial register. The notice shall set out the name, address and personal identification code or registry code of the single shareholder. The notice shall be preserved in the business file.

(2) The members of the management board shall be jointly and severally liable for damage caused by violation of the notification requirement provided for in subsection 1 of this section.

§ 289[2]. Liability for damaging public limited company by influencing activity of public limited company

(1) A person who, by misusing his or her influence, influences a member of the management board or supervisory board to act contrary to the interests of the public limited company, is liable to compensate any damage incurred thereby to the public limited company.

(2) In the event specified in subsection 1 of this section, a member of the management board or supervisory board who violated his or her obligations shall be jointly and severally liable with the person who influenced him or her unless he or she proves that he or she has performed his or her obligations with due diligence.

(3) In the case specified in subsection 1 of this section, the persons who derived gains from such damage shall also be held liable jointly and severally with the person who misused his or her influence.

(4) The limitation period for the claims specified in subsections 1–3 of this section is five years.

(5) A claim for payment of compensation for the damage specified in subsection 1–3 of this section to a public limited company may also be submitted by a creditor of the public limited company if the assets of the public limited company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a public limited company, only a trustee in bankruptcy may file a claim on behalf of the public limited company.

(6) A creditor or trustee in bankruptcy has the right to file the claim specified in subsection 5 of this section also if the public limited company has waived the claim or has entered into a contract of compromise with such member or resulting from an agreement, has limited the claim or filing thereof in another manner or reduced the limitation period.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 27
MANAGEMENT

Subchapter 1
General Meeting

§ 290. Nature of general meeting

(1) Shareholders shall exercise their rights in a public limited company at the general meeting of shareholders unless otherwise provided by law.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) The general meeting of shareholders is the highest managing body of a public limited company.

§ 290[1]. Electronic participation in general meeting of listed public limited company

(1) If the shares of a public limited company have been admitted for trading on a regulated securities market (hereinafter *listed public limited company*), participation in the general meeting of such public limited company by electronic means shall take place pursuant to the procedure provided for in § 33[1] of the General Part of the Civil Code Act.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(2) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(3) The provisions of this Chapter do not apply to the general meeting of a listed public limited company if resolution tools or powers are implemented with regard to such public limited company on the basis of the Financial Crisis Prevention and Resolution Act or Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.01.2021, pp. 1–102).
[RT I, 30.11.2022, 1 – entry into force 10.12.2022]

§ 291. Annual general meeting

(1) An annual general meeting shall be held at least once a year. The general meeting is annual if its agenda includes the approval of the annual report.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) The management board shall call the annual general meeting pursuant to the procedure and at the time prescribed by the articles of association but not later than six months after the end of the financial year. Allowing the term to expire does not affect the validity of the resolutions passed by the meeting.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 292. Special general meeting

(1) The management board shall call a special general meeting in the cases prescribed by the articles of association, and also if:
1) the net assets of the public limited company are less than one-half of the share capital; or
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) this is demanded by shareholders whose shares represent at least one-tenth of the share capital, and in case of a listed public limited company, by shareholders whose shares represent at least one-twentieth of the share capital; or
[RT I 2009, 51, 349 – entry into force 15.11.2009]
3) this is demanded by the supervisory board or the auditor;
4) this is clearly in the interests of the public limited company.

(2) If the management board does not call a general meeting within one month after receipt of a demand from the shareholders, the supervisory board or the auditor or the management board does not call a general meeting with the demanded agenda, the shareholders, the supervisory board or the auditor have the right to call the general meeting themselves.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) A special general meeting shall not be called if the time between becoming aware of the decrease of assets or submission of the demand and the annual general meeting is less than two months.

§ 293. Agenda of general meeting

(1) If a general meeting is called by the management board or the supervisory board, the agenda of the general meeting shall be determined by the supervisory board. If the general meeting is called by the shareholders or the auditor, they shall determine the agenda of the general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) The management board or the shareholders whose shares represent at least one-tenth of the share capital, and in case of a listed public limited company, the shareholders whose shares represent at least one-twentieth of the share capital, may demand the inclusion of additional issues on the agenda of the general meeting if the respective demand has been submitted no later than 15 days before the general meeting is held.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2^1) If a special general meeting is called at the request of the auditor or the shareholders, the auditor or the shareholders, at whose request the general meeting is called, may demand simultaneously with the submission of an application for calling the general meeting the inclusion of an issue on the agenda of the special general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) An item which is initially not on the agenda of a general meeting may be included on the agenda with the consent of at least nine-tenths of the shareholders who participate in the general meeting if their shares represent at least two-thirds of the share capital. Upon adoption of such resolution, the votes given prior to the meeting shall not be taken into account as part of the quorum of the meeting.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(4) A general meeting may decide on calling the next meeting and settle submissions concerning operational issues related to the agenda or to the procedure for holding the meeting without including such matters in the agenda beforehand, and to discuss other matters at the general meeting without deciding on such matters.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 293^1. Draft resolution

(1) If the general meeting is called by the management board, the management board shall prepare a draft resolution in respect to each item on the agenda.

(2) If the general meeting is called by the shareholders, the supervisory board or an auditor, they shall prepare a draft resolution in respect to each item on the agenda. The drafts of the resolutions shall be submitted to the management board prior to the notification about calling the general meeting. The drafts of the resolutions may be additionally included in the notice on calling the general meeting.

(3) In case of using the rights specified in subsection 2 or 2^1 of § 293 of this Code, the shareholders or the auditor shall simultaneously with the demand on the modification of the agenda submit to the public limited company a draft resolution or substantiation regarding each additional issue.

(4) The shareholders whose shares represent at least one-tenth of the share capital, and in case of a listed public limited company, the shareholders whose shares represent at least one-twentieth of the share capital may submit to the public limited company a draft resolution in respect to each item on the agenda. The right specified in the previous sentence may not be used later than three days before holding a general meeting.

(5) The public limited company shall make the drafts of the resolutions and substantiations prepared by the management board and submitted by the shareholders, the supervisory board or an auditor available to the shareholders in the location determined by the public limited company. Failure to make the drafts of the resolutions specified in subsection 2 of this section available shall not constitute a material violation of the procedure of calling a general meeting.

(6) In the case specified in subsections 3 and 4 of this section, the public limited company shall make the submitted drafts of the

resolutions and substantiations together with the drafts of the resolutions prepared by the management board in respect to additional items on the agenda available to the shareholders immediately after the submission thereof to the public limited company if these are submitted to the public limited company after the notification about holding the general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 294. Notice calling general meeting

(1) The management board shall send a notice of the general meeting to all shareholders. The notice shall be sent to the address entered in the share register by registered mail. If the public limited company has more than 50 shareholders, notices need not be sent to the shareholders, however a notice of the general meeting shall be published in at least one daily national newspaper. A listed public limited company shall publish the notice calling the general meeting also in a way that provides the opportunity to quickly access the notice using for this purpose the means of information, in case of which the efficient transmission of the information to the public in the entire European Union can be presumed.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(1^1) The notice specified in subsection 1 of this section may also be forwarded by sending an unregistered letter, fax or by electronic means provided that a notice concerning the obligation to immediately send acknowledgement of receipt of the document is appended to the notice. A notice sent by unregistered letter, fax or electronic mail is deemed to have been delivered if the recipient sends the management board acknowledgement of receipt of the document in writing, by fax or electronic mail at the recipient's discretion.
[RT I 2007, 67, 413 – entry into force 28.12.2007]

(2) [Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

(3) Notice of an annual general meeting shall be given at least three weeks in advance unless the articles of association prescribe a longer term. Notice of a special general meeting shall be given at least one week in advance unless the articles of association prescribe a longer term. The first sentence of this subsection shall be applied to the advance notice of a special general meeting of a listed public limited company.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3^1) If a public limited company is aware or should be aware that the address of a shareholder differs from the address entered in the share register, the notice shall also be sent to that address. The notice shall be sent in such manner that, under normal conditions of delivery, it would reach the addressee at least by the due date specified in subsection 3 of this section.

(4) A notice calling a general meeting shall set out:
1) the business name and registered office of the public limited company;
2) the time and place of the general meeting;
3) a notation with regard to whether the meeting is annual or special;
4) the agenda of the general meeting;
5) the explanation of the fact as at what date the set of shareholders entitled to take part in a general meeting shall be determined;
6) the information regarding the procedure and term for exercising the rights specified in § 287, subsections 2 and 2^1 of § 293 and subsection 4 of § 2931 of this Code;
7) if the public limited company provides an opportunity for electronic participation in a general meeting or voting using electronic means or by mail, the information regarding the procedure and term for electronic participation or voting using electronic means or by mail;
8) if the agenda of a general meeting includes the approval of the annual report, amendments to the articles of association or consent to a contract, the place where it is possible to examine the annual report, the sworn auditor's report, the profit distribution proposal, the draft articles of association or the contract or draft thereof and the procedure for the examination of these documents;
[RT I 2010, 9, 41 – entry into force 08.03.2010]
9) the place where it is possible to examine the drafts of the resolutions submitted by the management board, the supervisory board, the shareholders or an auditor and the substantiations submitted by the shareholders in respect to the items on the agenda and the procedure for the examination of these documents;
10) the place where it is possible to examine other documents submitted to the general meeting pursuant to law and the procedure for the examination of these documents;
11) in case of a listed public limited company, the website address of the public limited company where the information specified in § 2941 of this Code shall be published;
12) in case of a listed public limited company, the information regarding the participation in a general meeting by proxy, including the information on the blanks, which have to be used when voting on the basis of authorisation if the use of such blanks is necessary pursuant to law, the articles of association or the resolution of the supervisory board or the management board, and the information regarding the notification procedure of the public limited company of the appointment of a representative and revocation of the authorisation pursuant to subsection 4^1 of § 297 of this Code;
13) other important circumstances related to the general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4^1) The notice calling the general meeting need not specify the procedure for exercising the rights specified in clause 6 of subsection 4 of this section if this procedure can be examined under the procedure specified in subsection 4^3 of this section on the website of the public limited company, and the notice contains the reference to this opportunity and the website address of the public limited company.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4^{2}) If the documents specified in clauses 8–10 of subsection 4 of this section have been made available to the shareholders on the website of the public limited company and the notice calling the general meeting contains the reference to this opportunity and the website address, the public limited company need not provide an opportunity to examine the documents in any other way.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(4^{3}) It shall be possible to examine the documents specified in clauses 8–10 of subsection 4 of this section at least as of the notification of the general meeting until the date of holding the general meeting unless otherwise provided by law.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(5) Concerning each item on the agenda, the supervisory board shall present its proposal which shall be entered in the notice calling the general meeting. Failure to include the proposal in the notice shall not constitute a material violation of the procedure of calling the general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(6) If following the notification about calling the annual general meeting the agenda is amended at the request of the management board or the shareholders, the notice of the amendments to the agenda shall be given prior to holding the annual general meeting under the same procedure as calling the general meeting. The notice of the amendments to the agenda before holding the general meeting shall be given at least one week in advance unless the articles of association prescribe a longer term.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(6^{1}) The provisions of subsection 6 of this section do not apply if resolution tools or powers are implemented with regard to the public limited company on the basis of the Financial Crisis Prevention and Resolution Act or Regulation (EU) 2021/23 of the European Parliament and of the Council.
[RT I, 30.11.2022, 1 – entry into force 10.12.2022]

(6^{2}) In case of applying §§ 36 and 37 of the Financial Crisis Prevention and Resolution Act and Article 18 of Regulation (EU) 2021/23 of the European Parliament and of the Council, an invitation to an annual general meeting may be sent with a shorter term for advance notice if the shareholders who represent at least two-thirds of the share capital for the purpose of making a resolution on an increase of the capital agree thereto, provided that such meeting does not take place within ten calendar days after the invitation is sent. Said resolution may be made where the conditions for early intervention are met and it is intended to avoid the emergence of the conditions for the commencement of the resolution proceedings specified in § 39 of the Financial Crisis Prevention and Resolution Act or Article 22 of Regulation (EU) 2021/23 of the European Parliament and of the Council.
[RT I, 30.11.2022, 1 – entry into force 10.12.2022]

(7) The costs of sending or publishing the notice calling the general meeting shall be borne by the public limited company.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 294^{1}. Publication of information related to general meeting on website of listed public limited company

(1) A listed public limited company shall publish the following on its website:
1) the notice calling the general meeting;
2) the documents specified in clauses 8–10 of subsection 4 of § 294 of this Code;
3) the total number of shares and voting rights related to shares, and, if the public limited company has several classes of shares, the total number of shares and voting rights related to shares in the cross-section of the classes of shares on the day of sending or publishing the notice calling the general meeting;
4) the blanks specified in clause 12 of subsection 4 of § 294 and subsection 3 of § 298^{2} of this Code, unless the public limited company has sent these together with the notice calling the general meeting to all the shareholders.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) If the blanks specified in clause 4 of subsection 1 of this section cannot be published on the website of the public limited company due to technical reasons, the public limited company shall specify on its website under what procedure the shareholders have the opportunity to receive the blanks on paper. In such case, the public limited company shall immediately send the blanks by mail to each shareholder who has requested it. The costs of sending the blanks shall be borne by the public limited company.

(3) The information and documents specified in subsections 1 and 2 of this section shall be available to the shareholders on the website of the public limited company for three weeks prior to holding the general meeting and on the day of holding the general meeting unless a longer term is prescribed by law. If the notice on calling the general meeting is provided pursuant to subsection 3 of § 171^{1} of the Securities Market Act less than three weeks in advance, the term specified in the previous sentence shall be reduced respectively.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 295. Place of general meeting

A general meeting shall be held at the registered office of the public limited company unless the articles of association prescribe otherwise.

§ 296. Violation of procedure for calling general meeting

If the requirements of law or of the articles of association for calling a general meeting are materially violated, the general meeting shall not have the right to adopt resolutions except if all the shareholders participate in or all the shareholders are represented at the

general meeting. Resolutions adopted at such meeting are void unless the shareholders with respect to whom the procedure for calling the meeting was violated approve of the resolutions.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 297. Procedure of general meeting

(1) A general meeting may adopt resolutions if shareholders who own over one-half of the votes represented by shares participate in the general meeting unless the articles of association prescribe a greater participation requirement.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) If the shareholders specified in subsection 1 of this section do not participate in the general meeting, the management board shall, within three weeks but not earlier than after seven days, call another meeting with the same agenda. The new general meeting is competent to adopt resolutions regardless of the votes represented at the meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) A list of shareholders who participate in the general meeting which shall set out the names of the shareholders who participate in the general meeting, the number of votes attaching to their shares, the way of participation in the general meeting and the names of the representatives of shareholders shall be prepared at a general meeting. If a shareholder has voted prior to the general meeting using electronic means or by mail, the list shall also specify the voting date. The list shall be signed by the chairman of the meeting and the recording secretary, and by each shareholder physically attending the general meeting or the shareholder's representative.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4) A shareholder in person or a representative of a shareholder, the availability of whose right of representation shall be certified by a written document, may participate in a general meeting unless otherwise provided by law. The participation of a representative shall not deprive the shareholder of the right to participate in the general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4^1) A listed public limited company shall provide a shareholder with an opportunity to notify the public limited company about the appointment of a representative and the withdrawal by the principal of the authorisation in a secure manner that ensures the identification of shareholders in a format which can be reproduced in writing. The articles of association may establish a specific procedure of the notification about the appointment of a representative and the withdrawal of the authorisation. The procedure established by the articles of association or by the management board shall ensure the identification of shareholders and the security and reliability of voting and shall be proportionate for achieving these objectives.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(5) The set of shareholders entitled to take part in a general meeting shall be determined as at seven days before holding the general meeting. The articles of association may prescribe shorter time limits for determining the set of shareholders entitled to take part in a general meeting, but it must be determined no later than as at the end of the working day of the settlement system of the registrar of the Estonian register of securities or another depository where the shares of a public limited company are entered, which precedes the general meeting. The set of shareholders entitled to take part in a general meeting of a public limited company traded on a regulated market, in a multilateral trading facility or organised trading facility (trading venue) shall be determined as at seven days before holding the general meeting as at the end of the working day of the settlement system of the registrar of the Estonian register of securities or another depository where the shares of a public limited company are entered, which precedes the general meeting.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(6) The costs of organising a general meeting of shareholders shall be borne by the public limited company. If a general meeting is called at the request of shareholders or if shareholders themselves call the meeting, or the meeting is called by a resolution of a general meeting which receives at least two thirds of the votes represented at the general meeting, the shareholders who called the meeting or requested the calling of the meeting may be required to cover the costs of the general meeting unless otherwise provided by law.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 298. Competence of general meeting

(1) A general meeting is competent to:
1) amend the articles of association;
2) increase and reduce share capital;
3) issue convertible bonds;
4) elect and remove members of the supervisory board;
5) elect an auditor;
6) designate a special audit;
7) approve the annual report and distribute profit;
8) decide on dissolution, merger, division or transformation of the public limited company;
9) decide on conclusion and terms and conditions of transactions with the members of the supervisory board, decide on the conduct of legal disputes with the members of the management board or supervisory board, and appointment of the representative of the public limited company in such transactions and disputes;
10) decide on other matters placed in the competence of the general meeting by law.

(2) A general meeting may adopt resolutions on other matters related to the activities of the public limited company at the request of the management board or supervisory board. The shareholders shall be jointly and severally liable in the same manner as members of the management board or supervisory board for damage caused by resolutions adopted under such conditions.

[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 298[1]. Electronic participation in general meeting of public limited company

[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(1) Participation in the general meeting of a public limited company by electronic means shall take place pursuant to the procedure provided for in § 33[1] of the General Part of the Civil Code Act.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(2) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(3) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(4) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(5) [Repealed – RT I, 23.05.2020, 2 – entry into force 24.05.2020]

§ 298[2]. Voting prior to meeting

[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(1) A shareholder may vote on the draft resolutions prepared in respect to the items on the agenda of a general meeting by submitting his or her vote to the public limited company prior to the general meeting at least in a format which can be reproduced in writing, unless otherwise prescribed in the articles of association, provided that the identification of shareholders and the security and reliability of voting shall be ensured upon voting prior to the meeting.

(2) The shareholder who voted prior to the meeting shall be deemed to have participated in the general meeting and the votes represented by the shares held by the shareholder shall be accounted as part of the quorum of the general meeting unless otherwise provided by law. If only draft resolutions that were not disclosed before a general meeting are voted on during the general meeting, in respect to which the shareholder did not submit any votes, the shareholder shall not be deemed to have participated in the general meeting.

(3) A blank shall be used for voting prior to the meeting, which shall be delivered to the shareholder pursuant to clause 4 of subsection 1 of § 294[1] of this Code. The articles of association may prescribe more detailed requirements regarding the blank meant for voting prior to the meeting.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

§ 299. Resolution of general meeting

(1) A resolution of a general meeting shall be adopted if over one-half of the votes represented at the general meeting are in favour unless the law or the articles of association prescribe a greater majority requirement. In the cases provided by law or prescribed by the articles of association, the support of the owners of special classes of shares, to the extent prescribed by law or the articles of association, shall also be required for the adoption of a resolution.

(2) In the election of a person at a general meeting, the candidate who receives more votes than the others shall be deemed to be elected. Upon an equal division of votes, lots shall be drawn unless the articles of association prescribe otherwise.

(2[1]) Where a resolution of a general meeting is made pursuant to the procedure provided for in § 299[1] of this Code, the resolution is adopted if more than one-half of the votes of the shareholders are in favour of the resolution, unless the law or the articles of association prescribe a greater majority requirement.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) The list of shareholders referred to in subsection 3 of § 297 of this Code shall serve as the basis for the calculation of votes.

§ 299[1]. Adoption of resolutions of general meeting without calling meeting

(1) Shareholders have the right to adopt resolutions without convening a general meeting unless otherwise prescribed by the articles of association.

(2) The management board shall send the draft resolution specified in subsection 1 of this section in a format which can be reproduced in writing to all shareholders, specifying the term within which the shareholder must present the shareholder’s position on it in a format which can be reproduced in writing. If a shareholder does not give notice of whether the shareholder is in favour of or opposed to the resolution during this term, it shall be deemed that the shareholder votes against the resolution.

(3) If the public limited company has more than 50 shareholders, the draft resolution need not be sent to all shareholders, however, the draft shall be published in at least one daily national newspaper. A listed public limited company shall publish the draft also on its website.

(4) The management board shall prepare a record of voting concerning the voting results. A record of voting shall set out:
1) the business name and registered office of the public limited company;
2) the name of the recording secretary;
3) the adopted resolutions together with the voting results, including the shareholders who voted in favour of the resolutions by name;
4) at the request of a shareholder who maintains a dissenting opinion with regard to a resolution, the content of the shareholder’s

dissenting opinion;
5) other circumstances of importance with regard to the vote.

(5) The positions of shareholders specified in subsection 2 of this section that were submitted in a format which can be reproduced in writing shall be an integral part of the record of voting.

(6) The adopted resolution shall be made accessible to the shareholders at the registered office of a public limited company or the website of a public limited company after seven days after the due date granted to the shareholders for presenting their opinions. A listed public limited company shall publish the adopted resolutions on its website. The complete minutes, including the opinions presented, shall be presented to the shareholders at their request.

(7) If the resolution of the shareholders provides the basis for the election of a member of the supervisory board or for making an amendment concerning the supervisory board to the articles of association, the record of voting shall be signed, in addition to the member of the management board, also by at least one shareholder of the public limited company who participated in voting. The signature under the record of voting by the aforesaid shareholder shall be certified by a notary. The notarial certification of the signature may be substituted by the digital signing of the record of voting by the person specified in the first sentence of this subsection.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

§ 300. Resolution on amendment of articles of association

(1) A resolution on amendment of the articles of association shall be adopted if at least two-thirds of the votes represented at a general meeting are in favour unless the articles of association prescribe a greater majority requirement. If a public limited company has several classes of shares, a resolution on amendment of the articles of association shall be adopted if, in addition to the provisions of the first sentence, at least two-thirds of the votes represented at the general meeting of each class of share are in favour unless the articles of association prescribe a greater majority requirement.

(2) A resolution on amendment of the articles of association shall enter into force as of the making of a corresponding entry in the commercial register. The resolution of the general meeting on amendment of the articles of association, the minutes of the general meeting and the new text of the articles of association shall be appended to the petition submitted to the commercial register. In case of introducing a share without nominal value or with nominal value, the notice from the registrar of the Estonian register of securities or another depository regarding the fact that the public limited company has notified the registrar about the introduction of the share without nominal value or with nominal value shall also be enclosed to the petition filed with the commercial register in addition to the documents specified in the previous sentence. In case of introducing a share without nominal value, the petition shall also indicate the number of shares.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 301. Decrease of assets

Where the net assets of a public limited company are less than one-half of the share capital, the general meeting must decide on:
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
1) a reduction or increase of share capital on the condition that the net assets would thereby form at least one-half of the share capital; or
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
1^1) the implementation of other measures as a result of which the net assets of the public limited company would form at least one-half of the share capital;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) dissolution, merger, division or transformation of the public limited company; or
3) submission of a bankruptcy petition.

§ 301^1. Nullity of resolution of general meeting

(1) The resolution of the general meeting of shareholders is void if:
1) it violates a provision of law established for the protection of the creditors of the public limited company or due to other public interest;
2) it is contrary to good morals;
3) the minutes of the general meeting which passed the resolution has not been notarised in the case prescribed by law;
4) the procedure for calling a meeting was materially violated upon calling of the general meeting which passed the resolution.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) A resolution is also void in other cases provided by law.

(3) Nullity of a resolution may be relied upon in court proceedings by filing an action or objection.

(4) The nullity of a resolution cannot be relied upon if an entry has been made in the commercial register based on the resolution and two years have passed from the date making the entry.

(5) Subsections 5 and 6 of § 302 of this Code correspondingly apply to a court proceeding for establishment of the nullity of a resolution.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 302. Invalidation of resolution of general meeting

(1) Based on an action filed against a public limited company, a court may revoke a resolution of the general meeting of shareholders which is in conflict with the law or the articles of association. The limitation period for the claim is three months after the date of adopting the resolution of the general meeting.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) Revocation of a resolution cannot be demanded if the general meeting has approved the resolution by a new resolution and the new resolution has not been contested within the term specified in the same subsection or the action has not been satisfied.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) Revocation of a resolution of the general meeting may be demanded by the management board or supervisory board if, by enforcing the resolution, an offence or misdemeanour would be committed or if enforcement of the resolution would clearly result in an obligation to compensate for damage, and by a shareholder who did not participate in the general meeting. A shareholder who participated in the general meeting may demand the revocation of the resolution only if the shareholder's objection to the resolution has been entered in the minutes of the general meeting. The shareholders who gave their votes prior to the meeting may demand revocation of a resolution also without entering the objection in the minutes.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(4) If an action has been filed with a court then the court shall not hear the action before the term for contestation of the resolution has expired. Different actions filed in order to revoke the same resolution shall be joined and heard in one proceeding.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(5) A court judgment for revocation of a resolution of the general meeting applies to all shareholders and members of the management board and supervisory board regardless of whether or not they participated in the court proceeding.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) In an entry has been made in the commercial register based on a revoked resolution, the court shall send a copy of the judgment to the registrar of the commercial register for amendment of the entry.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 303. Restriction on right to vote

(1) A shareholder shall not vote if release of the shareholder from obligations or liabilities, conclusion of a transaction between the shareholder and the public limited company, or conduct of a legal dispute with the shareholder or appointment of a representative of the public limited company in such legal dispute or transaction, or issues related to the monitoring or evaluation of the activities of a shareholder or representative thereof in the capacity of a member of the management board or supervisory board, is being decided. The votes of such shareholder shall not be taken into account in the determination of representation.

(2) The provisions of subsection 1 of this section do not apply if a public limited company has only one shareholder or if, in addition to such shareholder, only the public limited company itself is a shareholder. In such case all transactions between the public limited company and the sole shareholder shall be formalised in writing or, a document signed by the shareholder which sets out the main terms and conditions of a transaction shall be promptly prepared.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 304. Minutes of general meeting

(1) Minutes shall be taken of a general meeting. The minutes shall set out:
1) the business name and registered office of the public limited company;
2) the time and place of the meeting;
3) the names of the chair and secretary of the meeting;
4) the agenda of the meeting;
5) the resolutions adopted at the meeting together with the voting results, *inter alia*, the number of shares that gave the votes, the proportion of the share capital of the shares represented by votes, the total number of votes, the number of votes given in favour of and against each resolution and the number of abstained votes;
[RT I 2009, 51, 349 – entry into force 15.11.2009]
6) at the request of a shareholder who maintains a dissenting opinion with regard to a resolution of the meeting, the content of the shareholder's dissenting opinion;
7) material circumstances at the general meeting.

(2) Written proposals and applications submitted to the general meeting and the list of shareholders who participate in the meeting shall be appended to the minutes. The documents certifying the right of representation of the representatives or transcripts thereof shall be appended to the minutes of the general meeting. The minutes shall be signed by the chairman and the recording secretary of the meeting. A dissenting opinion shall be signed by the person who presents the opinion if this person is physically present at the general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) The minutes shall be made accessible to the shareholders after seven days after the end of the general meeting at the registered office of a public limited company or the website of a public limited company. If the public limited company publishes the minutes exclusively on its website, the notice calling the general meeting shall contain reference to this fact and the website address. A listed public limited company shall publish the minutes on its website.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4) A shareholder has the right to obtain a copy of the minutes of the general meeting or a copy of a part thereof if the minutes are not available on the website of the public limited company.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(5) [Omitted – RT I 2001, 93, 565 – entry into force 14.12.2001]

(6) At the request of the management board, supervisory board or shareholders whose shares represent at least one-tenth of the share capital, the minutes of the general meeting shall be notarised. A corresponding written request shall be submitted at least three days prior to the meeting of the shareholders.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(7) The minutes of the general meeting of a public limited company shall be notarised if a resolution of the general meeting is the basis for the election or removal of a member of the supervisory board, or for amendment of the articles of association with regard to the supervisory board. This requirement shall not apply if the public limited company has a single shareholder.

§ 305. General meeting of single member public limited company

(1) If a public limited company has a single shareholder or if, in addition to such shareholder, only the public limited company is a shareholder, resolutions may be adopted without observing the provisions of § 291, 293–297 and 304 of this Code. In such event, a resolution shall be prepared in writing and signed by the shareholders and such resolution shall set forth, among other, the names of the shareholders, the number of votes and the time of the adoption of the resolution. If a resolution of the shareholders provides the basis for the election of a member of the supervisory board, excluding in case of extension of the term of office of a member of the supervisory board, the signature of one of the shareholders shall be certified by a notary. The notarial certification of the signature shall be substituted by the digital signing of the resolution by the person specified in the previous sentence.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(2) The provisions of subsection 1 of this section also applies in the case where there are more shareholders provided that they all agree to the resolution and sign it.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 2
Management Board

§ 306. Competence of management board

(1) The management board is a managing body of the public limited company which represents and manages the public limited company.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) The management board shall, in managing, adhere to the lawful orders of the supervisory board. Transactions which are beyond the scope of everyday economic activities may only be concluded by the management board with the consent of the supervisory board. The management board is required to act in the most economically purposeful manner.

(3) The management board shall present an overview of the economic activities and economic situation of the public limited company to the supervisory board at least once every four months and shall immediately give notice of any material deterioration of the economic condition of the public limited company or of any other material circumstances related to the economic activities of the public limited company. The management board shall also notify of any circumstances related to the companies connected to the public limited company, which may significantly affect the operation of the public limited company. The management board's reports and notices to the supervisory board shall be comprehensive and clear and shall be submitted in good time and in a format which can be reproduced in writing. The members of the members of the supervisory board may demand copies of reports and documents unless the supervisory board decides otherwise.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3^1) Where the economic position of a public limited company has deteriorated and it is likely to become insolvent in the future, the management board must take steps to overcome the economic difficulties, restore its liquidity, improve its profitability and ensure its sustainable management, including consider the filing of a reorganisation petition. Where a public limited company is insolvent and the insolvency, due to the company’s economic situation, is not temporary, the management board must promptly but not later than within 20 days after the date on which the insolvency became evident, file the bankruptcy petition of the public limited company with a court. After insolvency has become evident, the members of the management board may no longer make payments on behalf of the public limited company, unless making the payments in the situation of insolvency conforms to the due diligence requirements. The members of the management board must jointly and severally compensate to the public limited company any payments made by the public limited company after the insolvency of the company became evident which, under the circumstances, were not made with due diligence. The provisions of § 315 of this Code apply to the liability of the members of the management board.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(4) The management board shall organise the accounting of the public limited company.

(5) The specific work procedure of the management board may be prescribed by the articles of association or by a resolution of the management board or supervisory board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) The management board shall prepare the matters to he discussed at a general meeting, prepare the drafts of resolutions and

necessary drafts and ensure the enforcement of the resolutions of a general meeting.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(7) The management board shall ensure the application of necessary measures and above all, the organisation of internal audit in order to detect, as early as possible, any circumstances which are likely to jeopardise the operation of the public limited company.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 307. Right of representation of management board

(1) Every member of the management board may represent the public limited company in performing all transactions unless the articles of association prescribe that all or some of the members of the management board may represent the public limited company jointly. Joint representation shall apply with regard to third persons only if it is entered in the commercial register.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) Upon concluding transactions on behalf of a public limited company, the members of the management board are required to adhere, with respect to the public limited company, the restrictions prescribed by the articles of association or established by the general meeting, the supervisory board or the management board. A restriction on the right of representation does not apply with regard to third persons.

(3) A transaction concluded between a public limited company and a member of the management board is void if the supervisory board does not agree to the transaction. The above does not apply to transactions concluded in the course of the everyday economic activities of the public limited company or based on the market price of a service.

(4) A member of the management board has no right to represent the public limited company in the performance of transactions for which, pursuant to law, the shareholders or the supervisory board must separately decide on the appointment of representatives.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

§ 308. Members of management board

(1) A member of the management board need not be a shareholder. The management board may have one member (director) or several members.

(2) A member of the management board must be a natural person with active legal capacity.

(3) A member of the supervisory board shall not be a member of the management board. The articles of association may prescribe other persons who shall not be members of the management board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3^1) A person with respect to whom a court has, pursuant to §§ 49 or 49^1 of the Penal Code, imposed a prohibition on acting as a member of the management board or a prohibition to engage in enterprise, a person who is prohibited from operating within the same area of activity as the public limited company, or a person who is prohibited to act as a member of the management board on the basis of law or a court decision shall not be a member of the management board.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(4) [Repealed – RT I 2010, 77, 589 – entry into force 01.01.2011]

§ 309. Election and removal of members of management board

(1) The members of the management board shall be elected and removed by the supervisory board. In order to elect a member of the management board, his or her consent is required.

(2) A member of the management board shall be elected for a specified term of three years unless the articles of association prescribe another term. The articles of association shall not prescribe a term of office longer than five years for the members of the management board Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. A resolution for extension of the term of office of a member of the management board entered in the commercial register shall be immediately sent to the registrar of the commercial register.

(3) The supervisory board may remove a member of the management board regardless of the reason. Rights and obligations arising from contracts entered into with a member of the management board shall terminate pursuant to the contracts. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the management board.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(4) The chairman of the supervisory board or a person authorised by him or her shall sign a petition for entry of expiry of the authority of a member of the management board or for entry of a new member of the management board in the register. The corresponding minutes of the meeting of the supervisory board shall be appended to the petition.

(5) A member of the management board may resign from the management board regardless of the reason by giving the notice thereof to the supervisory board. Rights and obligations arising from a contract concluded with a member of the management board shall terminate pursuant to the contract. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the management board.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(6) Where an entry made in the commercial register concerning a member of the management board becomes incorrect due to the removal, resignation or expiry of the term of office of the member of the management board, the provisions of § 53 of the Commercial Register Act apply.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 310. Substitute members

With good reason, a court may appoint a new member of the management board to replace a withdrawn member of the management board at the request of the supervisory board, a shareholder or other interested person. The authority of the court-appointed member of the management board shall continue until appointment of a new member of the management board by the supervisory board. A member of the management board appointed by a court has the right, at the expense of the public limited company, to be compensated for his or her costs to a reasonable extent and to receive a reasonable fee, the amount of which shall be established, in the case of dispute, by a court ruling.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 311. Chairman of management board

If the management board has more than two members, the members of the management board shall elect a chairman of the management board from among themselves, who shall organise the activities of the management board. The articles of association may grant the right to appoint the chairman of the management board to the supervisory board.

§ 312. Prohibition on competition

(1) Without the consent of the supervisory board, a member of the management board shall not:
1) be a sole proprietor in the area of activity of the public limited company;
2) be a partner of a general partnership or a general partner of a limited partnership which operates in the same area of activity as the public limited company;
3) be a member of a managing body of a company which operates in the same area of activity as the public limited company, except if the companies belong to one group.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) If the activities of a member of the management board are in conflict with the provisions of subsection 1 of this section, the public limited company may demand that the member of the management board terminate the prohibited activity, transfer the income received from the prohibited activity to the public limited company and compensate for damage to the extent exceeding the claimed income.

(3) The limitation period for a claim to terminate a prohibited activity and to transfer the income received from the prohibited activity shall be three months from the date the public limited company becomes aware of the violation of the prohibition on competition but not longer than three years after the violation of the prohibition on competition. The general limitation period shall apply to a claim for compensation of damage.

§ 313. Preservation of business secrets

(1) The members of the management board shall preserve the business secrets of the public limited company.

(2) The public limited company shall not claim compensation for any damage caused by violation of the obligation specified in subsection 1 of this section if the members of the management board acted in accordance with a lawful resolution of the general meeting or of the supervisory board.

§ 314. Remuneration of member of management board

(1) The amount of remuneration payable to a member of the management board and the procedure for payment shall be determined by a resolution of the supervisory board.

(2) Upon determining the procedure for remuneration of the members of the management board and the amount of fees and other benefits, and upon entry into contracts with the members of the management board, the supervisory board shall ensure that the total amount of the payments made by the public limited company to the members of the management board are in reasonable proportion to the duties of the members of the management board and the economic situation of the public limited company.

(3) If the economic situation of a public limited company significantly deteriorates and further payment to a member of the management board of the fees established for or agreed upon with the member, or further allowing of other benefits to the member would be extremely unfair to the public limited company, the public limited company may require the decrease of the fees or benefits.

(4) The decrease specified in subsection 3 of this section does not affect other terms and conditions of contracts entered into with the members of the management board. If decrease of fees or other benefits is demanded, the member of the management board may exercise the right to extraordinary cancellation of a contract entered into with him or her upon one month's advance notice of cancellation.

(5) Upon declaration of bankruptcy of a public limited company and termination of the contract of a member of the management board, the member of the management board has the right to demand, in the course of the bankruptcy proceeding, compensation of the damage caused by the termination of the contract within one year after the date of termination of the contract.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 315. Liability of members of management board

(1) A member of the management board shall perform his or her duties with due diligence.

(2) Members of the management board who cause damage to the public limited company by violation of their obligations shall be jointly and severally liable for compensation for the damage caused. A member of the management board is released from liability if he or she proves that he or she has performed his or her obligations with due diligence.

(3) The limitation period for assertion of a claim against a member of the management board is five years unless the articles of association of the public limited company or an agreement with the member of the management board prescribes another limitation period.

(4) A claim for payment of compensation to a public limited company for damage specified in subsection 2 of this section may also be submitted by a creditor of the public limited company if the assets of the public limited company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a public limited company, only a trustee in bankruptcy may file a claim on behalf of the public limited company.

(5) A creditor or trustee in bankruptcy has the right to file the claim specified in subsection 4 of this section also if the public limited company has waived the claim against a member of the management board or has entered into a contract of compromise with such member or, upon agreement with the member of the management board, has limited the claim or filing thereof in another manner or reduced the limitation period.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 3
Supervisory board

§ 316. Competence of supervisory board

(1) The supervisory board shall plan the activities of the public limited company, organise the management of the public limited company and supervise the activities of the management board. The supervisory board shall notify the general meeting of the results of a review.

(2) If the private limited company has no members of the management board, the provisions of subsection 3^1 of § 306 of this Code shall apply to the members of the supervisory board, unless a member of the supervisory board proves that he or she was not aware and did not have to be aware of the permanent insolvency.
[RT I, 04.01.2021, 4 – entry into force 01.02.2021]

§ 317. Rights of supervisory board

(1) The supervisory board shall give orders to the management board for organisation of the management of the public limited company. The consent of the supervisory board is required for conclusion of transactions which are beyond the scope of everyday economic activities and, above all, for conclusion of transactions which bring about:
1) the acquisition or termination of holdings in other companies; or
1^1) the foundation or dissolution of subsidiaries; or
2) the acquisition or transfer of an enterprise, or the termination of its activities; or
3) the transfer or encumbrance of immovables or registered movables; or
4) the foundation or closure of foreign branches; or
5) the making of investments exceeding a prescribed sum of expenditure for the current financial year; or
6) the assumption of loans or debt obligations exceeding a prescribed sum for the current financial year; or
7) the granting of loans or the guarantee of debt obligations if this is beyond the scope of everyday economic activities.

(2) The articles of association may prescribe that the consent of the supervisory board shall not be required, or is only required in the cases specified in the articles of association, for conclusion of transactions specified in subsection 1 of this section, and may prescribe other transactions for the conclusion of which the consent of the supervisory board is required. The articles of association may also grant the supervisory board the right to decide on other issues which are not placed within the competence of the management board or the general meeting pursuant to law or the articles of association.

(3) The consent specified in subsections 1 and 2 of this section shall not be required for conclusion of a transaction if a delay in conclusion of the transaction would bring about significant damage to the public limited company.

(4) The restrictions provided for in subsections 1 and 2 of this section shall not apply with regard to third persons.

(5) The supervisory board shall appoint and remove procurators.

(6) In order to fulfil its tasks, the supervisory board has the right to examine all documents of the public limited company and to audit the accuracy of accounting, the existence of assets and the conformity of the activities of the public limited company with the law, the articles of association and resolutions of the general meeting.

(7) The supervisory board has the right to obtain information concerning the activities of the public limited company from the management board and to demand an activity report and preparation of a balance sheet from the management board. Every member of the supervisory board has the right to demand the submission of reports and information to the supervisory board. The supervisory board shall also approve the annual budget of the public limited company unless the articles of association place this within the competence of the general meeting.

(8) The supervisory board shall decide on conclusion and terms and conditions of transactions with members of the management board and it shall also decide on the conduct of legal disputes with the members of the management board. The supervisory board shall appoint a representative of the public limited company for the conclusion of the transactions and conduct of the legal disputes.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(9) The supervisory board also has other rights provided by law.

(10) The supervisory board shall request the calling of a general meeting from the management board if this is clearly in the interests of the public limited company.

(11) The specific work procedure of the supervisory board may be prescribed by the articles of association or by a resolution of a general meeting or supervisory board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 318. Members of supervisory board

(1) The supervisory board shall have three members unless the articles of association prescribe a greater number of members. A member of the supervisory board must be a natural person with active legal capacity.

(2) A member of the supervisory board need not be a shareholder.

(3) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]

(4) A member of the management board, a procurator, auditor, or a member of the management board of a subsidiary of the public limited company shall not be a member of the supervisory board. The articles of association may prescribe other persons who shall not be members of the supervisory board.

(4^1) A person with respect to whom a court has, pursuant to §§ 49 or 49^1 of the Penal Code, imposed a prohibition on acting as a member of the supervisory board or a prohibition to engage in enterprise, a person who is prohibited from operating within the same area of activity as the public limited company, or a person who is prohibited to act as a member of the supervisory board on the basis of law or a court decision shall not be a member of the supervisory board.
[RT I 2008, 52, 288 – entry into force 22.12.2008]

(5) The management board submits to the commercial register a list of members of the supervisory board which must set out the names, personal identification codes, and dates of entry into force of authorisations and, in the case specified in subsection 5 of § 10 of the Commercial Register Act, also the addresses of the members. Upon a change of the members of the supervisory board, the management board submits a new list of the members of the supervisory board to the commercial register within five days. The minutes of the general meeting at which the members were elected or other resolutions on the appointment of members of the supervisory board and the consent of each new member of the supervisory board specified in subsection 1 of § 319 of this Code must be appended to the list of the members of the supervisory board.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(5^1) If the minutes prepared in respect to a resolution of the general meeting of shareholders concerning the election or removal of a member is notarised then, instead of the management board, the notary who authenticates the minutes shall submit the amendments to the list of the members of the supervisory board to the commercial register pursuant to the procedure established by the minister in charge of the policy sector after having previously verified the consents specified in subsection 1 of § 318 of this Code.
[RT I 2009, 27, 164 – entry into force 08.06.2009]

(6) A transaction concluded between a public limited company and a member of the supervisory board is void if a general meeting does not agree to the transaction. The above does not apply to transactions concluded in the course of the everyday economic activities of the public limited company or based on the market price of a service.

§ 319. Election and removal of members of supervisory board

(1) The members of the supervisory board shall be elected and removed by the general meeting. In order to elect a member of the supervisory board, his or her written consent is required.

(2) The law or the articles of association may prescribe that not more than half of the members of the supervisory board shall be elected or appointed and removed in a manner different than provided for in subsection 1 of this section.

(3) A member of the supervisory board shall be elected for a term of five years unless the articles of association prescribe a shorter term of authority.

(4) Upon a resolution of the general meeting, a member of the supervisory board elected by the general meeting may be removed regardless of the reason. A resolution on removal of a member of the supervisory board before expiry of his or her term of authority shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour. Members of the supervisory board who are not elected by the general meeting may be removed before the term provided for in the resolution on their election or appointment by a resolution of their elector or appointer. Rights and obligations arising from a contract entered into with a member of the supervisory board shall terminate pursuant to the contract. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the supervisory board.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(5) Shareholders whose shares represent at least one-tenth of the share capital may, with good reason, request the removal of a member of the supervisory board by a court.

(6) At the request of the management board, supervisory board, a shareholder or other interested person, a court may, with good reason, appoint a new member to replace a removed member of the supervisory board. The authority of the court-appointed member of the supervisory board shall continue until the election or appointment of a new member of the supervisory board by the general meeting. A member of the supervisory board appointed by a court has the right to be compensated, to a reasonable extent, for his or her costs and to receive a reasonable fee at the expense of the public limited company, the amount of which shall be established, in the case of dispute, by a court ruling.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(7) A member of the supervisory board may resign from the supervisory board regardless of the reason notifying thereof the general meeting or his or her appointer. Rights and obligations arising from a contract entered into with a member of the supervisory board shall terminate pursuant to the contract. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the supervisory board.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 320. Chairman of supervisory board

The members of the supervisory board shall elect a chairman from among themselves, who shall organise the activities of the supervisory board. The registrar of the commercial register shall be notified of the election and exchange of the chairman of the supervisory board within five days. For notification, the relevant resolution of the supervisory board shall be submitted.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 321. Meeting of supervisory board

(1) Meetings of the supervisory board shall be held when necessary but not less frequently than once every three months. A meeting shall be called by the chairman of the supervisory board or by a member of the supervisory board substituting for the chairman. Advance notice of at least one day shall be given of the holding of a meeting and of its agenda unless the articles of association prescribe a longer term.

(2) A meeting of the supervisory board has a quorum if more than one-half of the members of the supervisory board participate. The articles of association may prescribe a greater representation requirement. A member of the supervisory board shall not be represented by another member of the supervisory board or by a third person at a meeting or in the adoption of a resolution. Participation in a meeting of the supervisory board by electronic means shall take place pursuant to the procedure provided for in § 33^1 of the General Part of the Civil Code Act.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

(3) A meeting of the supervisory board shall be called if this is demanded by a member of the supervisory board, the management board, an auditor or shareholders whose shares represent at least one-tenth of the share capital. If the meeting is not called within two weeks after the date of receipt of the relevant request, a member of the supervisory board, the management board, auditors or shareholders have the right to call the meeting themselves.

(3^1) An issue which is not included on the agenda in the notice may be added to the agenda by the supervisory board only if all members of the supervisory board participate in the meeting and at least three-quarters of the members of the supervisory support including the issue on the agenda.

(4) Minutes shall be taken of a meeting of the supervisory board. The minutes shall be signed by all the members of the supervisory board who participate in the meeting and the recording secretary of the meeting. The dissenting opinion of a member of the supervisory board shall be entered in the minutes, which shall be confirmed by his or her signature.

(5) If the requirements of law or of the articles of association are violated in the calling of a meeting of the supervisory board, the supervisory board shall not be authorised to adopt resolutions unless all the members of the supervisory board participate in the meeting. Resolutions adopted at such meeting of the supervisory board are void unless the members of the supervisory board with respect to whom the procedure for calling the meeting was violated approve of the resolutions.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 322. Resolution of supervisory board

(1) A resolution of the supervisory board shall be adopted if more than one-half of the members of the supervisory board who participate in the voting vote in favour. The articles of association may prescribe a greater representation requirement.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(1^1) The quorum of the supervisory board or the validity of a resolution is not affected by the fact that less members than prescribed by the articles of association belong to the supervisory board.

(1^2) The members of the supervisory board absent from a meeting may participate in voting if they communicate their vote in a form which can be reproduced in writing.

(2) Each member of the supervisory board shall have one vote. A member of the supervisory board does not have the right to abstain from voting or to remain undecided. The chairman of the supervisory board shall have the deciding vote upon an equal division of votes if so prescribed by the articles of association.

(3) A member of the supervisory board shall not participate in voting if approval of the conclusion of a transaction between the member and the public limited company is being decided, or if approval of the conclusion of a transaction between a third person and the public

limited company is being decided if the interests of the member of the supervisory board arising from such transaction are in conflict with the interests of the public limited company.

(4) Based on an action filed against a public limited company, a court may revoke a resolution of the supervisory board which is in conflict with the law or the articles of association. The limitation period for the claim is three months after the date of adopting the resolution of the supervisory board.

(5) Revocation of a resolution of the supervisory board cannot be demanded if the supervisory board has approved the resolution by a new resolution and the new resolution has not been contested within the term specified in the same subsection or the action has not been satisfied.

(6) Revocation of a resolution of the supervisory board may be demanded by the management board or a shareholder if, by enforcing the resolution, an offence or misdemeanour would be committed or if enforcement of the resolution would clearly result in an obligation to compensate for damage, and by a member of the supervisory board who did not participate in the adoption of the resolution. A member of the supervisory board who participated in the adoption of a resolution may demand the revocation of the resolution only if the objection of the member of the supervisory board to the resolution has been entered in the minutes.

(7) A resolution of the supervisory board is void if he requirements of law or the articles of association are violated in calling the supervisory board or if it violates a provision of law established for the protection of the creditors of the public limited company or due to other public interest, or if it is contrary to good morals, or other cases prescribed by law.

(8) The provisions of subsections 4–6 of § 302 otherwise apply to revocation of resolutions of the supervisory board and the provisions of subsections 3–5 of § 301^1 otherwise apply to the nullity of resolutions.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 323. Adoption of resolution without calling meeting

(1) The supervisory board has the right to adopt resolutions without calling a meeting, unless the articles of association prescribe otherwise and if prescribed by the work procedure of the supervisory board, or if all of the members of the supervisory board consent to it.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(2) The chairman of the supervisory board shall send the draft resolution specified in subsection 1 of this section to all members of the supervisory board and specify the term by which the member of the supervisory board must present his or her position on it. The position of a member of the supervisory board shall be expressed in writing, unless the articles of association or work procedure of the supervisory board prescribe otherwise. If a member of the supervisory board does not give notice of whether the member is in favour of or opposed to the resolution during this term, it shall be deemed that he or she votes against the resolution.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(3) If a resolution is made pursuant to the procedure provided for in this section, the resolution shall be adopted if more than one-half of the votes of the members of the supervisory board are in favour unless the law or the articles of association prescribe a greater majority requirement.

(4) The chairman of the supervisory board shall prepare a record of voting on the results of voting in lieu of minutes of the meeting and shall send the record promptly to the members of the supervisory board and management board. A record of voting shall set out:
1) the business name and registered office of the public limited company;
2) the adopted resolutions and the number of votes in favour (including the names of the members of the supervisory board who voted in favour of each resolution);
3) other circumstances of importance with regard to the vote.

(5) The opinions of members of the supervisory board specified in subsection 2 of this section shall be an integral part of the record of voting.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

(6) A resolution may be formalised also without advance notice and record of vote if all the members of the supervisory board agree to and sign the resolution. A resolution shall set out the names of the members of the supervisory board and the time of passing the resolution.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 324. Prohibition on competition

(1) Without a resolution of the general meeting, a member of the supervisory board shall not:
1) be a sole proprietor in the area of activity of the public limited company;
2) be a partner of a general partnership or a general partner of a limited partnership which operates in the same area of activity as the public limited company;
3) be a member of a managing body of a company which operates in the same area of activity as the public limited company, except if the companies belong to one group.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) If the activities of a member of the supervisory board are in conflict with the provisions of subsection 1 of this section, the public limited company may demand that the member of the supervisory board terminate the prohibited activity, transfer the income received from the prohibited activity to the public limited company and compensate for damage to the extent exceeding the claimed income.

(3) The limitation period for a claim to terminate a prohibited activity and to transfer the income received from the prohibited activity shall be three months from the date the public limited company becomes aware of the violation of the prohibition on competition but not longer than three years after the violation of the prohibition on competition. The general limitation period shall apply to a claim for compensation of damage.

§ 325. Preservation of business secrets

(1) The members of the supervisory board shall preserve the business secrets of the public limited company.

(2) The public limited company shall not claim compensation for any damage caused by violation of the obligation specified in subsection 1 of this section if the members of the supervisory board acted in accordance with a lawful resolution of the general meeting.

§ 326. Remuneration for work by member of supervisory board

(1) The general meeting shall specify the procedure for and amount of remuneration for the members of the supervisory board. The founders shall decide on remuneration of the first members of the supervisory board.

(2) Upon determining the procedure for remuneration of the members of the management board and the amount of fees and other benefits, and upon concluding contracts with the members of the supervisory board, it shall be ensured that the total amount of the payments made by the public limited company to the members of the supervisory board are in reasonable proportion to the duties of the members of the supervisory board and the economic situation of the public limited company.

(3) If the economic situation of a public limited company significantly deteriorates and further payment to a member of the supervisory board of the fees established for or agreed upon with the member, or further allowing of other benefits to the member would be extremely unfair to the public limited company, the public limited company may require the decrease of the fees or benefits.

(4) The decrease specified in subsection 3 of this section does not affect other terms and conditions of contracts entered into with the member of the supervisory board. If decrease of fees or other benefits is demanded, the member of the supervisory board may exercise the right to extraordinary cancellation of a contract entered into with him or her upon one month's advance notice of cancellation.

(5) Upon declaration of bankruptcy of a public limited company and termination of the contract of a member of the supervisory board, the member of the supervisory board has the right to demand, in the course of the bankruptcy proceeding, compensation of the damage caused by the termination of the contract within one year after the date of termination of the contract.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 327. Liability of members of supervisory board

(1) A member of the supervisory board shall perform his or her duties with due diligence.

(2) Members of the supervisory board who cause damage to the public limited company by violation of their obligations shall be jointly and severally liable for compensation for the damage caused. A member of the supervisory board is released from liability if he or she proves that he or she has performed his or her obligations with due diligence.

(3) The limitation period for assertion of a claim against a member of the supervisory board is five years unless the articles of association of the public limited company or an agreement with the member of the management board prescribes another limitation period.

(4) A claim for payment of compensation to a public limited company for damage specified in subsection 2 of this section may also be submitted by a creditor of the public limited company if the assets of the public limited company are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of a public limited company, only a trustee in bankruptcy may file a claim on behalf of the public limited company.

(5) A creditor or trustee in bankruptcy has the right to file the claim specified in subsection 4 of this section also if the public limited company has waived the claim against a member of the supervisory board or has entered into a contract of compromise with such member or, upon agreement with the member of the supervisory board, has limited the claim or filing thereof in another manner or reduced the limitation period.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 4
Auditor and Special Audit

§ 328. Appointment of auditor

(1) The number of auditors shall be specified and auditors shall be appointed by the general meeting, which shall also specify the procedure for remuneration of auditors. The written consent of a person shall be required for appointment of the person as auditor.

(2) [Omitted – RT I 1999, 24, 360 – entry into force 01.07.1999]

(3) The management board shall submit a list of auditors to the commercial register, which shall set out the names and personal identification codes of the auditors, and the legal basis for their activities as auditors. Upon a change of auditors, the management board shall, within five days, submit a new list of auditors to the commercial register. The consent of auditors specified in subsection 1 of this section shall be appended to a list of auditors submitted to the commercial register.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(4) At the request of the management board, supervisory board, a shareholder or other interested person, a court may, with good

reason, appoint a new auditor to replace a withdrawn auditor. The authority of a court-appointed auditor shall continue until election of a new auditor by the general meeting. The court shall also specify the procedure for and amount of remuneration for the auditors it appoints.

§ 329. Term of authority of auditor

An auditor may be appointed to conduct a single audit or for a specified term.

§ 329^1. Change and replacement of auditor by court

(1) The management board, supervisory board, another person specified in the law or the shareholders whose shares represent at least one tenth of the share capital may request the change of an auditor appointed by the general meeting from a court if doubt exists concerning the impartiality of the person appointed by the general meeting. The court shall hear the auditor appointed by the general meeting.

(2) The request specified in subsection 1 of this section may be submitted within two weeks after the appointment of an auditor or becoming aware of the respective circumstances.

(3) A court shall also decide on the procedure for and amount of remuneration for the auditors appointed by the court.
[RT I 2010, 9, 41 – entry into force 08.03.2010]

§ 330. Special audit

(1) At the general meeting of shareholders, shareholders whose shares represent at least one-tenth of the share capital may demand a resolution on conduct of a special audit on matters regarding the management or financial situation of the public limited company, and the appointment of an auditor for the special audit.

(2) If the general meeting does not decide on conduct of a special audit, shareholders whose shares represent at least one tenth of the share capital may request that a special audit be conducted and that an auditor for the special audit be appointed by a court. The court shall decide on conduct of a special audit only with good reason. If possible, the court shall also hear the members of the management board and supervisory board of the public limited company before deciding on the conduct of a special audit.

(2^1) The shareholders whose shares represent at least one tenth of the share capital may also demand, pursuant to the procedure provided by subsection 2 of this section, the substitution of the auditor for the special audit appointed by the general meeting of shareholders if such person clearly lacks the expertise or experience necessary for the conduct of the special audit or if doubts exist concerning his or her impartiality. The court shall also hear the auditor for the special audit appointed by the general meeting of shareholders.

(3) Auditors, sworn advocates or companies of advocates may be the auditors for a special audit. If the auditors for a special audit are appointed by the general meeting, the general meeting shall also approve the procedure for their remuneration. The procedure for and amount of remuneration for court-appointed auditors for a special audit shall be specified by the court.

(4) The members of the management board and supervisory board shall enable the auditors for the special audit to examine all documents necessary for conduct of the special audit and shall provide necessary information. The auditors for the special audit also have the above right with respect to companies belonging to the same group as the public limited company being audited. The auditors for the special audit shall preserve the business secrets of the public limited company. In the case of refusal to allow documents to be examined or information to be given, an auditor for the special audit may submit, within two weeks after the refusal, or within four weeks after submission of a request to such effect if no response to such request has been received, a petition to a court by way of proceedings on petition in order to obligate the members of the management board or supervisory board to allow documents to be examined or information to be given.

(5) The auditors for the special audit shall prepare a report concerning the results of the special audit, which they shall present to the general meeting of shareholders. Clause 8 of subsection 4 and subsection 4^2 of § 294 of this Code shall respectively apply to making the report available.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(6) The provisions concerning the liability of auditors for mandatory auditing apply to the liability of auditors for special audit. The provisions of the Bar Association Act apply to the liability of sworn advocates and companies of advocates conducting special audits.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 28
REPORTING AND DISTRIBUTION OF PROFITS

§ 331. Preparation of annual report

After the end of the financial year, the management board shall prepare the annual accounts and activity report pursuant to the procedure provided for in the Accounting Act.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

§ 332. Presentation of reports

(1) After the preparation of the annual report, the management board shall promptly present it to the auditor.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(2) The management board shall present the annual report, the sworn auditor's report and the profit distribution proposal to the general meeting.
[RT I 2010, 9, 41 – entry into force 08.03.2010]

(3) A profit distribution proposal shall set out:
1) the net profit;
2) the transfers to legal reserve;
3) the transfers of profit to other reserves prescribed by law or the articles of association;
4) the share of profit to be paid to shareholders;
5) the use of profit for other purposes.

(4) The management board shall provide the shareholders with an opportunity to examine the annual report approved and signed pursuant to the provisions of § 25 of the Accounting Act for at least two weeks before the general meeting.
[RT I, 25.05.2012, 8 – entry into force 04.06.2012]

§ 333. Rights of supervisory board in preparation of reports

(1) The supervisory board shall review the annual report and shall prepare a written report concerning the annual report, which shall be presented to the general meeting. The supervisory board shall indicate in the report whether it approves the annual report prepared by the management board. In addition, the report shall indicate how the supervisory board has organised and managed the activities of the public limited company.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

(2) The supervisory board has the right to make amendments to the profit distribution proposal before its presentation to the general meeting.

§ 334. Approval of annual report and submission to commercial register

(1) An annual report shall be approved by the general meeting. The shareholders whose shares represent at least one tenth of the share capital may request of the public limited company that the auditor who prepared the sworn auditor’s report participate in the adoption of the resolution to approve the annual report, and provide explanations concerning the sworn auditor’s report if the shareholders have submitted the corresponding written request at least five days before the general meeting.
[RT I 2010, 9, 41 – entry into force 08.03.2010]

(2) The management board shall submit the approved annual report together with the proposal for the distribution of profit or the covering of loss, the division of the sales revenue and the sworn auditor's report to the commercial register within six months after the end of the financial year. Together with the submission of the annual report, the management board shall notify in what way specified in § 301 of this Code the general meeting have decided to cover the loss. Unless the shares are entered in the Estonian register of securities and another depository maintaining the share register does not disclose the data pursuant to the provisions of subsection 2 of § 7 of the Securities Register Maintenance Act, a list of holders of shares who hold more than ten per cent of the votes determined by shares as at the date of the general meeting which approves the annual report shall be presented together with the annual report. The list shall indicate the data specified in subsection 1 of § 233 of this Code whereas only the country of the residence or registered office of the shareholder shall be specified instead of the address of the shareholder.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(2^1) The management board of a company exempt from the preparation of the annual report of the consolidation group pursuant to subsection 5 or 6 of § 29 of the Accounting Act shall submit to the commercial register within six months as of the end of the financial year the annual report of the consolidation group prepared by the parent undertaking together with the sworn auditor’s report, if auditing is compulsory. Neither the annual report of the consolidation group nor the sworn auditor’s report need to be submitted to the commercial register if the parent undertaking is a legal person registered in Estonia.
[RT I, 30.12.2015, 4 – entry into force 01.01.2016]

(2^2) If the general meeting does not pass a resolution to approve the annual report, the management board submits the unapproved annual report with the respective notation to the commercial register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The division of the sales revenue shall contain information regarding the sales revenue for the accounting year in up to ten major areas of activity pursuant to the Classification of Economic Activities established on the basis of subsection 6 of § 4 of this Code. In case of the annual report of a consolidation group, the division of the sales revenue is submitted on the basis of the respective information in the unconsolidated income statement of the consolidating entity.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

§ 335. Profit distribution resolution

(1) A profit distribution resolution shall be adopted by the general meeting on the basis of the approved annual report.
[RT I 2009, 13, 78 – entry into force 01.07.2009]

(1^1) A parent undertaking who prepares the annual report of the consolidation group shall approve the profit distribution resolution

based on the consolidated reports of the consolidation group. Profit as apparent from the consolidated reports shall not be distributed in so far as this would decrease the net assets of the parent undertaking to a level below the total of share capital and reserves which pursuant to law or the articles of association shall not be paid out to shareholders.

(1^2) If a company capitalises the development-related expenditure as intangible assets and the development expenditure has not completely depreciated, profit cannot be distributed unless the sum of the reserves which can be used for the distribution of profit and the retained profit from previous periods at least equals the undepreciated development expenditure.
[RT I, 30.12.2015, 4 – entry into force 01.01.2016]

(2) A profit distribution resolution shall set out:
1) the amount of net profit;
2) the transfers to legal reserve;
3) the transfers to other reserves prescribed by law or the articles of association;
4) the share of profit to be distributed among the shareholders;
5) the use of profit for other purposes.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

(3) The management board shall submit the information regarding the profit distribution resolution specified in subsection 2 of this section to the commercial register together with the annual report if this information is not manifested by the annual report. If the profit distribution resolution is adopted after the submission of the annual report, the aforementioned information shall be submitted together with the next annual report.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

§ 336. Formation of legal reserve

(1) Legal reserve shall be formed from annual net profit transfers and other transfers entered in the legal reserve pursuant to law or the articles of association.

(2) The amount of legal reserve shall be prescribed in the articles of association and shall not be less than one-tenth of the share capital.

(3) During each financial year, at least one-twentieth of the net profit shall be entered in the legal reserve. When the legal reserve reaches the amount prescribed in the articles of association, the increase of the legal reserve on the account of net profit shall be terminated.

§ 337. Use of legal reserve

(1) Upon a resolution of the general meeting, legal reserve may be used to cover a loss if it is not possible to cover the loss from available shareholders' equity of the public limited company (from retained profit from previous periods and legal reserve prescribed by the articles of association), or may be used to increase share capital.

(2) Payments shall not be made to shareholders from legal reserve.

Chapter 29
ALTERATION OF SHARE CAPITAL

Subchapter 1
Increase of Share Capital

§ 338. Methods of increase of share capital

(1) Share capital may be increased by the issue of new shares or the increase of the nominal value or book value of existing shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) Share capital shall be increased with or without supplementary contributions.

(3) If the share capital is increased by issuing new shares without nominal value, the number of the shares shall be increased proportionally to the increase of the share capital. Any shares issued in violation of the requirement specified in the previous sentence shall be null and void.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 339. Notice calling general meeting

In order to increase share capital, the notice calling the general meeting shall set out:
1) the reason and method for the increase of share capital;
2) the new amount of share capital;
3) the number of new shares and their nominal value of shares with nominal value or the new nominal values of existing shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
4) the pre-emptive right to subscribe for new shares and the term for its exercise;
5) if share capital is increased by the issue of new shares, the term and place for subscription;
6) if a new class of shares is issued, the rights attaching to such shares.

§ 340. Documents presented to special general meeting

If an increase of share capital is decided by a special general meeting, the management board presents the preceding annual report, approved by the general meeting, and an overview of the economic activities of the public limited company for the current year to the general meeting. Clause 8 of subsection 4 and subsection 4^2 of § 294 of this Code respectively apply to making the documents specified in the previous sentence available.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 341. Adoption of resolution to increase share capital

(1) A resolution on increase of share capital shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour. The articles of association may prescribe a greater majority requirement.

(2) If the public limited company has several classes of shares, a resolution on increase of share capital shall be adopted if, in addition to the provisions of subsection 1 of this section, at least two-thirds of the votes represented of each class of shares at the general meeting are in favour. The articles of association may prescribe a greater majority requirement.

(3) If the articles of association must be amended due to the increase of share capital, amendment of the articles of association shall be decided before share capital is increased.

(4) A resolution on increase of share capital shall not be adopted before entry of the public limited company in the commercial register.

§ 342. Resolution on increase of share capital

A resolution on increase of share capital shall set out:
1) the number of new shares and their nominal value of shares with nominal value, and also the amount of the increase of the share capital;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
2) the classes of shares to be issued if the public limited company has or issues several classes of shares;
3) the pre-emptive right to subscribe for new shares and the term for its exercise, and the date as of which shareholders have a pre-emptive right to subscribe;
4) the share subscription term;
5) the time and place for payment of shares, and whether and to what extent the shares shall be paid for by a monetary or non-monetary contribution; in the case of a non-monetary contribution, the item of the non-monetary contribution;
6) if the nominal values of shares are increased, the new nominal values of existing shares;
7) if shares are issued with a premium, the premium amount, which may be specified either as a specific amount or a maximum premium; the supervisory board may determine a higher premium until the subscription commences;
8) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
9) in the case of a bonus issue, also reference to the underlying balance sheet and equity categories, and the amount of each equity category used to carry out the bonus issue.

§ 343. Entry in commercial register

(1) If share capital is paid in full or a bonus issue is conducted, the management board shall submit a petition to the commercial register for entry of the increase of share capital in the commercial register. The following shall be appended to the petition:
1) the resolution of the general meeting;
2) the minutes of the general meeting;
3) the new text of the articles of association if the articles of association are amended;
4) upon increase of share capital by new contributions, a notice of a credit institution or payment institution concerning the payment of share capital;
[RT I, 20.12.2018, 1 – entry into force 01.01.2019]
5) upon a bonus issue, the annual report or interim balance sheet on which it is based;
6) upon payment by a non-monetary contribution, documents certifying the value of the contribution and its transfer;
6^1) a notice from the registrar of the Estonian register of securities or another depository confirming that the management board has informed the registrar or the depository of the increase in share capital;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
7) other documents provided by law.

(2) [Repealed – RT I 2008, 16, 116 – entry into force 15.04.2008]

(3) The members of the management board shall certify the transfer of a non-monetary contribution by their signatures. If the non-monetary contribution is an immovable, an extract from the land register shall be appended to the petition.

(4) The management board shall submit a petition for entry of the increase of share capital in the commercial register within six months after adoption of the resolution on increase of share capital.

(4^1) In the case of increase of share capital by bonus issue, the petition submitted to the registrar shall include a confirmation that the members of the management board who signed the petition are not aware of a decrease to the assets of the public limited company, during the time between the date of preparation of the balance sheet which was the basis for the increase of the share capital and the date of submission of the petition to the registrar, to an extent which could hinder the adoption of the resolution on the increase of the

share capital on the date of submission of the petition.

(4^{2}) The registrar need not check the conformity of the content of the balance sheet which was the basis for the increase of the share capital with the law.

(5) The share capital shall be deemed to be increased and the rights arising from the new shares, the increased nominal values of the shares or the increased book value of the shares without nominal value shall be deemed to have arisen as of the making of such entry in the commercial register.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 343^{1}. Liability of members of management board upon entry of increase of share capital in register

(1) The members of the management board of a public limited company are jointly and severally liable for damage caused to the public limited company by submission of incorrect or inaccurate information or incorrect valuation of contributions upon the increase of the share capital unless a member of the management board proves that he or she was not aware and did not have to be aware of the circumstances which caused the damage.

(2) An agreement which derogates from the provisions of subsection 1 of this section shall only be valid with respect to the creditors of a public limited company if such agreement was entered into in the course of liquidation proceedings of the public limited company.

(3) The claim provided in subsection 1 of this section expires after five years of the date on which the increase of the share capital was entered in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 344. Application of foundation provisions

The provisions for payment of contributions on the foundation of a public limited company and for the subscription of shares shall apply to an increase of share capital by contributions unless otherwise provided for in this chapter.

§ 345. Pre-emptive right of shareholder

(1) A shareholder has a pre-emptive right to subscribe for the new shares in proportion to the sum of the nominal value or book value of the shareholder's shares. The pre-emptive right of the shareholders may be barred by a resolution of the general meeting which receives at least three-quarters of the votes represented at the general meeting. The management board shall provide a written explanation to the shareholders in advance as to why it is necessary to bar the pre-emptive subscription right and shall also justify the issue price of shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(1^{1}) A shareholder may transfer the shareholder's pre-emptive right to subscribe for shares under the same terms and conditions as a transfer of shares.

(2) If a public limited company has several classes of shares and new shares of one or some classes are issued, the holders of the corresponding classes of shares have a pre-emptive right in the subscription of such shares before other shareholders.

(3) The management board shall send the resolution of the general meeting to the shareholders who have the pre-emptive right of subscription and who did not participate in the general meeting.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) The term for subscription of shares with a pre-emptive right shall be two weeks from the adoption of a resolution on increase of share capital unless the resolution of the general meeting prescribes a longer term.

§ 346. Set-off of claim

A claim of a shareholder or of any other person who wishes to subscribe for share against the public limited company may, by a resolution of the general meeting, be set off against a payment for new shares if this does not damage the interests of the public limited company or of its creditors. A claim shall be valuated as a non-monetary contribution.

§ 346^{1}. Oversubscription

(1) If upon an increase of share capital shares are subscribed for to the full extent of the increase of share capital, the supervisory board may decide to terminate the share subscription before the end of the term prescribed in the resolution on increase of share capital.

(2) If it becomes evident that shares are subscribed for in excess of the planned increase of share capital, the supervisory board shall decide on the distribution of shares based on the number of subscribed for shares and on the cancellation of oversubscribed shares unless the resolution on increase of share capital prescribes otherwise. Payments for oversubscribed shares shall be returned to the subscribers promptly at the expense of the public limited company.

§ 347. Undersubscription

(1) A share subscription shall be deemed to be an undersubscription if all new shares are not subscribed for during the term indicated in the resolution on increase of share capital.

(2) Upon undersubscription, all rights of subscribers associated with the subscription shall terminate, and the increase of share capital shall not occur. The management board shall promptly refund the payments made by subscribers. The members of the management board shall be jointly and severally liable for the refund of payments.

(3) The management board may, by a resolution of the general meeting, be granted the right to extend a subscription term or to cancel shares which are not subscribed for during the subscription term. The management board may exercise such right within fifteen days after the end of the subscription term. If shares are subscribed for by the new due date provided by the management board, the subscription is deemed to be valid.

§ 348. Participation in profit distribution

(1) A resolution on increase of share capital may prescribe a date as of which shares grant the right to receive a dividend. This right shall not arise later than for the financial year following the increase of share capital.

(2) If the date specified in subsection 1 of this section is not prescribed in a resolution on increase of share capital, the right to receive a dividend shall arise during the financial year in which the entry on increase of share capital is made.

§ 349. Right of supervisory board to increase share capital

(1) The articles of association may grant the supervisory board the right to increase share capital by contributions for up to three years.

(2) The supervisory board may increase share capital to an amount prescribed in the articles of association. Share capital shall not be increased by more than one-half of the share capital which existed at the time the supervisory board received the right to increase share capital.

(2^1) The supervisory board shall have the rights specified in subsection 3 of § 347 of this Code.

(3) The supervisory board may pay for issued shares by a non-monetary contribution only if prescribed in the articles of association.

(4) The resolution of the supervisory board and the minutes of the meeting and, in the case provided for in § 323 of this Code, the record of voting, shall be appended to the petition submitted to the commercial register concerning the increase of share capital.

§ 350. Bonus issue

(1) A public limited company may increase share capital from the shareholders' equity of the public limited company without making contributions (bonus issue).

(2) After approval of the annual report and passing of the profit distribution resolution, the general meeting may decide on a bonus issue based on the annual report and the profit distribution resolution. A bonus issue may also be carried out on the basis of the interim balance sheet which must be prepared and approved pursuant to the procedure for the preparation and approval of the balance sheet included in the annual report. Increase of the share capital need not be entered in the commercial if the petition for increasing the share capital and the corresponding resolution are submitted to the registrar of the commercial register within eight months after the date as at which the annual report or interim balance sheet which was the basis for the share capital increase was prepared.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) Upon a bonus issue, a shareholder's part of the share capital shall increase in proportion to the nominal value or book value of the shareholder's shares. Any resolution contrary to the above is void.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(5) Own shares held by the public limited company shall also participate in the bonus issue.

(6) Share capital shall be increased by the bonus issue to the extent of the sum of the nominal values or book values of new shares or to the extent of the increase of the nominal value or book value of existing shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 351. Conditional increase of share capital

(1) If a public limited company issues convertible bonds (§ 241), the management board may increase share capital to the extent of the sum of the nominal values of the convertible bonds exchangeable for shares. The management board may also increase share capital to a greater extent if such possibility in prescribed in a resolution on a conditional increase of share capital and the difference between the nominal value of convertible bonds and nominal value or book value of shares is covered in money.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) At the request of the holder of a bond, the management board shall issue shares and exchange them for bonds during the term specified in the bond.

(3) If the public limited company issues convertible bonds, the shareholders have the pre-emptive right to subscribe for them pursuant to the procedure provided for in § 345 of this Code.

(4) The general meeting may also decide on a conditional increase of the share capital to the extent of the performance of the subscription rights if this is necessary for preparing the concentration of the public limited company or for granting the subscription rights to the members or employees of the public limited company or a company related thereto.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(5) A conditional increase of the share capital to an extent of more than one third of the share capital at the time of the adoption of the resolution is prohibited.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(6) A resolution of the general meeting contrary to the conditional increase of share capital is void.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(7) A resolution for conditional increase of share capital shall set out:
1) the objective of the conditional increase of share capital;
2) the set of persons entitled to participate in the conditional increase of share capital;
3) the issue price of shares or the bases for determination thereof;
4) the term for performing the subscription rights.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(8) In the event of conditional increase of share capital, the shares shall be paid for only in money.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 351[1]. Conduct of conditional increase of share capital

(1) The management board shall submit a petition for conditional increase of share capital to the commercial register.

(2) Shares shall not be issued based on a resolution on conditional increase of share capital before the conditional increase of share capital has been entered in the commercial register.

(3) Based on a resolution on conditional increase of share capital, the recipient of a share acquires the share in the same manner as in the event of share subscription, based on a declaration of intention. The management board shall issue the shares only based on a resolution of the general meeting and for compliance with such resolution, and not before the issue price of a share has been paid.

(4) In the event of the conditional increase of share capital, the share capital and number of shares is deemed to be increased as of the issue of the share.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) Not later than within one month after the end of the financial year of the public limited company, the management board shall submit a petition to the registrar of the commercial register for entry in the register the number of shares issued based on a resolution on conditional increase of share capital and the corresponding increase of the share capital during the financial year. The members of the management board shall confirm in the petition that the shares were issued only based on a resolution on conditional increase of share capital and that they have been paid for in full.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 351[2]. Conditional increase of share capital in case of issuing shares admitted for trading on regulated securities market and admittance of shares for trading on such market

(1) The general meeting may decide on the conditional increase of the share capital to the extent of the performance of the subscription rights also in case the shares issued upon the increase of the share capital are admitted for trading on a regulated securities market or an application for the admittance for trading on such market has been filed in respect to the shares.

(2) In the case specified in subsection 1 of this section the general meeting may decide on the conditional increase of the share capital to a greater extent than one third of the share capital at the time of the adoption of the resolution if at least three-fourths of the votes represented at the general meeting are in favour.

(3) Based on the resolution on the conditional increase of the share capital specified in subsection 1 of this section, the shares may be issued within two months following the adoption of the resolution of the general meeting and on the condition that the conditional increase of the share capital is entered in the commercial register and the issue price of the share is paid.

(4) Upon the conditional increase of the share capital in the case specified in subsection 1 of this section, the management board shall submit within 10 days following the issue of the shares to the registrar of the commercial register a petition for entry regarding the fact to what extent the shares have been issued and the share capital has increased on the basis of the resolution on the conditional increase of the share capital. The members of the management board shall confirm in the petition that the shares were issued only based on a resolution on conditional increase of share capital and that they have been paid for in full.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) In this section, the regulated securities market shall denote the regulated securities market and multilateral trading facility for the purposes of the Securities Market Act.
[RT I 2009, 12, 71 – entry into force 27.02.2009]

Subchapter 2
Reduction of Share Capital

§ 352. Methods of reduction of share capital

(1) Share capital may be reduced by a reduction of the nominal value or book value of shares or by the cancellation of shares.

(1[1]) If share capital is reduced by a reduction of the book value of shares, the book value of shares shall be reduced proportionately to

the reduction of the share capital.

(2) The provisions of subsections 1 and 2 of § 223 of this Code shall be observed in a reduction of the nominal value or book value of shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 353. Extent of share capital reduction

(1) Share capital shall not be reduced below the amount of share capital specified in § 222 of this Code or any other minimum amount of share capital provided by law.

(2) Share capital shall first be reduced on account of own shares held by the public limited company.

(3) Share capital may be reduced by way of preferred shares only if dividends are paid in full to the holders of such shares. The provisions of the previous sentence shall not apply in case of shares without nominal value.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(4) The provisions of subsection 1 of this section shall not apply if an increase of share capital at least to the amount of share capital specified in § 222 of this Code is decided concurrently with a reduction of share capital. The provisions of § 358 shall also not apply if an increase of share capital at least to the current size of the share capital is decided concurrently with a reduction of share capital. Shares which are issued concurrently with a decrease of the share capital shall only be paid for in money. A resolution on increase or reduction of share capital shall be entered in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 354. Notice calling general meeting

In order to reduce share capital, the notice calling the general meeting shall set out:
1) the reason and method for reduction of share capital;
2) the extent of the reduction of share capital;
3) in case of the cancellation of shares, the number and class of shares to be cancelled, and in case of the reduction of the nominal value of shares, the extent of the reduction of the nominal value of shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 355. Documents presented to special general meeting

If reduction of share capital is decided by a special general meeting, the management board shall present the preceding annual report, approved by the general meeting, and an overview of the economic activities of the public limited company for the current year to the special general meeting.

§ 356. Adoption of resolution on reduction of share capital

(1) A resolution on reduction of share capital shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour. The articles of association may prescribe a greater majority requirement.

(2) If the public limited company has several classes of shares, a resolution on reduction of share capital shall be adopted if, in addition to the provisions of subsection 1 of this section, at least two-thirds of the votes represented of each class of shares at the general meeting are in favour. The articles of association may prescribe a greater majority requirement.

(2^1) If there is a wish to reduce the nominal values of shares or cancel shares other than proportionally from each class of shares in the course of a reduction of share capital, such a resolution shall be adopted if, in addition to the provisions of subsections 1 and 2 of this section, the shareholders whose shares are disproportionately cancelled or the nominal values of which are disproportionately reduced vote in favour of the resolution.

(3) If the articles of association must be amended due to the reduction of share capital, amendment of the articles of association shall be decided before the reduction of share capital, except if the share capital is reduced in the case specified in subsection 4 of § 353 of this Code.

§ 357. Resolution on reduction of share capital

A resolution on reduction of share capital shall set out:
1) the reason for the reduction of share capital;
2) the extent and method of reduction of share capital;
3) the number and class of shares to be cancelled or, in case of shares with nominal value, the extent of the reduction of the nominal value of shares;
[RT I 2010, 20, 103 – entry into force 01.07.2010]
4) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 358. Notification of creditors

(1) The management board shall, within fifteen days after adoption of the resolution on reduction of share capital, send notice concerning the new amount of share capital to the known creditors of the public limited company who have claims against the public limited company which predate the adoption of the resolution on reduction of share capital.

(2) The management board shall publish a resolution on reduction of share capital in the publication *Ametlikud Teadaanded* and invite all creditors to submit their claims. The notice shall indicate that creditors are to submit their claims within two months.
[RT I 2006, 55, 412 – entry into force 01.01.2007]

(3) The public limited company shall secure the claims of creditors if they are submitted within two months after publication of the notice. If the due date for fulfilment of a claim has arrived or if a claim is not sufficiently secured, the creditor may demand satisfaction or securing the claim. The creditor may demand securing the claim if the creditor provides proof that decrease in the share capital endangers the satisfaction of the claim.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 359. Submission of petition to commercial register

(1) The management board shall submit a petition for entry of the reduction of share capital in the commercial register not earlier than three months after publication of the second reduction of share capital notice, except if the notice on reduction of share capital need not be published.. The following shall be appended to the petition:
[RT I 2006, 55, 412 – entry into force 01.01.2007]
1) the resolution of the general meeting;
2) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
2^1) a notice from the registrar of the Estonian register of securities or another depository confirming that the management board has notified the registrar or the depository of the reduction of share capital;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
2^2) reference to the dates on which notices to the creditors were published in the *Ametlikud Teadaanded*;
3) other documents provided by law.

(2) In the petition, the members of the management board shall confirm that the claims of creditors who submitted their claims during the term or who opposed the reduction are secured or satisfied.

(3) The share capital shall be deemed to be reduced as of the making of such entry in the commercial register.

§ 360.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 361. Payment to shareholders

(1) Payments may be made to the shareholders upon a reduction of share capital if prescribed in the resolution on reduction of share capital.

(2) The payments specified in subsection 1 of this section may be made no earlier than three months after entry of the reduction of share capital in the commercial register and on the condition that the claims of creditors submitted during the term are secured or satisfied.

§ 362. Simplified reduction of share capital

(1) Share capital may be reduced in order to cover a loss of the public limited company without applying the provisions of § 358 of this Code (simplified reduction of share capital).

(2) A simplified reduction of share capital may be conducted if the reserve fund of the public limited company is insufficient to cover the loss and if the public limited company also does not have other reserves.

(3) The resolution on reduction of share capital shall indicate the loss for the coverage of which the share capital is being reduced.

(4) Available capital which arises upon a simplified reduction of share capital may only be used to cover the loss of the public limited company. If the amount of available capital which arises is greater than the loss, the amount exceeding the loss shall be transferred to the legal reserve.

§ 363. Restriction on profit distribution

(1) In the case of simplified reduction of the share capital, no payments shall be made to the shareholders and no dividends shall be paid to the shareholders during the financial year on which the decrease of the share capital was decided and for the two subsequent financial years.

(2) The restriction specified in subsection 1 of this section shall not apply to preferred shares.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Chapter 29^1
TAKEOVER OF SHARES FOR MONETARY COMPENSATION

§ 363^1. Application for takeover of shares

(1) Based on the application of a shareholder whose shares represent at least 9/10 of the share capital of a public limited company (majority shareholder), the general meeting of shareholders may decide in favour of the shares belonging to the remaining shareholders

of the public limited company (minority shareholders) being taken over by the majority shareholder in return for fair monetary compensation.

(2) Upon determination of the size of the share capital represented by the shares of the majority shareholder, own shares of the public limited company shall not be taken into account. The shares of the majority shareholder within the meaning of subsection 1 of this section are also deemed to include the shares of its parent undertaking or subsidiary, provided the parent undertaking or subsidiary has granted its consent to this effect.

(3) The application specified in subsection 1 of this section shall be submitted to the management board of the public limited company. The documents specified in § 363^4 of this Code shall be appended to the application. The management board is required to call a general meeting to decide on the takeover of shares.

(4) The application specified in subsection 1 of this section may not be withdrawn and its conditions may not be amended to the disadvantage of minority shareholders.

§ 363^2. Determination of amount of compensation

(1) The majority shareholder shall determine the amount of compensation payable to minority shareholders. The amount of compensation shall be determined on the basis of the value of the shares to be taken over that these shares had ten days prior to the date on which the notice calling the general meeting was sent out. The management board shall provide the majority shareholder with all the necessary data and documents therefor and with information.

(2) [Repealed – RT I 2007, 58, 380 – entry into force 19.11.2007]

§ 363^3. Notice calling general meeting

The notice calling the general meeting at which a resolution is to be adopted regarding the takeover of shares belonging to minority shareholders shall, in addition to the information specified in subsection 4 of § 294 of this Code, also set out:
1) the name, residence or registered office and address thereof, and the personal identification code or registry code of the majority shareholder;
2) the amount of compensation to be paid to minority shareholders per share.
3) [Repealed – RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 363^4. Takeover report and audit

(1) The majority shareholder shall submit a written report (takeover report) to the general meeting explaining and justifying the conditions of taking over shares belonging to minority shareholders and the bases for determining the amount of compensation payable for the shares.

(2) The takeover report shall be audited by an auditor. The auditor shall prepare a written report of the audit, stating in particular whether the amount of compensation determined by the majority shareholder meets the provisions of § 363^2 of this Code.
[RT I 2007, 58, 380 – entry into force 19.11.2007]

(21) Additionally, the auditor's report shall set out the method which was used upon determination of the amount of compensation, the difficulties relating to determination of the amount of compensation, whether the used method is appropriate for determination of the amount of compensation and other methods for determination of the compensation. If different methods are used upon determination of the amount of compensation, the amount of compensation in each method and the importance of results obtained on the basis of each method upon determination of the amount of compensation shall be set out.

(3) The majority shareholder shall appoint the auditor and cover the costs of the audit.

(4) The auditor shall be liable for any damage wrongfully caused by an inaccurate audit of the takeover report.

§ 363^5. Preparation of general meeting

(1) At least one month before a general meeting to decide on the takeover of shares belonging to minority shareholders, the management board shall present the following to the shareholders for examination at the location of the public limited company:
1) the draft resolution of the general meeting to decide on the takeover of shares belonging to minority shareholders;
[RT I 2009, 51, 349 – entry into force 15.11.2009]
2) the three preceding annual reports of the public limited company;
[RT I 2009, 13, 78 – entry into force 01.07.2009]
3) the takeover report;
4) the auditor's report.

(1^1) Clause 8 of subsection 4 and subsection 4^2 of § 294 of this Code shall respectively apply to making the documents specified in subsection 1 of this section available.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) Copies of the documents specified in subsection 1 of this section shall be promptly given to a shareholder at the request of the shareholder. Clause 8 of subsection 4 and subsection 4^2 of § 294 of this Code shall respectively apply to making the documents specified in the previous sentence available.

[RT I 2009, 51, 349 – entry into force 15.11.2009]

§ 363[6]. Organisation of general meeting

The majority shareholder is required to explain to the minority shareholders at the general meeting the conditions of taking over the shares belonging to the minority shareholders and the bases for determining the amount of compensation payable for the shares.

§ 363[7]. Resolution of general meeting

(1) A resolution on the takeover of shares belonging to minority shareholders shall be adopted if at least 95/100 of the votes represented by shares are in favour.

(2) The minutes of a general meeting at which a resolution is adopted on the takeover of shares belonging to minority shareholders shall be notarised.

§ 363[8]. Contestation of takeover resolution

(1) At the request of a shareholder, a court may declare a takeover resolution which is in conflict with law to be invalid if the request is submitted within one month as of the resolution being made.

(2) A takeover resolution shall not be declared invalid on the basis that the compensation payable to minority shareholders is set too low.

(3) If the compensation payable to minority shareholders is set too low, the court may, at the request of a minority shareholder, determine a fair rate of compensation.

(4) [Repealed – RT I 2007, 58, 380 – entry into force 19.11.2007]

(5) As of the adoption of the takeover resolution, the majority shareholder shall pay a fine for delay on unpaid compensation in the amount established by law.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 363[9]. Transfer of shares

(1) Within one month as of the adoption of the resolution of the general meeting specified in § 3637 of this Code, the management board of the public limited company shall submit a petition to the registrar of the Estonian register of securities or another depository for the shares of minority shareholders to be transferred to the majority shareholder. A copy of the resolution of the general meeting specified in § 363[7] of this Code, which is certified by a notary, shall be appended to the petition.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(2) The registrar of the Estonian register of securities or another depository shall arrange for the transfer of the shares to the account of the majority shareholder on the basis of a petition specified in subsection 1 of this section against payment the size of which corresponds to the compensation payable for the shares.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 363[10]. Forwarding of takeover resolution to commercial register

The management board of the public limited company shall submit the notice specified in § 2891 of this Code to the registrar of the commercial register immediately after transfer of the shares to the account of the majority shareholder. The following shall be appended to the notice:

1) a copy of the resolution of the general meeting specified in § 363[7] of this Code, which is certified by a notary;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
2) the takeover report;

3) the auditor's report provided for in subsection 2 of § 363[4] of this Code;
4) a notice from the Estonian register of securities or another depository regarding the transfer of the shares.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

Chapter 30
DISSOLUTION OF PUBLIC LIMITED COMPANY

§ 364. Grounds for dissolution of public limited company

A public limited company is dissolved on the grounds provided in § 39 of the General Part of the Civil Code Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 365. Resolution on dissolution of public limited company at general meeting

(1) A dissolution resolution shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour unless the articles of association prescribe a greater majority requirement. If a public limited company has several classes of shares, in order to adopt a dissolution resolution it shall also be necessary that at least two-thirds of the votes represented by shares of each class are

in favour of the resolution unless the articles of association prescribe a greater majority requirement.

(2) If dissolution of the public limited company is decided by a special general meeting, the management board shall present the preceding annual report, approved by the general meeting, and an overview of the economic activities of the public limited company for the current year to the special general meeting. Clause 8 of subsection 4 and subsection 4^2 of § 294 of this Code shall respectively apply to making the documents specified in the previous sentence available.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(3) The overview of economic activities shall indicate the term during which the public limited company is able to satisfy the claims of creditors.

§ 366. Compulsory dissolution

(1) A public limited company is dissolved by a court ruling if:
1) the general meeting has not adopted a dissolution resolution where its adoption is obligatory pursuant to law, or if the shareholders have not adopted any of the resolutions prescribed in § 301 or if no general meeting has been called to adopt these resolutions;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
2) the general meeting has not been held during the last two financial years;
3) the term of office of the management board expired more than two years previously and a new management board has not been elected;
4) in other cases provided by law.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) A petition for the compulsory dissolution of a public limited company may be submitted by the management board, the supervisory board, a member of the management board, a member of the supervisory board, a shareholder or other persons specified by law. Unless otherwise provided by law, a court may also decide on compulsory dissolution at its own initiative.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) If the deficiency or other circumstance that provides the basis for compulsory dissolution can be evidently eliminated, the court shall previously establish a term for the public limited company for the elimination of the deficiency or circumstance.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

§ 367. Petition for dissolution of public limited company

(1) The management board shall submit a petition for entry of the dissolution resolution of the public limited company in the commercial register. The resolution of the general meeting and the minutes of the general meeting shall be appended to the petition.

(2) If a public limited company is dissolved on the basis of a court decision, the court shall send the decision to the commercial register for entry.

(3) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 368. Liquidation

A public limited company shall be liquidated (liquidation proceeding) upon dissolution unless otherwise provided by law.

§ 369. Appointment of liquidators

(1) The liquidators of a public limited company shall be members of the management board unless the articles of association, a resolution of the general meeting or a court ruling prescribes otherwise. A natural person who is prohibited from acting as a member of the management board shall not be a liquidator.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

(2) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) A court shall appoint the liquidators in a compulsory dissolution or if this is requested by shareholders whose shares represent at least one-tenth of the share capital. The court shall also specify the procedure for and amount of remuneration for the liquidators.

§ 370. Removal of liquidators

(1) A liquidator who is a member of the management board, or who has been appointed in accordance with the articles of association or by a resolution of the general meeting can be recalled at any time by a resolution of the general meeting. In order to adopt such resolution, a majority of votes equal to the majority of votes necessary for appointment of a liquidator is needed.

(2) A court may recall a liquidator appointed by the court, and to appoint a new liquidator. At the request of the shareholders whose shares represent at least one tenth of the share capital, a court may also recall, for a good reason, a liquidator who is a member of the management board, or who has been appointed in accordance with the articles of association or by a resolution of the general meeting, and to appoint a new liquidator.

(3) A liquidator may resign for the same reasons and pursuant to the same procedure as a member of the management board.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 371. Entry of liquidator

(1) The management board submits a petition for entry of the first liquidators in the commercial register. The resolution of the shareholders or the minutes of the general meeting constituting the grounds for the appointment of the liquidator is appended to the petition. A petition for entry in the commercial register of replacement of liquidators or change the right of representation of liquidators is submitted by the liquidators. The resolution of the shareholders or the minutes of the general meeting constituting the grounds for the replacement of a liquidator or change of the right of representation of a liquidator must be appended to the petition. All liquidators submit to the registrar a written confirmation concerning their right to act as liquidators pursuant to law.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If a liquidator is appointed by a court decision, the court shall send the decision to the commercial register for entry.

(3) The names and personal identification codes of the liquidators shall be entered in the commercial register.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 372. Rights and obligations of liquidators

(1) Liquidators have the rights and obligations of the management board which are not contrary to the nature of liquidation. Liquidation does not affect the legal relationships between the shareholders or between the shareholders and the public limited company, or the rights of the supervisory board, unless otherwise provided by law and the nature of liquidation.

(2) The liquidators shall terminate the activities of the public limited company, collect debts, sell assets and satisfy the claims of creditors.

(3) The liquidators may only conclude transactions which are necessary for liquidation of the public limited company. The right of representation of liquidators is unrestricted with regard to third persons.

(4) The right of representation of liquidators who are members of the management board does not change upon liquidation unless the articles of association, a resolution of the general meeting or a court decision prescribes the changing of the right of representation into joint representation or sole representation. Liquidators appointed by a resolution of the general meeting or a court decision may represent the private limited company only jointly, unless the resolution of the general meeting or a court decision prescribe that all or some of the liquidators may represent the public limited company alone or together. A division of the right of representation which differs from the right of representation prescribed by law applies with respect to third persons only if it has been entered in the commercial register.

(5) During a liquidation proceeding, the notation “likvideerimisel” [in liquidation] shall be appended to the business name of the public limited company.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 373. Submission of bankruptcy petition

If the assets of a public limited company being liquidated are insufficient for satisfaction of all claims of creditors, the liquidators shall submit a bankruptcy petition.

§ 374. Accounting during liquidation

(1) A public limited company undergoing liquidation shall organise its accounting pursuant to the procedure provided by the Accounting Act unless otherwise provided by the law or the nature of liquidation.

(2) Upon adoption of a dissolution resolution, the liquidators prepare a liquidation report. The liquidation report is approved by a resolution of the general meeting of shareholders and it must be submitted to the commercial register within four months after the adoption of the dissolution resolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) With the adoption of the dissolution resolution, the current financial year of the public limited company ends and a new financial year begins. A change of the previous financial year period may be decided by the dissolution resolution pursuant to subsection 2 of § 13 of the Accounting Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3^1) Where 12 months have passed since the beginning of the new financial year specified in subsection 3 of this section, and the liquidation process has not yet ended, an interim liquidation report is prepared as of the end of each financial year following the dissolution.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) A public limited company has the obligation to audit the liquidation report and interim liquidation report in case the audit obligation applied to the latest annual accounts before the dissolution resolution or it would apply to the liquidation report or interim liquidation report, taking into account the requirements provided by the Auditors Activities Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(5) A court may release a public limited company from the obligation to audit the liquidation report or interim liquidation report if the financial situation of the public limited company is so clear that the audit is evidently not necessary in the interests of the shareholders or creditors.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 375. Notification of creditors

(1) The liquidators shall promptly publish a notice of the liquidation proceeding of the public limited company in the official publication *Ametlikud Teadaanded*.

(2) The liquidators shall send a notice of liquidation to the known creditors.

(3) The notice of liquidation shall indicate that creditors are to submit their claims within four months after publication of the notice.

§ 376. Submission of claims

The creditors shall notify the liquidators of all their claims against the public limited company within four months after publication of the notice. A notice shall set out the content, basis and amount of the claim, and documents substantiating the claim shall be appended thereto. Failure to notify of a claim on time does not affect the validity of the claim or restrict the right of the creditor to file an action with a court against the public limited company being liquidated.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 377. Satisfaction of claims

(1) Liquidators shall satisfy the claims of creditors of which the public limited company is aware regardless of whether or not notification of such claims has been given.

(2) If a creditor known to the public limited company has not filed a claim and the claim cannot be satisfied for reasons independent of the public limited company, the money which belongs to the creditor shall be deposited if the conditions for depositing exist.

(3) If an obligation cannot be performed during liquidation or if a claim is under dispute, the assets of the public limited company cannot be distributed between the shareholders unless the contested amount of money has been deposited and the creditor has been granted sufficient security.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 378. Final liquidation report

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(1) After satisfaction of the claims of all creditors and the deposit of money, the liquidators prepare the final liquidation report, including a distribution plan for the assets remaining upon liquidation which constitutes a part of the final liquidation report.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) A public limited company has the obligation to audit the final liquidation report in case the audit obligation applied to the latest annual accounts before the dissolution resolution or it would apply to the final liquidation report, taking into account the requirements provided by the Auditors Activities Act.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The liquidators must present the final liquidation report to all shareholders for examination at the registered office of the public limited company and notify the shareholders who hold the registered shares. If the public limited company has bearer shares, the liquidators publish a notice in a newspaper concerning the examination of the final liquidation report.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) If the provisions of law or of the articles of association, or the resolutions of the general meeting have not been observed in the preparation of the final liquidation report, a court may, based on a court claim of the shareholders whose shares represent at least 1/10 of the share capital, order preparation of a new final liquidation report, or supplementary liquidation. Such court claim may be filed within two months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination. The public limited company will be the defendant.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 379. Distribution of assets

(1) After satisfying or securing all the creditors' claims and depositing the money, the remaining assets shall be distributed among the shareholders according to the nominal value or book value of their shares pursuant to the asset distribution plan prepared by the liquidators unless the articles of association prescribe otherwise.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(2) Assets may be distributed six months after the entry of the dissolution of the public limited company in the commercial register and publication of the notice of liquidation and two months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination, provided that the final liquidation report has not been contested in court, or the court claim has been dismissed or denied, or the proceedings in the matter have been terminated.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2^1) In case the public limited company has only one shareholder, or only the public limited company itself is the other shareholder, the assets may be distributed also before the lapse of two months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) A court may allow payments to shareholders within six months after publication of the notice of liquidation unless this damages the interests of the creditors.

(4) Payments shall be made in money unless the articles of association prescribe otherwise.

(5) The liquidators need not sell assets unless this is necessary for satisfaction of the claims of creditors, and if the general meeting consents thereto.

§ 380. Continuation of activities of dissolved public limited company

(1) If dissolution of a public limited company is prescribed by the articles of association or is decided by a resolution of the general meeting, the general meeting may, until commencement of the distribution of assets among the shareholders, decide on continuation of the activities of the public limited company or on merger, division or transformation of the public limited company. A resolution on continuation of activities shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour.
[RT I 2009, 51, 349 – entry into force 15.11.2009]

(2) If continuation of activities is decided, the same resolution shall designate the new supervisory board and management board, and shall reduce the share capital to the value of the remaining assets. If the assets have decreased below the amount of share capital specified in § 222 of this Code, increase of share capital shall also be decided.

(3) The liquidators must submit a petition for entry of the continuation of activities in the commercial register. The resolution on continuation of activities enters into force as of its entry in the commercial register. The petition is to be signed also by the new member of the management board. In case of continuation of activities, or increase or reduction of the share capital, a resolution of the shareholders or the minutes of the general meeting of shareholders constituting the grounds for the increase or reduction of the share capital, as well as the list of the members of the supervisory board and their written consents are appended to the petition.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 380^1. Continuation of activities of public limited company deleted from commercial register

(1) The shareholders may decide on continuation of the activities of a public limited company deleted from the register pursuant to § 61 or 62 of the Commercial Register Act.

(2) A resolution on continuation of activities is adopted if at least 2/3 of the votes at the general meeting have been given in favour thereof.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023, amended in part [RT I, 23.12.2022, 2]]

§ 381. Deletion from commercial register and supplementary liquidation

(1) The liquidators submit a petition for deletion of a public limited company from the commercial register after the conclusion of the liquidation, however not earlier than six months after the entry of the dissolution of the public limited company in the commercial register and publication of the liquidation notice and not earlier than three months after the date on which the shareholders were informed that the final liquidation report would be presented to the shareholders for examination. The final liquidation report is appended to the petition. The petition must include a confirmation by all the liquidators that the final liquidation report has not been contested in court, or the court claim has been dismissed or denied, or that the proceedings in the matter have been terminated and the claims of the creditors of the private limited company have been satisfied or that the assets necessary to satisfy the claims have been deposited and that there are no other obstacles deriving from law to deletion of the public limited company from the register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If, after the public limited company has been deleted from the register, it becomes evident that the public limited company has assets which were not distributed and that supplementary liquidation measures are necessary, a court may, at the request of an interested person, order a supplementary liquidation and restore the rights of the former liquidators or appoint new liquidators.

(3) After a public limited company has been deleted from the register, liquidation may be carried out at the request of a creditor only in the case where the creditor proves that the creditor's claim against the public limited company was not satisfied in the liquidation proceeding, that the creditor has no other possibility for the satisfaction of the claim and that, upon restoration of the liquidation proceeding, the claim could be satisfied, or that the public limited company should not have been deleted from the register because a dispute over the claim existed. Among other, a creditor's demand for supplementary liquidation shall not be satisfied if the creditor has failed, without good reason, to submit the creditor's claim to the liquidators on time.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 382. Deposit of documents

(1) The liquidators shall deposit the documents of a public limited company with a liquidator, a person maintaining an archive or another trustworthy person. If the liquidators have not appointed a depositary of documents, a court shall appoint one as necessary. Documents are kept in Estonia.
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(2) The name, residence or registered office, personal identification code or registry code, and e-mail address of the depositary of documents are entered in the commercial register on the petition of the liquidators or, in the case of a court-appointed depositary, on the basis of the court ruling. The depositary of documents is replaced and a new depositary is entered in the register based on a court ruling.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The depositary of documents shall be responsible for the preservation, during the term prescribed for by law, of the documents deposited with the depositary.

(4) Shareholders and their legal successors, the creditors of the public limited company, and other persons with a legitimate interest in the matter have the right to examine the deposited documents. If the depositary of documents does not enable an entitled person to examine the documents, the entitled person may, within two weeks after receipt of the refusal or within four weeks after submitting the request, if the request has not been answered, file a petition in proceedings in petition with a court for requiring the depositary to enable the examination of the documents.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 383. Liability of liquidators

The liquidators shall be liable in the same manner as members of the management board for any damage caused.

Part VIII
BRANCH

§ 384. Branch of foreign company

(1) A foreign company may enter a branch in the commercial register.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

(2) A branch is not a legal person. The company shall be liable for the obligations arising from the activities of the branch.

(3) In the cases provided by law, a company shall obtain a licence in order to found a branch in Estonia.

§ 385. Director of branch

(1) A foreign company shall appoint a director or directors for the branch. A director must be a natural person with active legal capacity. A person with respect to whom a court has, pursuant to §§ 49 or 49^1 of the Penal Code, imposed a prohibition on acting as a member of the management board or a prohibition to engage in enterprise, a person who is prohibited from operating within the same area of activity as the branch, or a person who is prohibited to act as a member of the management board on the basis of law or a court decision shall not be a director.
[RT I, 02.07.2013, 3 – entry into force 12.07.2013]

(2) A director shall direct and represent the branch and shall organise the accounting of the branch. A director may grant a procuration.

(3) If several directors are appointed for a branch, each of them may represent the branch unless it is specified that the directors or some of them may represent the branch jointly.

(4) A restriction on the right of a director to represent the branch shall not apply with regard to third persons.

(5) The provisions of §§ 310 and 312–315 of this Code shall apply to directors.

§ 386. Entry of branch in register

(1) The branch of a foreign company shall be entered in the commercial register on the petition of the director of the branch. The information provided for in § 387 of this Code shall be set out in the petition.
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(2) The following shall be appended to the petition:
1) an official certificate concerning the existence of the company in its home country (extract from a commercial register or a copy of a registration certificate);
2) the permission to found the branch if this is provided by law;
3) an authorisation document certifying the authority of the director of the branch or a copy of a resolution appointing the director;
4) [Repealed – RT I, 23.11.2021, 1 – entry into force 31.12.2021]
4^1) information on the planned principal activity of the branch;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
5) the e-mail address and other telecommunications data (telephone and fax numbers, Internet website address, etc.) of the company and the branch;
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]
6) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
7) other documents provided by law.

(3) [Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

(4) The petition for entry of a branch in the commercial register and other petitions submitted to the commercial register shall be signed by the director of the branch. If a branch has several directors, several directors shall sign the petition if they only have the right to represent the branch jointly.

(5) A branch shall be deemed to be founded as of its entry in the commercial register and dissolved as of its deletion from the commercial register.

§ 387. Information to be entered in commercial register

(1) The following shall be entered in the commercial register:

1) the business name of the branch which consists of the business name of the foreign company and the appendage “Eesti filiaal” [Estonian branch], and the name of the foreign company;
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]
2) the registered office and the address in Estonia of the branch and the registered office and address of the company;
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]
3) [Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]
4) the register in which the company is entered and the registration number if entry in a register is prescribed by the law of the home country;
5) the legal form of the company;
6) the country under whose law the company operates in the home country;
7) the amount of share capital of the company if this is entered in a register of the home country of the company;
8) the date of adoption of the articles of association of the company and of amendments to the articles of association if these are entered in a register of the home country of the company;
9) [omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]
10) the names and personal identification codes of the directors of the branch;
[RT I 2006, 61, 456 – entry into force 01.01.2007]
11) the directors who may represent the branch differently from the provisions of subsection 3 of § 385 of this Code;
11^1) the names and personal identification codes of the legal representatives of the foreign company;
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]
11^2) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]
12) the beginning and end of the financial year of the company and whether the company must publish an annual report;
13) other information provided by law.

(2) The director of a branch must keep the data pertaining to the branch and foreign company up to date in the register.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

§ 388. Accounting and submission of annual reports

[RT I 2009, 54, 363 – entry into force 01.01.2010]

(1) A foreign company shall maintain separate accounts concerning the branch. Accounts concerning the branch shall be maintained pursuant to the requirements of the Accounting Act.

(2) The director of the branch of a foreign company must submit the approved annual report of the company in one of the official languages of the European Union to the commercial register within one month after approval of the annual report of the company or seven months after the end of the financial year. Where the foreign company is not required to publish the annual report, the annual report prepared for the branch and signed by the director of the branch must be submitted to the commercial register. The requirement for preparation and submission of the annual report of a branch does not apply to companies of the states which are Contracting Parties to the EEA Agreement where the legislation of the state of the registered office of the company does not require the annual report to be disclosed.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

(2^1) The requirement for submission of the annual report of a branch does not apply to branches of the foreign companies of the states which are Contracting Parties to the EEA Agreement where the annual report of the foreign company is available through the system of interconnection of registers of the European Union.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021; amendments to § 388 which enter into force on 31 December 2021 apply to the financial year starting after entry into force of the amendments.]

(3) [Repealed – RT I 2009, 54, 363 – entry into force 01.01.2010]

(4) [Repealed – RT I 2009, 54, 363 – entry into force 01.01.2010]

(5) [Repealed – RT I, 23.11.2021, 1 – entry into force 31.12.2021]

§ 389. Bankruptcy or liquidation of company

Within fourteen days after commencement of bankruptcy proceedings or liquidation of the company, the director of the branch shall notify the registrar, who shall make a corresponding notation in the commercial register.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

§ 390. Liquidation and deletion of branch from register

(1) A branch shall be deleted from the commercial register if:
1) the company is dissolved;
2) the company applies therefor;
3) the branch does not have a director and a director is not appointed within three months after a caution by the registrar;
4) the director of the branch does not submit the required annual report during the terms specified in § 388 of this Code and also does not do so during an additional term specified by the registrar.
[RT I 2009, 54, 363 – entry into force 01.01.2010]

(2) A branch shall be deleted from the commercial register on the basis of a court ruling at the request of a person or agency entitled by law or any other interested person if the object of the activities or the activities of the branch are in conflict with the law, the constitutional order or good morals, or at the request of a creditor who proves that the creditor cannot satisfy the creditor's claim which arises from operation of the company in Estonia by means of the assets of the company in Estonia, or on another basis provided by law.
[RT I 2008, 59, 330 – entry into force 01.01.2009]

(3) [Repealed – RT I, 23.11.2021, 1 – entry into force 31.12.2021]

(4) A foreign company may decide that before deletion of a branch, the branch is liquidated. The liquidation of a branch is governed by the provisions of the General Part of the Civil Code Act pertaining to the liquidation of a legal person. Liquidators are entered into the commercial register in accordance with the provisions of § 208 of this Code.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

Part IX
MERGER, SUBSUBDIVISION AND TRANSFORMATION

Chapter 31
MERGER

Subchapter 1
General Provisions

§ 391. Methods of merger

(1) A company (company being acquired) may merge with another company (acquiring company). The company being acquired shall be deemed to be dissolved.

(2) Companies may also merge such that they form a new company. In this case, the merging companies shall be deemed to be dissolved.

(3) Merger shall be effected without a liquidation proceeding.

(4) The assets of a company being acquired, including its obligations, shall transfer to the acquiring company upon merger. Upon foundation of a new company, the assets of the merging companies, including their obligations, shall transfer to it.

(5) The partners or shareholders of a company being acquired shall become partners or shareholders of the acquiring company upon merger. Upon foundation of a new company, the partners or shareholders of the merging companies shall become its partners or shareholders.

(6) Merging companies may be of the same type or of different types of companies entered in the commercial register in Estonia unless otherwise provided by law.

(7) A private limited company or public limited company may, as a company being acquired, merge with the assets of a natural person (acquiring natural person) who is the sole shareholder of the company. The provisions of this Code concerning an acquiring private limited company apply to the acquiring natural person, unless otherwise provided by law.
[RT I, 21.03.2014, 3 – entry into force 01.01.2015]

§ 392. Merger agreement

(1) In order to merge, the management boards of or the partners entitled to represent the companies shall enter into a merger agreement. Rights and obligations shall arise from the merger agreement after approval of the agreement pursuant to the procedure provided for in § 397 of this Code. A merger agreement shall set out:
1) the business names and registered offices of the companies;
1^1) an agreement to transfer all the assets of the company being acquired to the acquiring company in exchange for a transfer of shares of the acquiring company;
[RT I 2005, 57, 449 – entry into force 01.01.2006]
2) the share exchange ratio for the companies and the amount of additional payments if additional payments are made;
3) the terms and conditions of transfer of the shares of the acquiring company;
4) the date as of which the transferred shares shall grant the right to a share of profit of the acquiring company and the special conditions affecting this right;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
5) the rights which the acquiring company will grant to the partners or shareholders of the company being acquired, including the holders of preferred shares and convertible bonds of a public limited company;
6) the consequences of merger for the employees of the company being acquired;
7) the date as of which the transactions of the company being acquired shall be deemed to be undertaken by the acquiring company (merger balance sheet date);
8) the remuneration paid to the auditor who audits the merger agreement and the advantages granted in connection with the merger to the members of the management boards and supervisory boards of the companies or the partners entitled to represent the companies.

(2) The sum of additional payments prescribed in the merger agreement which are to be paid by an acquiring private limited company

or public limited company to the partners or shareholders of the company being acquired shall not exceed one-tenth of the sum of the nominal values or book values of their exchanged shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(3) If all shares of a company being acquired are held by the acquiring company, the merger agreement need not indicate the information specified in clauses 2–4 of subsection 1 of this section.

(4) A merger agreement shall be notarised.

(5) If an approved merger agreement is conditional and a condition is not met within five years after conclusion of the agreement, a company may terminate the agreement by giving at least six months' advance notice of termination unless the merger agreement prescribes a shorter term for advance notice.

§ 393. Merger report

(1) The management boards of or the partners entitled to represent the merging companies shall prepare a written report (merger report) which shall explain and justify legally and economically the merger and merger agreement, including the share exchange ratio and amount of additional payments if additional payments are to be made. Difficulties relating to valuation shall be referred to separately in the report.

(2) A merger report need not be prepared if the only share or all the shares of the company being acquired are held by the acquiring company, or if this is agreed to by all the partners of the merging company or all the shareholders of the merging public limited companies.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) Merging companies may prepare a joint merger report.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) If the acquiring company belongs to a group, the merger report shall also set out information necessary for the merger concerning the other companies belonging to the group.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(5) A merger report need not set out information, publication of which may result in significant damage to a company being acquired or a company belonging to the same group with such company. In such case, the reason for failure to submit the information shall be set out in the report.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 394. Audit

(1) An auditor shall audit a merger agreement in the cases provided by law.

(2) An auditor need not audit a merger agreement if all shares of the company being acquired are held by the acquiring company, or if all the partners of the merging company or all the shareholders of the merging public limited companies agree that an auditor need not audit the merger agreement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 395. Appointment of auditor

An auditor shall be appointed by the management board or the managing partners of the merging company. One auditor may be appointed for some or all of the merging companies.

§ 396. Report and liability of auditor

(1) The auditor shall prepare a written report concerning the results of the audit of a merger agreement. The auditors who audit a merger agreement may prepare a joint report for the companies.

(2) A report shall indicate whether the share exchange ratio and additional payments indicated in the merger agreement are appropriate consideration for the partners or shareholders of the company being acquired, and whether the merger may bring about damage to the interests of the creditors of the company.

(2^1) Additionally, the auditor's report shall set out the method which was used upon determination of the exchange ratio of shares of the companies, the difficulties relating to determination of the exchange ratio, whether the used method is appropriate for determination of the exchange ratio and other methods for determination of the exchange ratio. If different methods are used upon determination of the exchange ratio, the exchange ratio in each method and the importance of results obtained on the basis of each method upon determination of the exchange ratio shall be set out.

(2^2) An auditor's report need not set out information, publication of which may result in significant damage to a company being acquired or a company belonging to the same group with such company. In such case, the reason for failure to submit the information shall be set out in the report.

(3) An auditor shall be liable, in the same manner as upon auditing an annual report, for the damage caused by inaccurate auditing of the merger agreement to the company, its shareholders or creditors.

(4) An auditor has the same rights and obligations upon auditing a merger agreement as upon auditing an annual report. An auditor

also has the right to obtain information necessary for auditing from other companies which belong to the same group with the company being acquired.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 397. Merger resolution

(1) Rights and obligations shall arise from a merger agreement if the merger agreement is approved by all merging companies. A merger resolution shall be in writing.

(2) The partners or shareholders shall be provided with the opportunity to examine the merger agreement, merger report and auditor's report at least two weeks before deciding on approval of the merger agreement unless otherwise provided by law.

(3) A partner or shareholder may demand a copy of the merger agreement or resolution.

(4) The management boards of or the partners entitled to represent the merging companies, prior to deciding on the approval of the merger agreement, shall notify the partners or the general meeting of all material changes in the assets of the company which occur in the interim between the entry into the merger agreement and deciding on the approval of the merger agreement. The management boards of or the partners entitled to represent the merging companies shall notify of the changes specified in the previous sentence also the management boards of or the partners entitled to represent the other merging companies, who shall notify of the above changes the partners or the general meeting of their companies.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) The obligations specified in subsection 4 of this section need not be performed if the only share or all the shares of the company being acquired are held by the acquiring company, or if this is agreed to by all the partners or shareholders of the merging company.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 398. Contestation of merger resolution and compensation for damage

(1) At the request of a partner, shareholder or member of the management board or supervisory board, a court may declare invalid a merger resolution which is in conflict with the law, the partnership agreement or the articles of association if the request is submitted within one month after the resolution is made.

(2) The merger resolution of a company being acquired shall not be declared invalid on the basis that the share exchange ratio is fixed too low.

(3) If the share exchange ratio is fixed too low, a partner or shareholder may demand a refund from the acquiring company which may exceed the amount specified in subsection 2 of § 392 of this Code.

(4) The acquiring company shall pay a fine for delay on an unpaid refund in the amount provided by law as of entry of the merger on the registry card of the acquiring company. The above does not preclude or restrict the filing of claims for compensation for damage exceeding the default interest.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

§ 399. Protection of creditors

(1) Immediately after a merger has been entered on the registry card of the acquiring company, the acquiring company shall publish a merger notice to the creditors of the merged companies in the publication *Ametlikud Teadaanded*, informing them of the possibility to submit, within six months after the publication of the notice, their claims to the acquiring company in order to receive a security.

(2) The acquiring company shall secure the claims submitted by the creditors of the companies being acquired within six months after the publication of the notice specified in subsection 1 of this section, if the creditors have no possibility to demand satisfaction of the claims and they prove that the merger may endanger the fulfilment of the claims.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 400. Submission of petition to commercial register

(1) The management board of or the partners entitled to represent a merging company shall submit, nor earlier than after one month of the approval of the merger resolution, a petition for entry of the merger in the commercial register. The following shall be appended to the petition:
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]
1) a copy of the merger agreement certified by a notary;
2) the merger resolution;
3) the minutes of the meeting of the partners or shareholders if the merger resolution is made at a meeting;
4) the permission for merger, if required;
5) the merger report or the agreements not to prepare one;
6) the auditor's report, if required, or the agreements not to prepare one;
7) the final balance sheet of the company being acquired if the company being acquired submits the petition;
8) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
9) resolution of the Competition Board to grant permission for a concentration if the obligation to request such permission arises from the Competition Act;
10) if the shares of a merging company are entered in the Estonian register of securities or another depository, the confirmation of the registrar of the Estonian register of securities or another depository that the management board of the merging company has notified

the registrar or the depository of the merger;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
11) the interim balance sheet or the agreements not to prepare one.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) A registrar may enter a merger in the register only if the final balance sheet of the company being acquired is prepared as at a date not earlier than eight months before submission of the petition to the commercial register. The final balance sheet is prepared pursuant to the requirements established for the balance sheet that constitutes part of the annual report, and the approval of the final balance sheet and conducting the audit thereof is governed by the provisions concerning the approval of the annual report and conducting an audit. The final balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The final balance sheet shall be prepared as at the day preceding the merger balance sheet date.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) In a petition, the members of the management board of or the partners entitled to represent the company shall confirm the merger resolution is not contested, or that a corresponding petition has been denied, or that the adoption of the merger resolution was not required.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(4) The members of the management board of or the partners entitled to represent the acquiring company may also submit a petition for entry of the company being acquired in the commercial register.

§ 401. Business name of acquiring company

(1) An acquiring company may continue activities under the business name of the company being acquired.

(2) If a partner or shareholder of the company being acquired is a natural person who no longer participates in the acquiring company, the acquiring company may continue to use his or her name in the business name only with the written consent of him or her, or of his or her successors.

§ 402. Merger entry

(1) A merger shall be entered on the registry card of the acquiring company if it is entered on the registry cards of all companies being acquired. Entries on the registry cards of the companies being acquired shall indicate that the merger shall be deemed to be effected as of entry on the registry card of the acquiring company.

(2) The petitions related to merger shall be joined in one proceeding.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(3) If the shares of a company being acquired are entered in the Estonian register of securities or another depository, the registrar of the commercial register shall promptly notify the registrar of the Estonian register of securities or another depository of the merger.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 403. Legal effect of entry and compensation for damage caused by merger

(1) The assets of a company being acquired shall transfer to the acquiring company as of entry of the merger on the registry card of the acquiring company. After entry of the merger on the registry card of the acquiring company, entries regarding the transfer of assets shall be made in the registers on the petition of the acquiring company.

(2) A company being acquired shall be deemed to be dissolved as of entry of the merger on the registry card of the acquiring company. The registrar shall delete the company being acquired from the commercial register.

(3) The partners or shareholders of the company being acquired shall become partners or shareholders of the acquiring company as of entry of the merger on the registry card of the acquiring company, and their shares shall be exchanged for shares of the acquiring company. The rights of third persons with regard to the exchanged shares shall remain valid with regard to the shares of the acquiring company.

(4) The shares of a company being acquired which are held by the acquiring company or by the company being acquired itself, or by a person acting in his or her own name but at the expense of the company shall not be exchanged and shall become invalid.

(5) A merger shall not be contested after its entry on the registry card of the acquiring company.

(6) The members of the management board and supervisory board, or the managing partners of a merging company shall be jointly and severally liable to the company, the partners or shareholders, or the creditors of the company for any damage wrongfully caused by the merger. The provisions of the first sentence do not apply to damage, which is caused by the preparation and conducting of the merger to the shareholders of the public limited company being acquired by the members of the management board or supervisory board of the public limited company being acquired, if all the shares of the public limited company being acquired are held by the acquiring public limited company.
[RT I, 21.03.2014, 3 – entry into force 31.03.2014]

(7) The limitation period for a claim specified in subsection 6 of this section shall be five years from entry of the merger on the registry card of the acquiring company.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 404. Compensation upon merger of companies of different types

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) Upon merger of companies of different types, a partner or shareholder of the company being acquired who opposes the merger resolution may, within two months after entry of the merger on the registry card of the acquiring company, demand that the acquiring company acquire the exchanged share or shares of the partner or shareholder for monetary compensation. The monetary compensation must be equal to the sum of money which the partner or shareholder would have received from the distribution of remaining assets upon liquidation of the company if the company had been liquidated at the time the merger resolution was made.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) The provisions of clause 11 of subsection 2 of § 162 and clause 2 of subsection 2 of § 283 of this Code shall not apply to acquisition of shares by a company on the bases specified in subsection 1 of this section.

(3) The names of partners or shareholders who oppose the merger resolution and who wish to exercise the rights specified in this section shall be appended to the merger resolution. Opposition to the merger resolution shall be confirmed by each partner or shareholder by the signature of the partner or shareholder.

(4) Where the acquiring company is a general partnership or limited partnership, the compensation specified in subsection 1 of this section may be demanded by a partner who departs from the company.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(5) An acquiring company must pay a fine for delay on the compensation in the amount provided by law after the entry of the merger in the registry card of the acquiring company.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(6) If a partner or shareholder who opposes the merger resolution does not demand the compensation specified in this section, the partner or shareholder may transfer a share or shares within two months regardless of the restrictions on disposal provided by law or prescribed by the articles of association.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 405. Merger whereby new company founded

(1) The provisions of this chapter together with amendments prescribed by law shall apply to a merger whereby a new company is founded.

(2) The provisions regarding a company being acquired shall apply to the merging companies, and the provisions regarding an acquiring company shall apply to the company being founded. The companies shall be deemed to be merged as of entry of the new company in the register.

(3) In the foundation of a new company, the foundation provisions for the type of company shall apply unless the provisions of this chapter provide otherwise. The founders shall be the merging companies.

(4) In addition to the provisions of subsection 1 of § 392 of this Code, the merger agreement shall set out the business name and registered office of the new company. The articles of association or partnership agreement of the company being founded, which shall be approved by the merger resolution, shall be appended to the merger agreement.

(5) The management board of or the partners entitled to represent a merging company shall submit a petition for entry of the merger in the commercial register.
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]

(6) The management boards of or the partners entitled to represent the merging companies shall submit a joint petition for entry of the new company in the commercial register of its registered office.

Subchapter 2
General Partnership or Limited Partnership as Merging Company

§ 406. Meaning of contribution

For the purposes of this chapter, the contribution of a partner of a general partnership or limited partnership shall be deemed to be a share.

§ 407. Content of merger agreement

(1) If the acquiring company is a general partnership or limited partnership, the merger agreement shall, in addition to subsection 1 of § 392 of this Code, set out with regard to each partner or shareholder of the company being acquired whether the partner or shareholder will become a general partner or limited partner of the acquiring company and the amount of the contribution of the partner or shareholder.

(2) A limited partner of a limited partnership, a shareholder of a private limited company or a shareholder of a public limited company being acquired who opposes the merger resolution shall become a limited partner of the acquiring company.

§ 408. Merger report

A merger report need not be prepared if the partners of a merging general partnership or limited partnership are managing partners of

the company.

§ 409. Merger resolution

(1) A merger resolution shall be adopted if all the partners vote in favour.

(2) A partnership agreement may prescribe that the merger resolution shall be adopted if more than two-thirds of the partners vote in favour. If a partner of a general partnership or a general partner of a limited partnership being acquired opposes the merger resolution, the partner or general partner shall become a limited partner of the acquiring company.

(3) If a merger resolution may be made by a majority vote pursuant to the partnership agreement, a partner may demand an audit of the merger agreement at the expense of the company.

§ 410. Liability of shareholders

(1) If a general partnership or limited partnership merges with a limited partnership, private limited company or public limited company, a general partner shall be liable for the obligations of the company being acquired for which the due date for performance has arrived or will arrive within five years after entry of the merger on the registry card of the acquiring company.

(2) If a general partnership or limited partnership merges with a limited partnership in which a general partner of the company being acquired is to become a general partner, the liability restriction prescribed in subsection 1 of this section shall not apply with regard to the general partner.

Subchapter 3
Private Limited Company as Merging Company

§ 411. Audit of merger agreement

A shareholder of a merging private limited company may demand an audit of the merger agreement at the expense of the private limited company. The corresponding written request shall be submitted within ten days as of providing the opportunity to examine the documents specified in subsection 2 of § 397 of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 412. Merger resolution

(1) A merger resolution shall be adopted if at least two-thirds of the votes represented at the meeting of shareholders are in favour, and the articles of association do not prescribe a greater majority requirement.

(2) If a merger resolution is made pursuant to the procedure provided for in subsection 2 of § 173 of this Code, the resolution shall be adopted if at least two-thirds of the votes of the shareholders are in favour unless the articles of association prescribe a greater majority requirement.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2^1) If the special rights of a shareholder in managing a company are damaged or restricted by a merger, the consent of such shareholder is necessary for adopting the merger resolution.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2^2) If the acquiring company is a private limited company, the contribution for which shares has not been completely paid, the consent of all the partners or shareholders of the company being acquired is necessary for the adoption of the merger resolution. If the company being acquired is a private limited company, the contribution for which shares has not been completely paid, the consent of all the partners or shareholders of the acquiring company is necessary for the adoption of the merger resolution.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) If at least nine-tenths of the share capital of a private limited company or of the share capital of a public limited company being acquired is held by the acquiring private limited company, approval of the merger agreement by a merger resolution of the acquiring private limited company shall not be required for merger. The own shares of the company being acquired shall not be taken into account in the determination of representation. The acquiring private limited company at least two weeks before deciding on the approval of the merger agreement by the company being acquired or, if the merger agreement need not be approved at the meeting of shareholders or the general meeting of the company being acquired, at least two weeks before the creation of the rights and obligations arising from the merger agreement shall perform the disclosure obligations specified in subsection 2 of § 397 of this Code. A merger resolution is necessary if this is demanded within the term specified in the previous sentence by shareholders of the acquiring private limited company whose shares represent at least one-twentieth of the share capital and unless the articles of association prescribe a lower representation requirement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(4) If the only share of the private limited company being acquired is held by the acquiring private limited company or public limited company, the approval of the merger agreement by the merger resolution of the private limited company being acquired is not required for the merger. The own share of the private limited company being acquired shall not be taken into account in the determination of representation.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 413. Increase of share capital of acquiring company

(1) Upon an increase of share capital of an acquiring private limited company in connection with merger, other shareholders shall not have the pre-emptive right to the acquisition of shares (§ 193).

(2) In addition to the documents specified in subsection 1 of § 196 of this Code, copies of the merger agreement and the merger resolutions of the merging companies certified by a notary shall be appended to the petition for entry of the increase of share capital in the commercial register.

(3) In case of the increase of the share capital of the acquiring private limited company, the merger shall not be entered on the registry card of the acquiring private limited company before the increase of the share capital has been entered in the commercial register.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(4) The acquiring private limited company shall not increase the share capital for conducting the merger to the extent to which the shares of the company being acquired are held by the acquiring private limited company or by the company being acquired itself, or by a person acting in his or her own name but at the expense of the company.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 414. Transfer of shares upon merger

(1) An acquiring private limited company shall first transfer its own share of the acquiring private limited company to the partners or shareholders of the company being acquired in the exchange of their shares.

(2) If the own share of an acquiring private limited company is transferred to the partners or shareholders of the company being acquired, it may be divided without observing the restrictions on transfer provided by law and the articles of association and without taking account of the minimum permitted nominal value of a share.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 415.

[Repealed – RT I 2007, 65, 405 – entry into force 15.12.2007]

§ 416. Valuation of assets to be transferred

(1) If the acquiring company is a private limited company whose share capital is to be increased in connection with the merger or if a new private limited company is to be founded upon merger, the procedure prescribed for valuation of a non-monetary contribution of a private limited company (§ 143) shall be used to assess whether the assets of the companies being acquired are sufficient for the increase of share capital or for the share capital of the private limited company being founded. Documents certifying the valuation of the assets shall be submitted to the commercial register together with the merger petition.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) The provisions of subsection 1 of this section shall not apply if the merger agreement is audited by an auditor. In auditing the merger agreement, the auditor shall also provide the assessment of the fact whether the assets of the merging companies are sufficient for increasing the share capital or for the share capital of a private limited company being founded.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 416[1]. Protection of holders of convertible bonds

The provisions of § 426 of this Code shall apply to the holders of convertible bonds of the private limited company being acquired.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 417. Merger whereby new private limited company founded

(1) The provisions of § 138 shall not apply to a merger of companies whereby a new private limited company is founded.

(2) Upon a merger whereby a new private limited company is founded, the merger agreement shall, in addition to the provisions of subsection 1 of § 392 and subsection 4 of § 405 of this Code, set out the amount of share capital and the members of the management board of the private limited company being founded. If a supervisory board is to be formed, the members of the supervisory board shall also be set out.

Subchapter 4
Public Limited Company as Merging Company

§ 418. Audit

Upon merger of a public limited company, an auditor shall audit the merger agreement.

§ 419. Preparation of general meeting

(1) At least one month before the general meeting to decide on merger, the management board shall present the following to the shareholders for examination at the registered office of the public limited company:
1) the merger agreement;
2) the three preceding annual reports of the merging companies;
[RT I 2009, 13, 78 – entry into force 01.07.2009]
3) the merger reports of merging companies;

[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
4) the sworn auditor's reports of merging companies.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) At the request of a shareholder, he or she shall be immediately provided free of charge either complete or partial copy, based on the shareholder's wish, of the documents specified in subsections 1 and 3 of this section. Upon the shareholder's consent, the copy may be sent to his or her e-mail address.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2^1) If a public limited company has provided its website address to the registrar pursuant to clause 7 of subsection 1 of § 250 of this Code, then in order to fulfil the requirements specified in subsections 1 and 2 of this section it may publish the documents on its website in a way enabling to save and print them. The documents must be available on the website of the public limited company for one month prior to the general meeting and until the end of the general meeting.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) If the latest annual report of a merging public limited company is prepared in respect to financial year, which ended earlier than six months prior to the entry into the merger agreement, the balance sheet (interim balance sheet) compliant with the requirements established for the balance sheet that constitutes part of the annual report shall be prepared as at no earlier than the first day of the third month preceding the entry into the merger agreement. The interim balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The interim balance sheet shall be submitted to shareholders for examination pursuant to the procedure specified in subsections 1–2^1 of this section. The interim balance sheet need not be prepared if all the shareholders of the merging public limited companies agree thereto. Instead of the interim balance sheet, the half-yearly report disclosed pursuant to § 184^{11} of the Securities Market Act may be submitted to shareholders for examination.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(4) At least one month prior to the general meeting deciding on the merger, the management board shall submit the merger agreement to the registrar of the commercial register or disclose it on the website of the public limited company. Upon the disclosure of the merger agreement on the website of the public limited company, it shall be available to the public free of charge until the end of the general meeting. In addition, the management board shall publish in the official publication *Ametlikud Teadaanded* a notice concerning the entry into the merger agreement. The notice shall indicate where or at which website address it is possible to examine the merger agreement and other documents specified in subsection 1 of this section and receive copies of these documents. Upon the disclosure of the merger agreement on the website of the public limited company, the notice shall also indicate the disclosure date of the merger agreement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) If the public limited company is required to make public the regulated information in the central recording system for information specified in subsection 5 of § 184^6 of the Securities Market Act, the merger agreement may be disclosed in such system instead of the website of the public limited company. In the remaining part, subsection 4 of this section shall apply.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 420. Organisation of general meeting

(1) At the general meeting, the management board shall explain the legal and economic consequences of the merger, including the exchange of shares.

(2) At the general meeting, the supervisory board shall present its opinion concerning the merger.

(3) At the general meeting, information concerning circumstances related to other merging companies shall also be given to a shareholder at the request of the shareholder.

§ 421. Merger resolution

(1) A merger resolution shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour, and the articles of association do not prescribe a greater majority requirement.

(2) If a public limited company has several classes of shares, the merger resolution shall be adopted if, in addition to the provisions of subsection 1 of this section, at least two-thirds of the holders of each class of shares vote in favour of the resolution, and the articles of association do not prescribe a greater majority requirement. If a resolution is made pursuant to the procedure provided for in subsection 2 of § 297, at least two-thirds of the votes represented of each class of shares at the general meeting must vote in favour of the resolution unless the articles of association prescribe a greater majority requirement.

(3) If the acquiring company is not a public limited company, the holders of preferred shares and convertible bonds of the public limited company being acquired shall participate in the determination of representation and in voting on the same bases as the shareholders.

(4) If at least nine-tenths of the share capital of a private limited company or of the share capital of a public limited company being acquired is held by the acquiring public limited company, approval of the merger agreement by a merger resolution of the acquiring public limited company shall not be required for merger. The own shares of the company being acquired shall not be taken into account in the determination of representation. The acquiring public limited company at least one month before deciding on the approval of the merger agreement by the company being acquired or, if the merger agreement need not be approved at the meeting of shareholders or the general meeting of the company being acquired, at least one month before the creation of the rights and obligations arising from the

merger agreement shall perform the disclosure obligations specified in § 419 of this Code. A merger resolution is necessary if this is demanded within the term specified in the previous sentence by shareholders of the acquiring public limited company whose shares represent at least one-twentieth of the share capital and unless the articles of association prescribe a lower representation requirement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) If all the shares of the public limited company being acquired are held by the acquiring private limited company or public limited company, the approval of the merger agreement by the merger resolution of the public limited company being acquired is not required for the merger. The own shares of the public limited company being acquired shall not be taken into account in the determination of representation. The public limited company being acquired shall at least one month before the creation of the rights and obligations arising from the merger agreement perform the disclosure obligations specified in subsections 4 and 5 of § 419 of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 421[1]. Takeover of shares for conducting merger

(1) If the acquiring public limited company holds at least nine-tenths of the share capital of the public limited company being acquired, the general meeting of the public limited company being acquired, on the application of the majority shareholder, may decide within three months as of the entry into the merger agreement on the takeover of the shares held by the minority shareholders of the public limited company being acquired by the majority shareholder pursuant to the procedure specified in §§ 363[1]–363[10] of this Code taking into account the peculiarities provided for in this section.

(2) In the determining the amount of the share capital represented by the majority shareholder's shares, the second sentence of subsection 2 of § 363[1] of this Code shall not apply.

(3) A resolution on the takeover of shares belonging to minority shareholders shall be adopted if at least nine-tenths of the votes represented at the general meeting by shares are in favour.

(4) The merger agreement shall state that due to the merger the takeover of the shares held by the minority shareholders of the public limited company being acquired is taking place.

(5) The merger agreement shall be submitted to shareholders for examination pursuant to the procedure specified in § 363[5] of this Code.

(6) A copy of the merger agreement certified by a notary shall be enclosed to the notice specified in § 363[10] of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 422. Increase of share capital of acquiring public limited company

(1) Upon an increase of share capital of an acquiring public limited company in connection with a merger, other shareholders shall not have the pre-emptive right to the acquisition of shares (§ 345).

(2) In addition to the documents specified in subsection 1 of § 343 of this Code, copies of the merger agreement and the merger resolutions of the merging companies certified by a notary shall be appended to the petition for entry of the increase of share capital in the register.

(3) In case of the increase of the share capital of the acquiring public limited company, the merger shall not be entered on the registry card of the acquiring public limited company before the increase of the share capital has been entered in the commercial register.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(4) The acquiring public limited company shall not increase the share capital for conducting the merger to the extent to which the shares of the company being acquired are held by the acquiring public limited company or by the company being acquired itself, or by a person acting in his or her own name but at the expense of the company.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 423. Transfer of shares upon merger

An acquiring public limited company shall first transfer its own shares of the acquiring public limited company to the partners or shareholders of the company being acquired in the exchange of their shares.

§ 424. Valuation of assets to be transferred

(1) If the acquiring company is a public limited company whose share capital is to be increased in connection with the merger or if a new public limited company is to be founded upon merger, the procedure prescribed for valuation of a non-monetary contribution of a public limited company (§ 249) shall be used to assess whether the assets of the companies being acquired are sufficient for the increase of share capital or for the share capital of the public limited company being founded. Documents certifying the valuation of the assets shall be submitted to the commercial register together with the merger petition.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) The provisions of subsection 1 of this section shall not apply if the merger agreement is audited by an auditor. In auditing the merger agreement, the auditor shall also provide the assessment of the fact whether the assets of the merging companies are sufficient for increasing the share capital or for the share capital of a public limited company being founded.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 425.

[Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 426. Protection of holders of preferred shares or convertible bonds

(1) The rights of holders of preferred shares or convertible bonds of a public limited company being acquired which they had in the public limited company being acquired shall be retained in the acquiring public limited company.

(2) Where the acquiring company is not a public limited company, the holders of preferred shares or convertible bonds acquire shares of the acquiring company on the same bases as the shareholders of the public limited company being acquired. If they oppose to the merger agreement, they may claim compensation pursuant to § 404 of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 427. Merger whereby new public limited company is founded

(1) The provisions of § 243 of this Code shall not apply to a merger of companies whereby a new public limited company is founded.

(2) Upon a merger whereby a new public limited company is founded, the merger agreement shall, in addition to the provisions of subsection 1 of § 392 and subsection 4 of § 405 of this Code, set out the amount of share capital and the members of the management board and supervisory board of the public limited company being founded.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 4[1]
Merger of Private Limited Company or Public Limited Company with Assets of Natural Person

[RT I, 21.03.2014, 3 - entry into force 01.01.2015]

§ 427[1]. Right to merge

(1) The merger of a private limited company or public limited company with the assets of the company's shareholder who is a natural person is permitted also in case in addition to this shareholder the shares of a private limited company or public limited company being acquired are held exclusively by the company itself.

(2) The merger is permitted also in case the shares are in the joint ownership of the spouses.

(3) The merger is not permitted if a public limited company being acquired has issued convertible bonds.

(4) The merger is not permitted if an acquiring natural person is insolvent.
[RT I, 21.03.2014, 3 – entry into force 01.01.2015]

§ 427[2]. Disclosure obligations

Upon the merger of a private limited company or public limited company with the assets of a natural person the disclosure obligations specified in subsection 2 of § 397 and subsections 4 and 5 of § 419 of this Code need not be performed.
[RT I, 21.03.2014, 3 – entry into force 01.01.2015]

§ 427[3]. Protection of creditors

(1) Upon the merger of a private limited company or public limited company with the assets of a natural person, the procedure for protection of creditors provided for in § 399 of this Code does not apply.

(2) The management board of a company being acquired shall send at least one month prior to filing a petition for entry of the merger in the commercial register to the known creditors of the company a notice concerning the merger in a format which can be reproduced in writing. In addition, the management board of a company being acquired shall publish, within the term specified in the first sentence, a notice concerning the merger in the official publication *Ametlikud Teadaanded*. The notice shall set out that the creditors of a company being acquired have the rights specified in subsections 3 and 4 of this section.

(3) A creditor has the right to demand a security for claims which arise before or within fifteen days after the publication of the notice in the official publication *Ametlikud Teadaanded*.

(4) A company being acquired shall secure the claims of creditors if these are submitted within one month after publication of the notice in the official publication *Ametlikud Teadaanded* and only in case the creditors have no possibility to demand satisfaction of the claims and they prove that the merger may endanger the fulfilment of the claims.
[RT I, 21.03.2014, 3 – entry into force 01.01.2015]

§ 427[4]. Submission of petition to commercial register

(1) A petition for entry of the merger in the register shall set out the personal identification code of an acquiring natural person.

(2) The members of the management board of a company being acquired shall confirm in a petition for entry of the merger in the register that the creditors of the company have been given a security pursuant § 427[3] of this Code.

(3) A written confirmation of an acquiring natural person regarding the fact that he or she is not insolvent shall be enclosed to a petition

for entry of the merger in the register.

(4) If the share or shares of a company being acquired are in the joint ownership of the spouses and only one of the spouses entered into a merger agreement, the notarised consent of the other spouse for merger shall be enclosed to a petition for entry of the merger in the register.

(5) If the shares of a company being acquired are pledged, the notarised consent of the pledgee for merger shall be enclosed to a petition for entry of the merger in the register.

(6) The provisions of subsection 4 of § 400 of this Code do not apply to submission of a petition for entry of the merger in the register.
[RT I, 21.03.2014, 3 – entry into force 01.01.2015]

§ 427[5]. Merger entry and legal effect of entry

(1) The merger shall be entered exclusively on the registry card of a company being acquired. Upon merger of several companies being acquired with the assets of a natural person, the entry shall set out the entry on the registry card of which company being acquired will result in the entry into force of the merger. The entry made on the registry card of a company being acquired shall also set out the name and personal identification code of an acquiring natural person.

(2) The merger may be entered in the commercial register exclusively with the written consent of the Tax and Customs Board. Subsection 4 of § 60 of the Commercial Register Act applies to the granting of the consent. The Tax and Customs Board may refuse the consent also in case it has any claims against an acquiring natural person.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) The merger shall enter into force upon entry of the merger on the registry card of the last company being acquired.
[RT I, 21.03.2014, 3 – entry into force 01.01.2015]

Subchapter 5
Commercial Association as Merging Company

§ 428. Commercial association as merging company

A commercial association may only merge with a commercial association.

§ 429. Contribution and membership

(1) For the purposes of this chapter, a contribution to a commercial association shall be deemed to be a share.

(2) For the purposes of this chapter, a member of a commercial association shall be deemed to be a shareholder.

§ 430. Audit of merger agreement

A member of a merging commercial association may demand an audit of the merger agreement at the expense of the commercial association. The corresponding written request shall be submitted within ten days as of providing the opportunity to examine the documents specified in subsection 2 of § 397 of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 431. Merger resolution

A merger resolution shall be adopted if at least two-thirds of the members who participate in the meeting vote in favour, and the articles of association do not prescribe a greater majority requirement.

§ 432. Valuation of assets to be transferred

The assets to be transferred of a commercial association being acquired shall be valuated pursuant to the procedure prescribed for valuation of a non-monetary contribution of an association. Documents certifying the valuation of the assets shall be submitted to the commercial register.
[RT I 2007, 67, 413 – entry into force 28.12.2007]

§ 433. Merger whereby new commercial association founded

Upon a merger whereby a new commercial association is founded, the merger agreement shall, in addition to the provisions of subsection 1 of § 392 and subsection 4 of § 405 of this Code, set out the members of the management board of the association being founded. If a supervisory board is to be formed, the members of the supervisory board shall also be set out.

Subchapter 6
Cross-border Merger

[RT I 2007, 65, 405 - entry into force 15.12.2007]

§ 433[1]. Participation in cross-border merger

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) A public limited company or private limited company registered in the Estonian commercial register may merge with another limited liability company founded on the basis of the law of another State which is a Contracting Party to the EEA Agreement (hereinafter *Contracting State*) which conforms to the requirements provided in Article 2.1 of the Directive 2005/56/EC of the European Parliament and of the Council of on cross-border mergers of limited liability companies (OJ L 310, 25.11.2005, p. 1–9) and whose registered office, location of the management board or principal place of business is in a Contracting State (hereinafter *cross-border merger*).

(2) The provisions of this Chapter apply to the participation in a cross-border merger of companies registered or subject to registration in the Estonian commercial register unless otherwise provided by law concerning the cross-border merger.

(3) Commercial associations are prohibited to participate in a cross-border merger as the company being acquired or the acquiring company.

(3^1) Participation in a cross-border merger is not permitted if:
1) the company is in liquidation and the distribution of its assets to partners or shareholders has started;
2) reorganisation, bankruptcy or criminal proceedings have been commenced against the company.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(4) In case of a cross-border merger, the employees of the acquiring company must be involved to participate in the management of the acquiring company, in the cases and pursuant to the procedure provided in Chapter 3^1 of the Community-scale Involvement of Employees.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433^2. Merger agreement

(1) In addition to the provisions on subsection 1 of § 392 of this Code, the merger agreement must specify:
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]
1) the type of the company being acquired and the acquiring company;
2) in the case of the right to receive a share of the profit, the specifics for performance of such right;
3) information concerning the evaluation of the assets to be transferred to the acquiring company;
4) the dates of the financial statements used for determining the terms and conditions for the merger;
4^1) the compensation offered to the partners or shareholders as specified in § 433^7 of this Code, and the procedure for determination thereof;
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]
4^2) the principles for the protection of creditors, including the security offered;
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]
4^3) the advantages granted to the members of the managing bodies of the company;
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]
5) in the case provided by law, the data concerning the participation by the employees in the management of the company.
[RT I 2007, 65, 405 – entry into force 15.12.2007]

(2) Where all the shares granting voting rights of the company being acquired belong to the acquiring company, the data specified in clauses 2–4 of subsection 1 of § 392 of this Code and clause 2 of subsection 1 of this section need not be spcified in the merger agreement.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) The articles of association of the acquiring company shall also be annexed to the merger agreement.
[RT I 2007, 65, 405 – entry into force 15.12.2007]

(4) The sum of additional payments prescribed in the merger agreement which are to be paid by the acquiring company to the partners or shareholders of the company being acquired may exceed one-tenth of the sum of the nominal values or book values of the shares of the acquiring company if permitted by the law of the Contracting State applicable to the acquiring company participating in the cross-border merger.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(5) Subsections 4 and 5 of § 419 of this Code apply to the disclosure of the merger agreement. A notice published in *Ametlikud Teadaanded* shall set forth the following:
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
1) the type, business name and registered office of each merging company;
2) the register in which the merger of each merging company has been registered and the number of the register entry;
3) a reference that the merger agreement contains information concerning the protection of minority partners or shareholders and creditors.
[RT I 2007, 65, 405 – entry into force 15.12.2007]

(6) In case of cross-border merger pursuant to subsection 1 of § 433^8 of this Code, the merger agreement upon the disclosure thereof on the company's website or in the central recording system for information specified in subsection 5 of § 184^6 of the Securities Market Act shall be available to the public free of charge for at least two months as of the disclosure of the notice in the official publication *Ametlikud Teadaanded*.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 433[3]. Merger report

(1) In the case of cross-border merger, the merger report must also explain the effect of the merger on the partners or shareholders of the company and the employees of the private limited company or the public limited company. The part of the report describing the effect of the merger on the employees may be formalised separately.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1[1]) A description of the effect of the merger must include at least the following data:
1) the effect on the employment relationships and the measures taken for the protection of the employment relationships;
2) significant changes in working conditions or in the principal place of business of the company;
3) the effect of the circumstances specified in clauses 1 and 2 of this subsection on the subsidiaries of the company;
4) the legal remedies pursuant to § 433[6] and 433[7] of this Code.

(1[2]) The cross-border merger report together with a draft cross-border merger agreement is made electronically accessible to the shareholders of the company and to the representatives of the employees, or where there are no such representatives, to the employees themselves, not later than six weeks before the meeting or general meeting where the merger resolution is adopted.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1[3]) The representatives of the employees specified in subsection 1[2] of this section, or where there are no such representatives, the employees themselves have the right to submit their opinion concerning the merger report. The opinion is appended to the merger report when it is submitted to the company at least two weeks before the meeting or general meeting where the merger resolution is adopted. The partners or shareholders of the company are notified about the report.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1[4]) The part of the report concerning the employees need not be prepared if the company and its subsidiary has no employees.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) [Repealed – RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433[4]. Audit

(1) Upon cross-border merger, the merger agreement must be audited by an auditor who prepares a written report on the results of the audit.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) Upon cross-border merger, one or several common auditors may be appointed to several or all of the companies being acquired. A common auditor or auditors shall be appointed only by or with permission of a court or administrative authority of the Contracting State under whose jurisdiction one of companies being acquired or the acquiring company falls.

(3) Based on the request of the merging companies, an Estonian court shall appoint the auditor or auditors specified in subsection 2 of this section who shall have the expertise and skills necessary for auditing a cross-border merger. The court shall also specify the procedure for and amount of remuneration for the auditor or auditors it appoints.
[RT I 2007, 65, 405 – entry into force 15.12.2007]

(4) The auditor's report must specify the difficulties related to valuation of the amount of compensation for shares and the method used upon determination of the exchange ratio of shares and whether the compensation was appropriate compensation to the partners or shareholders. The report must also specify whether the exchange ratio of shares or the monetary compensation determined for the shares as set out in the merger agreement is fair. Upon valuation of the monetary compensation, the auditor takes into account the market value of the shares of the company before the notification about the merger, or the value of the company, and deduct from such value the effect of the planned merger which is determined on the basis of generally accepted valuation methods.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(5) An auditor is not required to audit a merger agreement if all the partners or shareholders of the company participating in the merger agree that an auditor need not audit the merger agreement, or if the company participating in the merger has only one partner or shareholder.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(6) The auditor's report is made accessible to the partners or shareholders of the company not later than one month before the meeting or general meeting where the merger resolution is adopted.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(7) Upon auditing a merger agreement, the auditor has the rights and obligations deriving from § 56 of the Auditors Activities Act.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433[5]. Disclosure of merger and merger resolution

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) The company discloses the merger agreement and submits it to the commercial register for disclosure in such manner that in both cases it would be disclosed not later than one month before the meeting or general meeting where the merger resolution is adopted. In addition, a notice is disclosed which is addressed to the partners or shareholders of the company, the creditors and representatives of

the employees, or where there are no such representatives, to the employees themselves, to inform them that they will be able to submit their comments to the company concerning the merger agreement not later than five working days before the meeting of partners or shareholders or general meeting of shareholders.

(2) The company discloses also the auditor's report on the merger and submits it to the commercial register for disclosure, excluding any information which may compromise the business secret of the company.

(3) To meet the requirements provided in subsections 1 and 2 of this section, the company may disclose the documents on its website in a format which can be reproduced in writing. The documents must be available on the website of the company for one month before the meeting or general meeting, and until the end of the meeting or general meeting. In addition, the company must submit to the commercial register for disclosure, free of charge, the following data:
1) the legal form, name and registered office of the company, and the planned legal form and name, and the planned registered office of the merging company;
2) the registration number of the company in the commercial register;
3) a reference to the procedure for the exercise of the rights of the creditors, employees or partners or shareholders;
4) details of the website where the cross-border merger agreement, the notice specified in subsection 1 of this section and the auditor's report can be accessed free of charge.

(4) Where all the shares of the company being acquired which grant voting rights belong to the acquiring company, the merger agreement does not need to be approved at the general meeting. In such case the documents and data specified in subsection 1 of this section must be disclosed not later than one month before submitting a petition to the registrar.

(5) Instead of subsection 3 of § 412 of this Code, subsection 4 of § 421 of this Code applies to private limited companies entered in the Estonian commercial register which participate in a cross-border merger.

(6) The meeting of partners or shareholders or the general meeting of shareholders of the company being acquired may reserve the right to make approval of the merger resolution conditional on express approval by the acquiring company of the procedure for participation of employees of the acquiring company in the management of the company.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433^{6}. Share exchange ratio

(1) [Repealed – RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) Upon cross-border merger, subsections 3 and 4 of § 398 of this Code apply also in case a company participates in the merger who falls under the law of another Contracting State which grants partners and shareholders the right to demand refund in the case of a low share exchange ratio, and if the matter falls under the jurisdiction of the Estonian court. In addition to the provisions of subsection 2 of § 398 of this Code, a merger resolution may not be declared invalid for the reason that the information submitted regarding the share exchange ratio is not in conformity with the requirements of law.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) [Repealed – RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433^{7}. Compensation upon cross-border merger

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) Where the acquiring company falls under the jurisdiction of another Contracting State, the partner or shareholder of a company being acquired which has been entered in the Estonian commercial register who does not agree to the merger resolution has the right, pursuant to the procedure provided in § 404 of this Code, to transfer the shares thereof or to demand that the acquiring company acquire the exchanged share or shares of the partner or shareholder for monetary compensation, by communicating it to the company's e-mail address within one month after the merger resolution is adopted.

(2) The compensation is paid within two months after the entry into force of the merger entry.

(3) The merger resolution of the company being acquired cannot be declared invalid for the reason that the monetary compensation is unfair or that the information submitted about it was not in conformity with the requirements of law.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433^{8}. Protection of creditors

(1) The provisions of § 399 of this Code do not apply if a company entered in the commercial register of Estonia participates in a cross-border division in such manner that the acquiring company falls under the jurisdiction of another Contracting State.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) a company entered in the commercial register of Estonia participates in a cross-border merger in such manner that the acquiring company falls under the jurisdiction of another Contracting State, the creditors of the public limited company or private limited company have the right, within three months after the publication of the notice specified in § 433^{5} of this Code, to submit a claim to receive a security.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) Only a creditor whose claims have arisen before the disclosure of the cross-border merger agreement, and only with regard to the claims which have not become collectable by the date of disclosure has the right to receive the security provided in subsection 2 of this

section. The creditor must prove that the merger may endanger the fulfilment of their claims. The security provided to the creditors is conditional and depends on the entry into force of the merger.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3^{1}) A creditor has the right to submit, in Estonia, a claim which has become collectable against an acquiring company, within two years after the entry into force of the merger.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(4) [Repealed – RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 433^{9}. Merger entry and merger certificate

(1) Section 400 of this Code applies to the petition submitted to the commercial register by an acquiring company or company being acquired registered or to be registered in the Estonian commercial register. In addition to the above, the members of the management board must set out the following data in the petition:

1) the comments specified in the second sentence of subsection 1 of § 433^{5} of this Code;
2) the number of employees at the time of preparation of the cross-border merger agreement;
3) the name and registered office of the subsidiary;

4) the confirmation that a security has been provided to the creditors of the company in accordance with § 433^{8} of this Code;
5) the confirmation that the financial position of the company enables participation in the cross-border merger and that the company is capable of performing the obligations deriving from the merger agreement.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) Where a company registered in the Estonian commercial register participates in a cross-border merger as the company being acquired, the registrar sends a certificate to the court, notary or other competent authority of the Contracting State under whose jurisdiction the acquiring company falls, via the system of interconnection of registers of the European Union within three months after receipt of the petition and documents specified in subsection 1 of this section. The certificate sets out the date of making the entry and includes a confirmation that the merger does not involve any circumstances precluding the cross-border merger as specified in § 433^{10} of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) The minister in charge of the policy sector shall establish the procedure for preparing and issuing of the certificate for cross-border merger specified in subsection 2 of this section.

(4) If a company registered in the Estonian commercial register participates in a cross-border merger as the company being acquired, an entry is made in the commercial register of the company being acquired stating that the merger is deemed to have taken place pursuant to the law of the Contracting State under whose jurisdiction the acquiring company falls. After receiving a notice concerning the merger having taken place from a court, notary or other competent authority of the Contracting State under whose jurisdiction the acquiring company falls, the registrar shall make an entry in the commercial register concerning the date on which, according to the received notice, the merger took place, and, if the shares of the company being acquired are entered in the Estonian register of securities or another depository, shall also inform the registrar of the Estonian register of securities or another depository thereof.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(5) After performing the acts specified in subsection 4 of this section, the registrar shall forward all the documents which have been submitted to it concerning the company being acquired by electronic means to the court, notary or other competent authority of the Contracting State under whose law the acquiring company falls.

(6) Where a company registered or to be registered in the Estonian commercial register participates in a cross-border merger as the acquiring company, the company being acquired which falls under the jurisdiction of a Contracting State submits to the registrar a copy of the transformation resolution and makes a reference to the certificate of the court, notary or other competent authority of the corresponding Contracting State stating that the requirements for merger have been fulfilled and pre-merger acts have been concluded with respect to the company being acquired which falls under the jurisdiction of such Contracting State, and that the certificate has been sent to the registrar via the system of interconnection of registers of the European Union. The merger entry is made even if it is evident based on the certificate that a court proceeding for checking the share exchange ratio within the meaning of subsection 3 of § 398 of this Code has been initiated with respect to the company being acquired.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(7) If a company registered or to be registered in the Estonian commercial register participates in a cross-border merger as the acquiring company, the registrar shall immediately give notice of the merger entry to a court, notary or other competent authority of the Contracting State under whose jurisdiction the company being acquired falls and, if the shares of the acquiring company are entered in the Estonian register of securities or another depository, shall also inform the registrar of the Estonian register of securities or another depository thereof.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(8) If the share capital is increased in the course of cross-border merger, the management board of the acquiring company shall submit a petition for the entry of the increase of the share capital within one year after the resolution to increase the share capital was adopted.
[RT I 2007, 65, 405 – entry into force 15.12.2007]

§ 433^{10}. Refusal to issue certificate for cross-border merger

(1) The certificate for cross-border merger is not issued if:
1) the cross-border merger does not meet the applicable requirements;
2) the cross-border merger is planned to commit fraud or with the purpose of evading the legal requirements or if the merger is planned for criminal purposes or it may involve a threat to Estonia's security;
3) the registrar has reasonable doubt that the cross-border merger is planned for any purpose specified in clause 2 of this subsection.

(2) The registrar may, in order to ascertain the circumstances specified in subsection 1 of this section, submit inquiries to state or local government authorities or other legal persons in public law. An inquiry must be submitted to the Tax and Customs Board. Said authorities inform the registrar about the outstanding obligations of the merging company and an evaluation of whether, in their opinion, there are any circumstances precluding the participation of the company in the cross-border merger.

(3) A list of the authorities specified in subsection 2 of this section is established by a regulation of the minister in charge of the policy sector.

(4) The registrar may, in order to inquire the circumstances specified in subsection 1 of this section, extend the term for the issue of the certificate by three months or until the circumstances necessary for issuing the certificate are ascertained, while promptly informing the company about the extension of the term.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

Chapter 32
SUBSUBDIVISION

Subchapter 1
General Provisions

§ 434. Methods of division

(1) Division shall be effected without a liquidation proceeding by distribution or separation.

(2) Upon distribution, the company being divided shall transfer its assets to the recipient companies. A recipient company may be an existing or new company. Upon distribution, the company being divided shall be deemed to be dissolved.

(3) Upon distribution, the partners or shareholders of the company being divided shall become partners or shareholders of a recipient company.

(4) Upon separation, the company being divided shall transfer part of its assets to one or several recipient companies. A recipient company may be an existing or new company.

(5) Upon separation, the partners or shareholders of the company being divided shall become partners or shareholders of a recipient company, or the company being divided shall become the sole shareholder.

(6) Existing and new companies entered in the commercial register in Estonia may simultaneously be recipient companies.

(7) Companies participating in a division may be of the same type or of different types of companies unless otherwise provided by law.

§ 435. SubSubdivision agreement

(1) In order to divide, the management boards of or the partners entitled to represent the companies participating in division shall enter into a division agreement. Rights and obligations shall arise from the division agreement after approval of the agreement pursuant to the procedure provided for in § 440 of this Code. A division agreement shall set out:
1) the business names and registered offices of the companies participating in division;
2) upon distribution or separation, the distribution and exchange ratio of shares in the companies participating in the division to be transferred to the partners or shareholders of the company being divided, and the amount of additional payments, if additional payments are to be made, for the exchange of shares to the partners or shareholders of the company being divided;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
3) upon distribution or separation, the terms and conditions of transfer of the shares of the recipient companies for the exchange of shares with the partners or shareholders of the company being divided;
4) the date as of which the transferred shares shall grant the right to a share of profit of the recipient companies and the special conditions affecting this right;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
5) the rights which the recipient companies will grant to the partners or shareholders of the company being divided, including the holders of preferred shares and convertible bonds;
6) a list of assets to be transferred to each recipient company and the distribution of obligations which belong to the assets among the companies participating in division;
7) the consequences of division for the employees;
8) in the case of distribution, the date as of which the transactions of the company being divided shall be deemed to be undertaken by the recipient company (division balance sheet date);
9) the remuneration paid to the auditor who audits the division agreement and the advantages granted to the members of the management boards and supervisory boards of the companies participating in division or the partners entitled to represent the companies.

(2) The sum of additional payments prescribed in a division agreement which are to be paid by a recipient private limited company or

public limited company to the partners or shareholders of the company being divided shall not exceed one-tenth of the sum of the nominal values or book values of their exchanged shares.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(3) A division agreement shall be notarised.

(4) If an approved division agreement is conditional and a condition is not met within five years after conclusion of the agreement, a company may terminate the agreement by giving at least six months' advance notice of termination unless the division agreement prescribes a shorter term for advance notice.

§ 436. SubSubdivision report

(1) The management boards of or the partners entitled to represent the companies participating in a division shall prepare a written report (division report) in which the division and division agreement shall be explained and justified legally and economically. Upon distribution or separation whereby shares are exchanged with the partners or shareholders of the company being divided, the share exchange ratio, the distribution of shares of the companies participating in the division among the partners or shareholders of the company being divided, and the amount of additional payments, if additional payments are to be made, shall be justified in the report. Difficulties relating to valuation shall be referred to separately in the report.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) A division report need not be prepared upon separation by an exchange of shares with the company being divided, or if this is agreed to by all the partners of the company participating in division or all the shareholders of the public limited companies participating in division.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) The companies participating in division may prepare a joint division report.

(4) If a company participating in division belongs to a group, the division report shall also set out information necessary for the division concerning the other companies belonging to the group.

(5) A division report need not set out information, publication of which may result in significant damage to a company participating in division or a company belonging to the same group with such company. In such case, the reason for failure to submit the information shall be set out in the report.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 437. Audit

(1) An auditor shall audit a division agreement in the cases provided by law.

(2) An auditor need not audit a division agreement upon separation by the exchange of shares with the company being divided, or if all the partners of the company participating in division or all the shareholders of the public limited companies participating in division agree that an auditor need not audit the division agreement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 438. Appointment of auditor

An auditor shall be appointed by the management board or managing partners of the company participating in a division. One auditor may be appointed for some or all of the companies participating in division.

§ 439. Report and liability of auditor

(1) The auditor shall prepare a written report concerning the results of the audit of a division agreement. The auditors who audit a division agreement may prepare a joint report for the companies.

(2) A report shall indicate whether the share exchange ratio and additional payments indicated in the division agreement are appropriate consideration for the partners or shareholders of the company being divided, and whether the division may bring about damage to the interests of the creditors of the company.

(2^1) Additionally, the auditor's report shall set out the method which was used upon determination of the exchange ratio of shares to be transferred to the partners or shareholders of the company being divided, the difficulties relating to determination of the exchange ratio, whether the used method is appropriate for determination of the exchange ratio and other methods for determination of the exchange ratio. If different methods are used upon determination of the exchange ratio, the exchange ratio in each method and the importance of results obtained on the basis of each method upon determination of the exchange ratio shall be set out.

(3) An auditor shall be liable, in the same manner as upon auditing an annual report, for the damage caused by inaccurate auditing of the division agreement to the company, its shareholders or creditors.

(4) An auditor has the same rights and obligations upon auditing a division agreement as upon auditing an annual report. An auditor also has the right to obtain information necessary for auditing from other companies which belong to the same group with the company participating in division.

(5) An auditor's report need not set out information, publication of which may result in significant damage to a company participating in division or a company belonging to the same group with such company. In such case, the reason for failure to submit the information shall be set out in the report.

[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 440. SubSubdivision resolution

(1) Rights and obligations shall arise from a division agreement if the division agreement is approved by all companies participating in the division. A division resolution shall be in writing.

(2) A partner or shareholder may demand a copy of the division agreement or resolution.

(3) The partners or shareholders shall be provided with the opportunity to examine the division agreement, division report and auditor's report at least two weeks before deciding on approval of the division agreement unless otherwise provided by law.

(4) All the partners or shareholders of a company being divided must be in favour of the division resolution if, in the companies participating in division, shares are to be determined between the partners or shareholders of the company being divided based on a different proportion than in the company being divided.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) The management board of or the partners entitled to represent the company participating in division, prior to deciding on the approval of the division agreement, shall notify the partners or the general meeting of all material changes in the assets of the company which occur in the interim between the entry into the division agreement and deciding on the approval of the division agreement. The management board of or the partners entitled to represent the company participating in division shall notify of the changes specified in the previous sentence also the management boards of or the partners entitled to represent the other companies participating in division, who shall notify of the above changes the partners or the general meeting of their companies.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(6) The obligations specified in subsection 5 of this section need not be performed upon separation by an exchange of shares with the company being divided, or if this is agreed to by all the partners or shareholders of the companies participating in division.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 441. Contestation of SubSubdivision resolution and compensation for damage

(1) At the request of a partner, shareholder or member of the management board or supervisory board, a court may declare invalid a division resolution which is in conflict with the law, the partnership agreement or the articles of association if the request is submitted within one month after the resolution is made.

(2) The division resolution of a company being divided shall not be declared invalid on the basis that the share exchange ratio is fixed too low.

(3) If the share exchange ratio is fixed too low, a partner or shareholder may demand a refund from the recipient company which may exceed the amount specified in subsection 2 of § 435 of this Code.

(4) A fine for delay shall be paid on an unpaid refund in the amount provided by law as of entry of the division on the registry card of the company being divided. The above does not preclude or restrict the filing of claims for compensation for damage exceeding the default interest.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

§ 442.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 443. Submission of petition to commercial register

(1) The management board of or the shareholders entitled to represent a company participating in a division shall submit a petition for entry of the division in the commercial register not earlier than one month after approval of the division agreement. The following shall be appended to the petition:
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]
1) a copy of the division agreement certified by a notary;
2) the division resolution;
3) the minutes of the meeting of partners or shareholders if the division resolution is made at a meeting;
4) the permission for division, if required;
5) the division report or the agreements not to prepare one;
6) the auditor's report, if required, or the agreements not to prepare one;
7) upon distribution, the final balance sheet of the company being divided if the company being divided submits the petition;
8) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
9) if the shares of a company being divided are entered in the Estonian register of securities or another depository, the confirmation of the registrar of the Estonian register of securities or another depository that the management board of the company being divided has notified the registrar or the depository of the division;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]
10) the interim balance sheet or the agreements not to prepare one.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) A registrar may enter a distribution in the register only if the final balance sheet of the company being divided is prepared as at a date not earlier than eight months before submission of the petition to the commercial register. The final balance sheet is prepared

pursuant to the requirements established for the balance sheet that constitutes part of the annual report, and the approval of the final balance sheet and conducting the audit thereof is governed by the provisions concerning the approval of the annual report and conducting an audit. The final balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The final balance sheet shall be prepared as at the day before the division balance sheet.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) In a petition, the members of the management board of or the partners entitled to represent the company shall confirm that the division resolution is not contested, or that a corresponding petition has been denied.

§ 444. Business name of recipient company

(1) Upon distribution, one recipient company may continue activities under the business name of the company being divided.

(2) If a partner or shareholder of the company being divided is a natural person who no longer participates in the recipient company, the recipient company may continue to use his or her name in the business name only with the written consent of him or her, or of his or her successors.

§ 445. SubSubdivision entry

(1) A division shall be entered on the registry card of the company being divided if it is entered on the registry cards of all recipient companies. Entries on the registry card of the recipient companies shall indicate that the division shall be deemed to be effected as of entry on the registry card of the company being divided.

(2) The petitions related to division shall be joined in one proceeding.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(3) If the shares of a company being divided are entered in the Estonian register of securities or another depository, the registrar of the commercial register shall promptly notify the registrar of the Estonian register of securities or another depository of the division.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 446. Legal effect of entry

(1) All assets of a company being divided or, upon separation, the separated assets, shall transfer to the recipient companies pursuant to the distribution prescribed in the division agreement as of entry of the division on the registry card of the company being divided. After entry of the division on the registry card of the company being divided, entries regarding the transfer of assets shall be made in registers on the petitions of the recipient companies.

(2) Upon distribution, the company being divided shall be deemed to be dissolved as of entry of the division on the registry card of the company being divided. The registrar shall delete the company being divided from the commercial register.

(3) The partners or shareholders of the company being divided shall become partners or shareholders of the companies participating in division pursuant to the division agreement as of entry of the division on the registry card of the company being divided, except if the company being divided, upon separation, becomes the sole shareholder of the recipient company.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(4) Upon division, the shares of the partners or shareholders of the company being divided shall be exchanged for shares of the recipient companies. The rights of third persons with regard to exchanged shares shall remain valid with regard to the shares of the recipient company.
[RT I 2008, 16, 116 – entry into force 15.04.2008]

(5) The shares held by a recipient company or by the company being divided itself, or by a person acting in his or her own name but at the expense of the company shall not be exchanged upon division and shall become invalid, except if the company being divided, upon separation, becomes the sole shareholder of the recipient company.

(6) Assets which are not divided upon distribution shall be divided among the recipient companies in proportion to their shares in the divided assets.

(7) A division shall not be contested after its entry on the registry card of the company being divided.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 447. Liability for obligations of company being divided and compensation for damage caused by division

(1) Companies participating in a division shall be jointly and severally liable for the obligations of the company being divided which arise before entry of the division on the registry card of the company being divided. In relations between solidary debtors, only persons to whom obligations are assigned by the division agreement are obligated persons.

(2) A company participating in a division to whom obligations are not designated by the division agreement shall be liable for the obligations of the company being divided if the due date for their performance arrives within five years after entry of the division on the registry card of the company being divided.

(2^1) Immediately after a division has been entered on the registry card of the company being divided, the company participating in the division shall publish a division notice to the creditors of the companies being divided in the publication *Ametlikud Teadaanded*, informing them of the possibility to submit, within six months after the publication of the notice, their claims in order to receive a security.

(2^2) The company participating in division must secure the claims of the creditors within six months after the publication of the notice specified in subsection 2^1 of this section, if the creditors have no possibility to demand satisfaction of the claims and they prove that the division may endanger the fulfilment of the claims.

(3) The members of the management board and supervisory board, or the managing partners of a company participating in a division shall be jointly and severally liable to the company, the partners or shareholders, and the creditors of the company for any damage wrongfully caused by the division.

(4) The limitation period for a claim specified in subsection 3 of this section shall be five years from entry of the division on the registry card of the company being divided.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 448. Compensation upon participation of companies of different types in division

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) Upon participation of companies of different types in a division, a partner or shareholder of the company being divided who opposes the division resolution may, within two months after entry of the division on the registry card of the company being divided, demand that the recipient company acquire the exchanged share or shares of the partner or shareholder for monetary compensation. The monetary compensation must be equal to the money which the partner or shareholder would have received from the distribution of remaining assets upon liquidation of the company if the company had been liquidated at the time the division resolution was made.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) The provisions of clause 1^1 of subsection 2 of § 162 and clause 2 of subsection 2 of § 283 of this Code shall not apply to acquisition of shares by a company on the bases specified in subsection 1 of this section.

(3) The names of partners or shareholders who oppose the division resolution and who wish to exercise the rights specified in this section shall be appended to the division resolution. Opposition to the division resolution shall be confirmed by each partner or shareholder by the signature of the partner or shareholder.

(4) Where a recipient company is a general partnership or limited partnership, the compensation specified in subsection 1 of this section may be demanded by a partner who departs from the company.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(5) A recipient company must pay a fine for delay on the compensation in an amount provided by law after the entry of the division in the registry card of the company being divided.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(6) If a partner or shareholder who opposes the division resolution does not demand the compensation specified in this section, the partner or shareholder may transfer a share or shares within two months regardless of the restrictions on disposal provided by law or prescribed by the articles of association.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 449. SubSubdivision whereby new company founded

(1) The provisions of this chapter together with amendments prescribed by law shall apply to a division whereby a new company is founded.

(2) The provisions regarding recipient companies shall apply to companies being founded.

(3) In the foundation of a new company, the foundation provisions for the type of company shall apply unless the provisions of this chapter provide otherwise. The founder shall be the company being divided.

(4) Upon division whereby a new company is founded, the management board of or the partners entitled to represent the company being divided shall draft a division plan which shall substitute for the division agreement. In addition to the provisions of subsection 1 of § 435 of this Code, the division plan shall set out the business name and registered office of the new company. The articles of association or partnership agreement of the company being founded, which shall be approved by the division resolution, shall be appended to the division plan.

(5) The management board of or the partners entitled to represent a company being divided shall submit a petition for entry of the new companies and the division in the commercial register.
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]

(6) The registrar shall first enter each new company in the commercial register. Thereafter, the registrar shall enter the division in the commercial register and make a notation concerning each new company specifying when the division was entered in the commercial register.
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]

Subchapter 2
General Partnership or Limited Partnership as Company Participating in SubSubdivision

§ 450. Meaning of contribution

For the purposes of this chapter, the contribution of a partner of a general partnership or limited partnership shall be deemed to be a

share.

§ 451. Content of SubSubdivision agreement

(1) If a recipient company is a general partnership or limited partnership, the division agreement shall, in addition to the provisions of subsection 1 of § 435 of this Code, set out with regard to each partner or shareholder of the company being divided whether the partner or shareholder will become a general partner or limited partner of the recipient company and the amount of the contribution of the partner or shareholder.

(2) If a limited partner of a limited partnership, a shareholder of a private limited company or a shareholder of a public limited company being divided opposes the division resolution, the recipient company shall be a limited partnership, and the opposing limited partner, shareholder of the private limited company or shareholder of the public limited company shall become a limited partner of the recipient company.

§ 452. SubSubdivision report

A division report need not be prepared if all partners of the general partnership or limited partnership being divided are managing partners of the company.

§ 453. SubSubdivision resolution

(1) A division resolution shall be adopted if all the partners vote in favour.

(2) A partnership agreement may prescribe that the division resolution shall be adopted if more than two-thirds of the partners vote in favour. If a partner of the general partnership or a general partner of a limited partnership being divided opposes the division resolution, the partner or general partner shall become a limited partner of a recipient limited partnership.

(3) If a division resolution may be made by a majority vote pursuant to the partnership agreement, a partner may demand an audit of the division agreement at the expense of the company.

§ 454. Liability of shareholders

(1) If, upon distribution of a general partnership or limited partnership, a recipient company is a limited partnership, private limited company or public limited company, a general partner shall be liable for the obligations of the company being divided for which the due date for performance has arrived or will arrive within five years after entry of the division on the registry card of the company being divided.

(2) If a recipient company is a limited partnership in which a general partner of the company being divided is to become a general partner, the liability restriction prescribed in subsection 1 of this section shall not apply with regard to the general partner.

Subchapter 3
Private Limited Company as Company Participating in SubSubdivision

§ 455. Audit of SubSubdivision agreement

A shareholder of a private limited company participating in a division may demand an audit of the division agreement at the expense of the private limited company. The corresponding written request shall be submitted within ten days as of providing the opportunity to examine the documents specified in subsection 3 of § 440 of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 456. SubSubdivision resolution

(1) A division resolution shall be adopted if at least two-thirds of the votes represented at the meeting of shareholders are in favour, and the articles of association do not prescribe a greater majority requirement.

(2) If a division resolution is made pursuant to the procedure provided for in subsection 2 of § 173 of this Code, the resolution shall be adopted if at least two-thirds of the votes of the shareholders are in favour, and the law or the articles of association do not prescribe a greater majority requirement.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) If the special rights of a shareholder concerning management of a company are damaged or restricted by division, the consent of this shareholder is also required for the adoption of the division resolution.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(4) If all shares of the private limited company being divided are held by the recipient private limited companies or public limited companies, the approval of the division agreement by the division resolution of the private limited company being divided shall not be required for division. The own share of the company being divided shall not be taken into account in the determination of representation.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) If the recipient company is a private limited company, the contribution for which shares has not been completely paid, the consent of all the partners or shareholders of the company being divided is necessary for the adoption of the division resolution. If the company being divided is a private limited company, the contribution for which shares has not been completely paid, the consent of all the partners or shareholders of the recipient company is necessary for the adoption of the division resolution.

[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 457. Increase of share capital of recipient company

(1) Upon an increase of share capital of a recipient private limited company in connection with a division, other shareholders shall not have the pre-emptive right to the acquisition of shares (§ 193).

(2) In addition to the documents specified in subsection 1 of § 196 of this Code, copies of the division agreement and the division resolutions of the companies participating in the division certified by a notary shall be appended to the petition for entry of the increase of share capital in the commercial register.

(3) In the case of the increase of the share capital of a recipient private limited company, the division shall not be entered on the registry card of the company being divided before the increase of the share capital has been entered in the commercial register.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(4) The recipient private limited company shall not increase the share capital for conducting the division to the extent to which the shares of the company being divided are held by the recipient private limited company or the company being divided itself, or by a person acting in his or her own name but at the expense of the company, except if the company being divided, upon separation, becomes the sole shareholder of the recipient private limited company.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 458. Transfer of shares upon division

(1) A recipient private limited company shall first transfer its own share of the recipient private limited company to the partners or shareholders of the company being divided in the exchange of their shares.

(2) If the own share of a recipient private limited company is transferred to the partners or shareholders of the company being divided, it may be divided without observing the restrictions on transfer provided by law and the articles of association and without taking account of the minimum permitted nominal value of a share.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) [Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]

§ 459. Admissibility of transfer

Where a shareholder who opposes the division resolution does not demand the compensation specified in subsection 1 of § 448 of this Code, the shareholder may transfer a share within two months regardless of the restrictions on disposal provided for in subsections 1–3 of § 149 of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 460. Valuation of assets to be transferred

If a recipient company is a private limited company whose share capital is to be increased in connection with a division or if a new private limited company is to be founded upon a division, the procedure prescribed for valuation of a non-monetary contribution of a private limited company (§ 143) shall be used to assess whether the assets transferred by the company being divided are sufficient for the increase of share capital or for the share capital of the private limited company being founded. Documents certifying the valuation of the assets shall be submitted to the commercial register together with the division petition.

§ 460[1]. Reduction of share capital of company being divided

(1) If the share capital of a private limited company being divided must be reduced in order to organise a division, such reduction may be carried out under simplified procedure.

(2) In the case of reduction of the share capital of a private limited company being divided, the division shall not be entered on the registry card of the company being divided before the reduction of the share capital has been entered in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 460[2]. Protection of holders of convertible bonds

The provisions of § 470 of this Code shall apply to the holders of convertible bonds of the private limited company being divided.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 461. SubSubdivision whereby new private limited company founded

(1) The provisions of § 138 of this Code shall not apply to the division of a company whereby a new private limited company is founded.

(2) Upon a division whereby a new private limited company is founded, the division plan shall, in addition to the provisions of subsection 1 of § 435 and subsection 4 of § 449 of this Code, set out the amount of share capital and the members of the management board of the private limited company being founded. If a supervisory board is to be formed, the members of the supervisory board shall also be set out.

(3) No division report needs to be prepared upon the division of a private limited company or public limited company involving the

foundation of a new private limited company and the auditor need not audit the division agreement if in each private limited company or public limited company participating in division the shares are to be determined between the shareholders of the private limited company or the public limited company being divided based on the same proportion as in the private limited company or the public limited company being divided. Subsection 5 of § 440 of this Code shall also not apply in the case provided for in the previous sentence.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

Subchapter 4
Public Limited Company as Company Participating in SubSubdivision

§ 462. Audit

If a public limited company participates in a division, an auditor shall audit the division agreement.

§ 463. Preparation of general meeting

(1) At least one month before the general meeting to decide on a division, the management board shall present the following to the shareholders for examination at the registered office of the public limited company:
1) the division agreement;
2) the three preceding annual reports of the companies participating in division;
[RT I 2009, 13, 78 – entry into force 01.07.2009]
3) the division reports of the companies participating in division;
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]
4) the sworn auditor's reports of the companies participating in division.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) At the request of a shareholder, he or she shall be immediately provided free of charge either complete or partial copy, based on the shareholder's wish, of the documents specified in subsection 1 of this section. Upon the shareholder's consent, the copy may be sent to his or her e-mail address.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2^1) If a public limited company has provided its website address to the registrar pursuant to clause 7 of subsection 1 of § 250 of this Code, then in order to fulfil the requirements specified in subsections 1 and 2 of this section it may publish the documents on its website in a way enabling to save and print them. The documents must be available on the website of the public limited company for one month prior to the general meeting and until the end of the general meeting
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) If the latest annual report of a public limited company participating in division is prepared in respect to financial year, which ended earlier than six months prior to the entry into the division agreement, the balance sheet (interim balance sheet) compliant with the requirements established for the balance sheet that constitutes part of the annual report shall be prepared as at no earlier than the first day of the third month preceding the entry into the division agreement. The interim balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The interim balance sheet shall be submitted to shareholders for examination pursuant to the procedure specified in subsections 1–2^1 of this section. The interim balance sheet need not be prepared if all the shareholders of the public limited companies participating in division agree thereto. Instead of the interim balance sheet, the half-yearly report disclosed pursuant to § 184^{11} of the Securities Market Act may be submitted to shareholders for examination.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(4) At least one month prior to the general meeting deciding on the division, the management board shall submit the division agreement to the registrar of the commercial register or disclose it on the website of the public limited company. Upon the disclosure of the division agreement on the website of the public limited company, it shall be available to the public free of charge until the end of the general meeting. In addition, the management board shall publish in the official publication *Ametlikud Teadaanded* a notice concerning the entry into the division agreement. The notice shall indicate where or at which website address it is possible to examine the division agreement and other documents specified in subsection 1 of this section and receive copies of these documents. Upon the disclosure of the division agreement on the website of the public limited company, the notice shall also indicate the disclosure date of the division agreement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) If the public limited company is required to make public the regulated information in the central recording system for information specified in subsection 5 of § 184^6 of the Securities Market Act, the division agreement may be disclosed in such system instead of the website of the public limited company. In the remaining part, subsection 4 of this section shall apply.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 464. Organisation of general meeting

(1) At the general meeting, the management board shall explain the legal and economic consequences of the division, including the exchange of shares.

(2) At the general meeting, the supervisory board shall present its opinion concerning the division.

(3) At the general meeting, information concerning material circumstances related to other companies participating in the division shall also be given to a shareholder at the request of the shareholder.

(4) [Repealed – RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 465. SubSubdivision resolution

(1) A division resolution shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour unless the articles of association prescribe a greater majority requirement.

(2) If a public limited company has several classes of shares, the division resolution shall be adopted if, in addition to the provisions of subsection 1 of this section, at least two-thirds of the holders of each class of shares vote in favour of the resolution, and the articles of association do not prescribe a greater majority requirement. If a resolution is made pursuant to the procedure provided for in subsection 2 of § 297, at least two-thirds of the votes represented of each class of shares at the general meeting must vote in favour of the resolution unless the articles of association prescribe a greater majority requirement.

(3) If a recipient company is not a public limited company, the holders of preferred shares and convertible bonds of the public limited company being divided shall participate in the determination of representation and in voting on the same bases as the shareholders.

(4) If all shares of the public limited company being divided are held by the recipient private limited companies or public limited companies, the approval of the division agreement by the division resolution of the public limited company being divided shall not be required for division. The own shares of the public limited company being divided shall not be taken into account in the determination of representation. The public limited company being divided shall at least one month before the creation of the rights and obligations arising from the merger agreement perform the disclosure obligations specified in § 463 of this Code. The information specified in subsection 5 of § 440 of this Code shall record all material changes that occurred in the assets of the company following the entry into the division agreement.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 466. Increase of share capital of recipient public limited company

(1) Upon an increase of share capital of a recipient public limited company in connection with a division, other shareholders shall not have the pre-emptive right to the acquisition of shares (§ 345).

(2) In addition to the documents specified in subsection 1 of § 343 of this Code, copies of the division agreement and the division resolutions of the companies participating in the division certified by a notary shall be appended to the petition for entry of the increase of share capital in the register.

(3) In the case of the increase of the share capital of a recipient public limited company, the division shall not be entered on the registry card of the company being divided before the increase of the share capital has been entered in the commercial register.
[RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(4) The recipient public limited company shall not increase the share capital for conducting the division to the extent to which the shares of the company being divided are held by the recipient public limited company or the company being divided itself, or by a person acting in his or her own name but at the expense of the company, except if the company being divided, upon separation, becomes the sole shareholder of the recipient public limited company.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 467. Transfer of shares upon division

A recipient public limited company shall first transfer its own shares of the recipient public limited company to the partners or shareholders of the company being divided in the exchange of their shares.

§ 468. Valuation of assets to be transferred

(1) If a recipient company is a public limited company whose share capital is to be increased in connection with a division or if a new public limited company is to be founded upon a division, the procedure prescribed for valuation of a non-monetary contribution of a public limited company (§ 249) shall be used to assess whether the assets transferred by the company being divided are sufficient for the increase of share capital or for the share capital of the public limited company being founded. Documents certifying the valuation of the assets shall be submitted to the commercial register together with the division petition.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) The division report shall provide reference to the sworn auditor's report concerning the valuation of a non-monetary contribution and specify the register where this report is deposited pursuant to § 343 of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 468[1]. Reduction of share capital of company being divided

(1) If the share capital of a public limited company being divided must be reduced in order to organise a division, such reduction may be carried out under simplified procedure.

(2) In the case of reduction of the share capital of a public limited company being divided, the division shall not be entered on the registry card of the company being divided before the reduction of the share capital has been entered in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 469.

[Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 470. Protection of holders of preferred shares or convertible bonds

(1) The rights of holders of preferred shares or convertible bonds of a public limited company being divided which they had in the public limited company being divided shall be retained in a recipient public limited company.

(2) Where a recipient company is not a public limited company, the holders of preferred shares or convertible bonds acquire shares of the recipient company on the same bases as the shareholders of the public limited company being divided. If they oppose to the division agreement, they may claim compensation pursuant to § 448 of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 471. SubSubdivision whereby new public limited company founded

(1) The provisions of § 243 of this Code shall not apply to the division of a company whereby a new public limited company is founded.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(2) Upon a division whereby a new public limited company is founded, the division plan shall, in addition to the provisions of subsection 1 of § 435 and subsection 4 of § 449 of this Code, set out the amount of share capital and the members of the management board and supervisory board of the public limited company being founded.

(3) Neither division report nor interim balance sheet needs to be prepared upon the division of a private limited company or public limited company involving the foundation of a new public limited company and the auditor need not audit the division agreement if in each private limited company and public limited company participating in division the shares are to be determined between the shareholders of the private limited company or the public limited company being divided based on the same proportion as in the private limited company or the public limited company being divided. Subsection 5 of § 440 of this Code shall also not apply in the case provided for in the previous sentence.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

Subchapter 5
Commercial Association as Company Participating in SubSubdivision

§ 472. Commercial association as company participating in division

Upon separation, the company being divided shall not become a member of the association being separated.

§ 473. Contribution and membership

(1) For the purposes of this chapter, a contribution to a commercial association shall be deemed to be a share.

(2) For the purposes of this chapter, a member of a commercial association shall be deemed to be a shareholder.

§ 474. Audit of SubSubdivision agreement

A member of a commercial association being divided may demand an audit of the division agreement at the expense of the commercial association. The corresponding written request shall be submitted within ten days as of providing the opportunity to examine the documents specified in subsection 3 of § 440 of this Code.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 475. SubSubdivision resolution

A division resolution shall be adopted if at least two-thirds of the members who participate in the meeting vote in favour, and the articles of association do not prescribe a greater majority requirement.

§ 476. Valuation of assets to be transferred

The assets to be transferred of a commercial association being divided shall be valuated pursuant to the procedure prescribed for valuation of a non-monetary contribution of an association. Documents certifying the valuation of the assets shall be submitted to the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 477. SubSubdivision whereby new commercial association founded

Upon a division whereby a new commercial association is founded, the division agreement shall, in addition to the provisions of subsection 1 of § 435 and subsection 4 of § 449 of this Code, set out the members of the management board of the association being founded. If a supervisory board is to be formed, the members of the supervisory board shall also be set out.

Subchapter 6
Cross-border division

[RT I, 23.12.2022, 2 - entry into force 01.02.2023]

§ 477[1]. Participation in cross-border division

(1) A private limited company or a public limited company registered in the Estonian commercial register may be divided by distribution or separation in such manner that the recipient company is a limited liability company governed by the law of a Contracting State, specified in Annex II of Directive (EU) 2017/1132 of the European Parliament and of the Council relating to certain aspects of company law (codification) (OJ L 169, 30.6.2017, p. 46–127), whose registered office, location of the management board or principal place of business after the division is in a Contracting State (hereinafter *cross-border division*).

(2) Where a company entered in the Estonian commercial register participates in a cross-border division, the provisions of this Chapter apply, unless otherwise provided in the Code concerning the cross-border division.

(3) Commercial associations are prohibited to participate in a cross-border division.

(4) Participation in a cross-border division is not permitted if:
1) the company is in liquidation and the distribution of its assets to partners or shareholders has started;
2) reorganisation, bankruptcy or criminal proceedings have been commenced against the company.

(5) Where a cross-border division is effected by separation, clauses 1–3 and 5 of subsection 1 of § 435, clauses 1 and 2 of subsection 1 of § 477[2] and §§ 477[3], 477[4] and 477[7] of this Code do not apply.

(6) In case of a cross-border division, the employees of the company must be involved to participate in the management of the company being divided, in the cases and pursuant to the procedure provided in Chapter 3[1] of the Community-scale Involvement of Employees.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[2]. Subdivision agreement

In addition to the provisions on § 435 of this Code, the division agreement must include the following data:
1) the preliminary schedule of the cross-border division;
2) the compensation offered to the partners or shareholders as specified in § 477[7] of this Code, and the procedure for determination thereof;
3) the principles for the protection of creditors, including the security offered;
4) the advantages granted to the members of the managing bodies of the company being divided.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[3]. Subdivision report

(1) In the case of a cross-border division, the division report must also explain the effect of the division on the partners or shareholders of the company and the employees of the private limited company or the public limited company. The part of the report describing the effect of the division on the employees may be formalised separately.

(2) A description of the effect of the division must include at least the following data:
1) the effect on the employment relationships and the measures taken for the protection of the employment relationships;
2) significant changes in working conditions or in the principal place of business of the company;
3) the effect of the circumstances specified in clauses 1 and 2 of this subsection on the subsidiaries of the company;
4) the legal remedies pursuant to § 477[7] of this Code.

(3) The cross-border division report together with a draft cross-border division resolution is made electronically accessible to the partners or shareholders of the company and to the representatives of the employees, or where there are no such representatives, to the employees themselves, not later than six weeks before the meeting or general meeting where the division resolution is adopted.

(4) The representatives of the employees specified in subsection 3 of this section, or where there are no such representatives, the employees themselves have the right to submit their opinion concerning the division report. The opinion is appended to the division report when it is submitted to the company at least two weeks before the meeting or general meeting where the division resolution is adopted. The partners or shareholders of the company are notified about the report.

(5) The part of the report concerning the employees need not be prepared if the company and its subsidiary has no employees.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[4]. Audit

(1) Upon cross-border division, the division agreement must be audited by an auditor who prepares a written report on the results of the audit.

(2) Upon cross-border division, one or several common auditors may be appointed to several or all of the companies participating in the division. A common auditor or auditors may be appointed only by or with permission of a court or administrative authority of the Contracting State under whose jurisdiction one of companies participating in the division or a divided or distributed company falls.

(3) Based on the request of the companies being divided, an Estonian court appoints the auditor or auditors specified in subsection 2 of this section who have the expertise and skills necessary for auditing a cross-border division agreement. The court specifies also the procedure for and amount of remuneration for the auditor or auditors appointed by the court.

(4) The auditor's report must specify the difficulties related to valuation of the amount of compensation for shares and the method used upon determination of the exchange ratio of shares and whether the compensation was appropriate compensation to the partners or shareholders. The report must also specify whether the exchange ratio of shares or the monetary compensation determined for the shares as set out in the division agreement is fair. Upon valuation of the monetary compensation, the auditor takes into account the market value of the shares of the company before the notification about the division, or the value of the company, and deduct from such value the effect of the planned division which is determined on the basis of generally accepted valuation methods.

(5) An auditor is not required to audit a division agreement if all the partners or shareholders of the company being divided agree that an auditor need not audit the division agreement, or if the company being divided has only one partner or shareholder.

(6) The auditor's report is made accessible to the partners or shareholders of the company not later than one month before the meeting or general meeting where the division resolution is adopted.

(7) Upon auditing a division agreement, the auditor has the rights and obligations deriving from § 56 of the Auditors Activities Act.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[5]. Disclosure of division

(1) The company discloses the division agreement and submits it to the commercial register for disclosure in such manner that in both cases it would be disclosed not later than one month before the meeting or general meeting where the division resolution is adopted. In addition, a notice is disclosed which is addressed to the partners or shareholders of the company, the creditors and the representatives of the employees, or where there are no such representatives, to the employees themselves, to inform them that they will be able to submit their comments to the company concerning the division agreement not later than five working days before the meeting of partners or shareholders or general meeting of shareholders.

(2) The company discloses also the auditor's report on the division and submits it to the register for disclosure, excluding any information which may compromise the business secret of the company.

(3) To meet the requirements provided in subsections 1 and 2 of this section, the company may disclose the documents on its website in a format which can be reproduced in writing. The documents must be available on the website of the company for one month before the meeting or general meeting, and until the end of the meeting or general meeting. In addition, the company must submit to the commercial register for disclosure, free of charge, the following data:
1) the legal form, name and registered office of the company, and the planned legal form and name, and the planned registered office of each company resulting from the division;
2) the registration number of the company in the commercial register;
3) a reference to the procedure for the exercise of the rights of the creditors, employees or partners or shareholders;
4) details of the website where the cross-border division agreement, the notice specified in subsection 1 of this section and the auditor's report can be accessed free of charge.

(4) Subsections 2[1] and 2[2] of § 477 of this Code apply to the publication of a cross-border division in the publication *Ametlikud Teadaanded.* The notice published in the publication *Ametlikud Teadaanded* must also set out:
1) the type, business name and registered office of each company participating in the division;
2) the register where each company participating in the division is registered, and the number of the register entry;
3) a reference that information about the protection of minority shareholders and creditors can be obtained from the division agreement.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[6]. Subdivision resolution and contestation thereof

(1) The meeting of partners or shareholders or general meeting of shareholders of the company being divided may reserve the right to make approval of the division resolution conditional on express approval by it of the procedure for the participation of employees of the recipient company in the management of the company.

(2) A division resolution cannot be contested, in addition to the provisions of § 441 of this Code, also if:

1) the compensation specified in § 477[7] of this Code is unfair; or
2) the information submitted to the shareholders regarding the share exchange ratio or compensation not in conformity with the requirements.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[7]. Compensation upon cross-border division

(1) The shareholder of a company being divided entered in the Estonian commercial register who does not agree to the division resolution has the right, pursuant to the procedure provided in § 448 of this Code, to transfer a share or to demand that the company being divided acquire the exchanged share of the shareholder for monetary compensation, by communicating it to the company's e-mail address within one month after the division resolution is adopted.

(2) The compensation is paid within two months after the entry into force of the division entry.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[8]. Protection of creditors

(1) The provisions of § 447 of this Code do not apply if a company entered in the commercial register of Estonia participates in a cross-border division in such manner that the recipient company falls under the jurisdiction of another Contracting State.

(2) In case a company entered in the commercial register of Estonia participates in a cross-border division in such manner that the recipient company falls under the jurisdiction of another Contracting State, the creditors of the public limited company or private limited company have the right, within three months after the publication of the notice specified in § 477[5] of this Code, to submit a claim to receive a security.

(3) Only a creditor whose claims have arisen before the disclosure of the cross-border division agreement, and only with regard to the claims which have not become collectable by the date of disclosure has the right to receive the security provided in subsection 2 of this section. The creditor must prove that the division may endanger the fulfilment of their claims. The security provided to the creditors is conditional and depends on the entry into force of the division.

(4) A creditor has the right to submit, in Estonia, a claim which has become collectable against a company participating in the division, within two years after the entry into force of the division.

(5) In case of a cross-border division, the joint and several liability provided in subsection 1 of § 447 of this Act is limited to the value of the net assets transferred to the company being divided as of the date of entry into force of the division.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477[9]. Subdivision entry and Subdivision certificate

(1) The registrar issues a certificate confirming the conformity of the division with the requirements of law to a company being divided which has been entered in the Estonian commercial register.

(2) The following data and documents must be submitted to the registrar to obtain the division certificate:
1) the division agreement;
2) the division resolution;
3) the minutes of the meeting of partners or shareholders if the division resolution was made at the meeting, or a voting record of shareholders;
4) the division report;
5) the report specified in § 477[4] of this Code;
6) the comments specified in the second sentence of subsection 1 of § 477[5] of this Code;
7) the number of employees at the time of preparation of the cross-border division agreement;
8) the name and registered office of the subsidiary;
9) the confirmation of the members of the management board that a security has been provided to the creditors of the company in accordance with § 477[8] of this Code;
10) the confirmation of the members of the management board that the financial position of the company enables participation in the cross-border division and that the company is capable of performing the obligations deriving from the division agreement.

(3) Where the shares of the company being divided are entered in the Estonian register of securities or another depository, a confirmation by the registrar of the Estonian register of securities or another depository that the management board of the company being divided or the shareholders entitled to represent the company have informed the registrar or the depository of the division.

(4) The registrar sends the certificate specified in subsection 1 of this section to the court, notary or other competent authority of the Contracting State under whose jurisdiction the recipient company falls, via the system of interconnection of registers of the European Union within three months after receipt of the petition and documents. The certificate sets out the date of making the entry and includes a confirmation that the division does not involve any circumstances precluding the cross-border division as specified in § 477[10] of this Code.

(5) The minister in charge of the policy sector establishes the procedure for preparing and issuing of the certificate for cross-border division specified in subsection 1 of this section.

(6) Where a company entered in the Estonian commercial register participates in a cross-border division as the company being divided, an entry is made in the registry card of the company being divided stating that the division is deemed to have taken place pursuant to the law of the Contracting State under whose jurisdiction the recipient company falls. After receiving a notice concerning the division having taken place from a court, notary or other competent authority of the Contracting State under whose jurisdiction the recipient company falls, the registrar makes an entry in the commercial register concerning the date on which, according to the received notice, the division took place, and, if the shares of the company being divided are entered in the Estonian register of securities or another depository, informs also the registrar of the Estonian register of securities or another depository thereof.

(7) After performing the acts specified in subsection 5 of this section, the registrar forwards all the documents which have been submitted to it concerning the company being divided by electronic means to the court, notary or other competent authority of the Contracting State under whose law the recipient company falls.

(8) Where a company entered in the Estonian commercial register participates in a cross-border division as the recipient company, the company being divided which falls under the jurisdiction of a Contracting State submits to the registrar a copy of the division resolution and makes a reference to the certificate of the court, notary or other competent authority of the corresponding Contracting State stating that the requirements for division have been fulfilled and pre-division acts have been concluded with respect to the company being divided which falls under the jurisdiction of such Contracting State.

(9) Where a company registered or to be registered in the Estonian commercial register participates in a cross-border division as the recipient company, the registrar immediately gives notice of the division entry to a court, notary or other competent authority of the Contracting State under whose jurisdiction the company being divided falls and, if the shares of the recipient company are entered in the Estonian register of securities or another depository, informs also the registrar of the Estonian register of securities or another depository thereof.

(10) Where the distribution of certain assets of the companies participating in the division has not been definitely agreed upon in the cross-border division agreement, such assets are distributed among all the recipient companies pro rata to the share in the net assets allotted to the respective companies pursuant to the division agreement. The shares of the recipient company may not be exchanged for the shares belonging to the company being divided or a person acting in the name of the company.

(11) Where the share capital is increased in the course of a cross-border division, the management board of the company being divided submits a petition for the entry of the increase of the share capital in the commercial register within one year after the resolution to increase the share capital was adopted.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 477^{10}. Refusal to issue certificate for cross-border Subdivision

(1) The certificate for cross-border division is not issued if:
1) the cross-border division does not meet the applicable requirements;
2) the cross-border division is planned to commit fraud or with the purpose of evading the legal requirements or if the division is planned for criminal purposes or it may involve a threat to Estonia's security;
3) the registrar has reasonable doubt that the cross-border division is planned for any purpose specified in clause 2 of subsection 1 of this section.

(2) The registrar may, in order to ascertain the circumstances specified in subsection 1 of this section, submit inquiries to state or local government authorities or other legal persons in public law. An inquiry must be submitted to the Tax and Customs Board. Said authorities inform the registrar about the outstanding obligations of the company being divided and an evaluation of whether, in their opinion, there are any circumstances specified in subsection 1 of this section precluding the participation of the company in the cross-border division.

(3) A list of the authorities specified in subsection 2 of this section is established by a regulation of the minister in charge of the policy sector.

(4) The registrar may, in order to inquire the circumstances specified in subsection 1 of this section, extend the term for the issue of the certificate by three months or until the circumstances necessary for issuing the certificate are ascertained, while promptly informing the company about the extension of the term.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

Chapter 33
TRANSFORMATION

Subchapter 1
General Provisions

§ 478. Right to transformation

(1) A company may be transformed into a company of a different type. Transformation of a commercial association and transformation into a commercial association shall not be permitted.

(2) The partners or shareholders of a company being transformed shall become partners or shareholders of the new company.

§ 479. Transformation report

(1) The management board or managing partners of a company being transformed shall prepare a written report (transformation report) which shall explain and justify legally and economically the transformation, including the share exchange ratio and amount of additional payments if additional payments are to be made. Difficulties relating to valuation shall be referred to separately in the report.

(1^{1}) The draft transformation report constitutes a part of a transformation report.

(1^{2}) A transformation report need not set out information, publication of which may result in significant damage to a company being transformed or a company belonging to the same group with such company. In such case, the reason for failure to submit the information shall be set out in the report.

(2) A transformation report need not be prepared if a company being transformed has only one shareholder or if all the partners or shareholders of the company being transformed agree that a transformation report need not be prepared.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 480. Transformation resolution

(1) Transformation shall be decided by the partners or shareholders of the company being transformed. A transformation resolution shall be in writing.

(2) A partner or shareholder may demand a copy of the transformation resolution.

(3) A transformation resolution shall set out:
1) the type of company to be formed as a result of the transformation;
2) the business name of the company;
3) the share exchange ratio of the partners or shareholders of the company being transformed;
4) the rights granted to the partners or shareholders of the company, including the holders of preferred shares and convertible bonds;
5) the consequences of the transformation for the employees;
6) if the company is transformed into a private limited company or public limited company, the amount of share capital;
7) the date as of which the transactions of the company being transformed shall be deemed to be undertaken by the transformed company (transformation balance sheet date).

(4) The names of partners or shareholders who oppose the transformation resolution shall be appended to the transformation resolution. Opposition to the transformation resolution shall be confirmed by each partner or shareholder by the signature of the partner or shareholder.

(5) A transformation resolution shall approve the articles of association or partnership agreement of the new company. Upon transformation of the company into a private limited company or public limited company, the members of the management board and, if a supervisory board is to be formed, the members of the supervisory board shall be elected with the adoption of the resolution.

(6) If the special rights of a shareholder in managing a company are damaged or restricted by transformation, the consent of such shareholder is necessary for passing the transformation resolution.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

§ 481. Contestation of transformation resolution and compensation for damage

(1) At the request of a partner, shareholder, or a member of the management board or supervisory board, a court may declare invalid a transformation resolution which is in conflict with the law, the partnership agreement or the articles of association if the request is submitted within one month after the resolution is made.

(2) A transformation resolution shall not be declared invalid on the basis that the share exchange ratio is fixed too low.

(3) If the share exchange ratio is fixed too low, a partner or shareholder may demand a refund from the new company.

(4) A fine for delay shall be paid on an unpaid refund in an amount provided by law as of entry of the transformation in the commercial register. The above does not preclude or restrict the right to file a claim for compensation of damages exceeding the amount of the fine for delay.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 482. Application of foundation provisions

The foundation provisions for the type of company being formed upon transformation shall apply to a transformation unless the provisions of this chapter provide otherwise. The partners or shareholders of the company being transformed who vote in favour of the transformation resolution shall be deemed to be the founders.

§ 483. Protection of creditors

(1) Immediately after a transformation has been entered in the commercial register, the company being transformed shall publish a transformation notice to the creditors of the company in the publication *Ametlikud Teadaanded*, informing them of the possibility to submit, within six months after the publication of the notice, their claims in order to receive a security.

(2) The company must secure the claims of the creditors within six months after the publication of the notice specified in subsection 1 of this section, if the creditors have no possibility to demand satisfaction of the claims and they prove that the transformation may endanger the fulfilment of the claims.

(3) The provisions of subsections 1 and 2 of this section do not apply if a private limited company or public limited company is transformed into a general partnership or limited partnership.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 484.

[Omitted – RT I 1996, 40, 773 – entry into force 08.06.1996]

§ 485. Submission of petition to commercial register

(1) The management board of or the partners entitled to represent a company being transformed shall submit a petition for entry of the transformation in the commercial register not earlier than one month after approval of the transformation resolution. The following shall be appended to the petition:
1) the transformation resolution and the names of the partners or shareholders who oppose it;
2) the minutes of the meeting of partners or shareholders if the transformation resolution is made at a meeting, or the record of voting of the partners or shareholders;
3) the articles of association of the new company;
4) the permission for transformation, if required;

5) the transformation report or the agreements not to prepare one;
6) the balance sheet taken as the basis for the transformation;
7) information on and specimen signatures of the members of the management board of or the partners entitled to represent the new company;
8) information on the members of the supervisory board of the new company if a supervisory board is to be formed;
9) [Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]
10) if the shares of a company being transformed are entered in the Estonian register of securities or another depository or if the company is transformed into a public limited company, a confirmation by the registrar of the Estonian register of securities or another depository that the management board of the company being transformed or the partners entitled to represent the company have informed the registrar or the depository of the transformation;
[RT I, 26.06.2017, 1 – entry into force 01.10.2017
11) the interim balance sheet or the agreements not to prepare one.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(2) A registrar may enter a transformation in the register only if the balance sheet taken as the basis for the transformation is prepared as at a date not earlier than eight months before submission of the petition to the commercial register. The balance sheet is prepared pursuant to the requirements established for the balance sheet that constitutes part of the annual report, and the approval of the final balance sheet and conducting the audit thereof is governed by the provisions concerning the approval of the annual report and conducting an audit. The balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The balance sheet taken as the basis for a transformation shall be prepared as at the day before the transformation balance sheet.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(3) If a company is transformed into a private limited company or public limited company, the members of the management board of or the partners entitled to represent the company shall confirm in the petition that the transformation resolution is not contested, or that a corresponding petition has been denied.

(4) [Repealed – RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(5) If an increase of share capital of the company is decided together with a transformation, documents certifying increase of the share capital shall also be submitted to the commercial register.

§ 486. Business name of new company

(1) The new company may continue activities under the business name of the company being transformed. The business name shall not use an appendage or abbreviation that refers to the type of company being transformed.

(2) If a partner or shareholder of the company being transformed is a natural person who no longer participates in the new company, the new company may continue to use his or her name in the business name only with the written consent of him or her, or of his or her successors.

§ 487. Legal effect of entry and compensation for damage caused by transformation

(1) A company shall be deemed to be transformed as of entry of the transformation in the commercial register.

(2) The partners or shareholders of a company being transformed shall become partners or shareholders of the new company as of entry of the transformation in the commercial register, and their shares shall be exchanged for the shares of the new company. The rights of third persons with regard to exchanged shares shall remain valid with regard to the shares of the new company.

(2^1) If the shares of a company being transformed are entered in the Estonian register of securities or another depository or if the company is transformed into a public limited company, the registrar of the commercial register shall immediately inform the registrar of the Estonian register of securities or another depository of the entry of the transformation in the commercial register.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(3) [Repealed – RT I, 20.04.2017, 1 – entry into force 15.01.2018]

(4) A transformation shall not be contested after its entry in the commercial register.

(5) The members of the management board and supervisory board, or the managing partners of the company being transformed shall be jointly and severally liable to the company, the partners or shareholders, and the creditors of the company for any damage wrongfully caused by the transformation.

(6) The limitation period for a claim specified in subsection 5 of this section shall be five years from entry of the transformation in the commercial register.

§ 488. Compensation upon transformation

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(1) Upon transformation, a partner or shareholder of the company being transformed who opposes the transformation resolution may, within two months after entry of the transformation in the register, demand that the new company acquire the exchanged share or shares of the partner or shareholder for monetary compensation. The amount of monetary compensation must be equal to the money which the partner or shareholder would have received from the distribution of remaining assets upon liquidation of the company if the company had been liquidated at the time the transformation resolution was made.

[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) The provisions of clause 1^1 of subsection 2 of § 162 and clause 2 of subsection 2 of § 283 of this Code shall not apply to acquisition of shares by a company on the bases specified in subsection 1 of this section.

(3) The names of partners or shareholders who oppose the transformation resolution and who wish to exercise the rights specified in this section shall be appended to the transformation resolution. Opposition to the transformation resolution shall be confirmed by each partner or shareholder by the signature of the partner or shareholder.

(4) Where a company is transformed into a general partnership or limited partnership, the compensation specified in subsection 1 of this section may be demanded by a partner who departs from the company.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(5) The new company must pay a fine for delay on compensation in an amount provided by law after entry of the transformation in the commercial register.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(6) Upon transformation, a partner or shareholder who opposes the transformation resolution and does not demand compensation may transfer a share or shares within two months after entry of the transformation in the commercial register regardless of the restrictions on disposal provided by law or prescribed by the articles of association.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 489. Protection of holders of preferred shares or convertible bonds

(1) If a public limited company is transformed into another type of company, the holders of preferred shares or convertible bonds shall participate in the determination of representation and in voting on the same bases as the shareholders.

(2) Holders of preferred shares or convertible bonds acquire shares of the new company on the same bases as shareholders of the public limited company being transformed. Holders of preferred shares or convertible bonds who oppose the transformation resolution may claim compensation pursuant to § 488 of this Code.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(3) The provisions of subsection 1 and 2 of this section shall apply to the holders of convertible bonds of the private limited company being transformed.
[RT I, 04.03.2015, 4 – entry into force 01.07.2015]

§ 490.

[Repealed – RT I 2000, 57, 373 – entry into force 01.01.2001]

§ 491. Meaning of contribution

For the purposes of this chapter, the contribution of a partner of a general partnership or limited partnership shall be deemed to be a share.

Subchapter 1^1
Cross-border Transformation

[RT I, 23.12.2022, 2 - entry into force 01.02.2023]

§ 491^1. Participation in cross-border transformation

(1) A private limited company or a public limited company registered in the Estonian commercial register may be transformed into a limited liability company governed by the law of a Contracting State, specified in Annex II of Directive (EU) 2017/1132 of the European Parliament and of the Council, whose registered office, location of the management board or principal place of business after the transformation is in a Contracting State (hereinafter *cross-border transformation*).

(2) Where a company registered or to be registered in the Estonian commercial register participates in a cross-border transformation, the provisions of this Chapter apply, unless otherwise provided in the Code concerning the cross-border transformation.

(3) Cross-border transformation of commercial associations is prohibited.

(4) Cross-border transformation is not permitted if:
1) the company is in liquidation and the distribution of its assets to shareholders has started;
2) reorganisation, bankruptcy or criminal proceedings have been commenced against the company.

(5) In case of a cross-border transformation the employees of the company must be involved to participate in the management of the company being transformed, in the cases and pursuant to the procedure provided in Chapter 3^1 of the Community-scale Involvement of Employees.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491^2. Transformation report

(1) In the case of a cross-border transformation, the transformation report must also explain the effect of the transformation on the

partners or shareholders of the company and the employees of the private limited company or the public limited company. The part of the report describing the effect of the transformation on the employees may be formalised separately.

(2) A description of the effect of the transformation must additionally include at least the following data:
1) the effect on the employment relationships and the measures taken for the protection of the employment relationships;
2) significant changes in working conditions or in the principal place of business of the company;
3) the effect of the circumstances specified in clauses 1 and 2 of this subsection on the subsidiaries of the company;
4) the legal remedies pursuant to § 491^7 of this Code.

(3) The cross-border transformation report together with a draft cross-border transformation agreement is made electronically accessible to the partners or shareholders of the company and to the representatives of the employees, or where there are no such representatives, to the employees themselves, not later than six weeks before the meeting or general meeting where the transformation resolution is adopted.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(4) The representatives of the employees specified in subsection 3 of this section, or where there are no such representatives, the employees themselves have the right to submit their opinion concerning the transformation report. The opinion is appended to the transformation report when it is submitted to the company at least two weeks before the meeting or general meeting where the transformation resolution is adopted. The shareholders of the company are notified about the report.

(5) The part of the report concerning the employees need not be prepared if the company and its subsidiary has no employees.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491^3. Audit

(1) Upon cross-border transformation, the draft transformation resolution must be audited by an auditor who prepares a written report on the results of the audit.

(2) Upon cross-border transformation, one or several common auditors may be appointed to the company. A common auditor or auditors may be appointed only by or with permission of a court or administrative authority of the Contracting State under whose jurisdiction the company participating in the transformation falls.

(3) Based on the request of the company participating in the transformation, an Estonian court appoints the auditor or auditors specified in subsection 2 of this section who has the expertise and skills necessary for auditing the draft cross-border transformation resolution. The court specifies also the procedure for and amount of remuneration for the auditor or auditors appointed by the court.

(4) The auditor’s report must also specify whether the monetary compensation determined for the shares as set out in the draft resolution is fair. Upon valuation of the monetary compensation, the auditor takes into account the market value of the shares of the company before the notification about the transformation, or the value of the company, and deduct from such value the effect of the planned transformation which is determined on the basis of generally accepted valuation methods.

(5) An auditor’s report must additionally set out:
1) the method or methods used upon determination of the planned monetary compensation;
2) whether the method or methods are appropriate for the valuation of the monetary compensation, the value received upon the use of such methods and an opinion on the relative significance of these methods upon receiving the value;
3) the specific difficulties encountered upon valuation.

(6) An auditor is liable for the damage caused by inaccurate audit of the draft transformation resolution to the company, its shareholders and creditors in the similar manner as upon the audit of annual accounts.

(7) Upon auditing a draft resolution, the auditor has the rights and obligations deriving from § 56 of the Auditors Activities Act.

(8) An auditor is not required to audit a draft transformation resolution if all the shareholders of the company being transformed agree that an auditor need not audit the draft transformation resolution, or if the company being transformed has only one shareholder.

(9) The auditor’s report is made accessible to the partners or shareholders of the company not later than one month before the meeting or general meeting where the transformation resolution is adopted.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491^4. Disclosure of transformation

(1) The company discloses the draft transformation resolution and submits it to the commercial register for disclosure in such manner that in both cases it would be disclosed not later than one month before the meeting or general meeting where the transformation resolution is adopted. In addition, a notice is disclosed which is addressed to the partners or shareholders of the company, the creditors and the representatives of the employees, or where there are no such representatives, to the employees themselves, to inform them that they will be able to submit their comments to the company concerning the draft cross-border transformation resolution not later than five working days before the meeting of partners or shareholders or general meeting of shareholders.

(2) The company discloses also the auditor’s report on the transformation and submits it to the register for disclosure, excluding any information which may compromise the business secret of the company.

(3) To meet the requirements provided in subsections 1 and 2 of this section, the company may disclose the documents on its website in a format which can be reproduced in writing. The documents must be available on the website of the company for one month before the meeting or general meeting, and until the end of the meeting or general meeting. In addition, the company must submit to the

commercial register for disclosure, free of charge, the following data:
1) the legal form, name and registered office of the company, and the planned legal form and name, and the planned registered office of the transformed company;
2) the registration number of the company in the commercial register;
3) a reference to the procedure for the exercise of the rights of the creditors, employees or partners or shareholders;
4) details of the website where the draft cross-border transformation resolution, the notice specified in subsection 1 of this section and the auditor's report can be accessed free of charge.

(4) Subsections 1 and 2 of § 483 of this Code apply to the publication of a cross-border transformation in the publication *Ametlikud Teadaanded*. The notice published in the publication *Ametlikud Teadaanded* must also set out:
1) the type, business name and registered office of the company being transformed;
2) the register where the company being transformed is registered, and the number of the register entry;
3) a reference that information about the protection of minority shareholders and creditors can be obtained from the draft transformation resolution.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491[5]. Draft transformation resolution

In addition to the provisions of § 480 of this Code, a draft transformation resolution must include the following data:
1) the registered office of the transformed company and the company being transformed;
2) the preliminary schedule for the cross-border transformation;
3) the compensation offered to the shareholders as specified in § 491[7] of this Code, and the procedure for determination thereof;
4) the principles for the protection of creditors, including the security offered;
5) the advantages granted to the members of the managing bodies of the company;
6) the advantages or support received by the company during five years preceding the preparation of the draft transformation resolution.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491[6]. Transformation resolution and contestation thereof

(1) The meeting of partners or shareholders or general meeting of shareholders of the company being transformed may reserve the right to make approval of the transformation resolution conditional on express approval by it of the arrangements with respect to the participation of employees of the transformed company in the management of the company.

(2) A transformation resolution cannot be contested, in addition to the provisions of § 481 of this Code, also if:

1) the compensation specified in § 491[7] of this Code is unfair; or
2) the information submitted to the shareholders regarding the share exchange ratio or compensation not in conformity with the requirements.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491[7]. Compensation upon cross-border transformation

(1) The shareholder of a company being transformed which has been registered in the Estonian commercial register who does not agree to the transformation resolution has the right, pursuant to the procedure provided in § 488 of this Code, to transfer a share or shares or to demand that the transformed company acquire the exchanged share or shares of the shareholder for monetary compensation, by communicating it to the company's e-mail address within one month after the transformation resolution is adopted.

(2) The compensation is paid within two months after the entry into force of the transformation.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491[8]. Protection of creditors

(1) The provisions of § 483 of this Code do not apply if a company registered in the commercial register of Estonia participates in a cross-border transformation in such manner that the transformed company falls under the jurisdiction of another Contracting State.

(2) In case a company registered in the commercial register of Estonia participates in a cross-border transformation in such manner that the transformed company falls under the jurisdiction of another Contracting State, the creditors of the public limited company or private limited company have the right, within three months after the publication of the notice specified in § 491[4] of this Code, to submit a claim to receive a security.

(3) Only a creditor whose claims have arisen before the disclosure of the draft cross-border transformation resolution, and only with regard to the claims which have not become collectable by the date of disclosure has the right to receive the security provided in subsection 2 of this section. The creditor must prove that the transformation may endanger the fulfilment of their claims. The security provided to the creditors is conditional and depends on the entry into force of the transformation.

(4) A creditor has the right to submit, in Estonia, a claim which has become collectable against a transformed company, also within two years after the entry into force of the transformation.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491[9]. Transformation entry and transformation certificate

(1) The registrar issues a certificate confirming the conformity of the transformation with the requirements of law to a company being transformed which has been registered in the Estonian commercial register.

(2) The following data and documents must be submitted to the registrar to obtain the transformation certificate:
1) the transformation resolution and the names of the partners or shareholders who did not agree to it;
2) the minutes of the meeting of partners or shareholders if the transformation resolution was made at the meeting, or a voting record of shareholders;
3) the transformation report;
4) the report specified in § 491[3] of this Code;
5) the comments specified in the second sentence of subsection 1 of § 491[4] of this Code;
6) the number of employees at the time of preparation of the draft cross-border transformation resolution;
7) the name and registered office of the subsidiary;
8) the confirmation of the members of the management board that a security has been provided to the creditors of the company in accordance with § 491[8] of this Code;
9) the confirmation that the financial position of the company enables participation in the cross-border transformation and that the company is capable of performing the obligations deriving from the transformation resolution.

(3) Where the shares of the company being transformed are registered in the Estonian register of securities or another depository, a confirmation by the registrar of the Estonian register of securities or another depository that the management board of the company being transformed or the shareholders entitled to represent the company have informed the registrar or the depository of the transformation.

(4) The registrar sends the certificate to the court, notary or other competent authority of the Contracting State under whose jurisdiction the transformed company falls, via the system of interconnection of registers of the European Union within three months after receipt of the petition and documents specified in subsection 1 of this section. The certificate sets out the date of making the entry and includes a confirmation that the transformation does not involve any circumstances precluding the cross-border transformation as specified in § 491[10] of this Code.

(5) The minister in charge of the policy sector establishes the procedure for preparing and issuing of the certificate for cross-border transformation specified in subsection 1 of this section.

(6) Where a company registered in the Estonian commercial register participates in a cross-border transformation as the company being transformed, an entry is made in the register card of the company being transformed stating that the transformation is deemed to have taken place pursuant to the law of the Contracting State under whose jurisdiction the transformed company falls. After receiving a notice concerning the transformation having taken place from a court, notary or other competent authority of the Contracting State under whose jurisdiction the transformed company falls, the registrar makes an entry in the commercial register concerning the date on which, according to the received notice, the transformation took place, and, if the shares of the company being transformed are registered in the Estonian register of securities or another depository, informs also the registrar of the Estonian register of securities or another depository thereof.

(7) After performing the acts specified in subsection 5 of this section, the registrar forwards all the documents which have been submitted to it concerning the company being transformed by electronic means to the court, notary or other competent authority of the Contracting State under whose law the transformed company falls.

(8) Where a company registered in the Estonian commercial register participates in a cross-border transformation as the transformed company, the company being transformed which falls under the jurisdiction of a Contracting State submits to the registrar a copy of the transformation resolution and makes a reference to the certificate of the court, notary or other competent authority of the corresponding Contracting State stating that the requirements for transformation have been fulfilled and pre-transformation acts have been concluded with respect to the company being transformed which falls under the jurisdiction of such Contracting State.

(9) Where a company registered or to be registered in the Estonian commercial register participates in a cross-border transformation as the transformed company, the registrar immediately gives notice of the transformation entry to a court, notary or other competent authority of the Contracting State under whose jurisdiction the company being transformed falls and, if the shares of the transformed company are registered in the Estonian register of securities or another depository, informs also the registrar of the Estonian register of securities or another depository thereof.

(10) Where the share capital is increased in the course of a cross-border transformation, the management board of the transformed company submits a petition for the entry of the increase of the share capital in the commercial register within one year after the resolution to increase the share capital was adopted.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 491[10]. Refusal to issue certificate for cross-border transformation

(1) The certificate for cross-border transformation is not issued if:
1) the cross-border transformation does not meet the applicable requirements;
2) the cross-border transformation is planned to commit fraud or with the purpose of evading the legal requirements or if the transformation is planned for criminal purposes or it may involve a threat to Estonia's security;
3) the registrar has reasonable doubt that the cross-border transformation is planned for any purpose specified in clause 2 of

subsection 1 of this section.

(2) The registrar may, in order to ascertain the circumstances specified in subsection 1 of this section, submit inquiries to state or local government authorities or other legal persons in public law. An inquiry must be submitted to the Tax and Customs Board. Said authorities inform the registrar about the outstanding obligations of the company being transformed and an evaluation of whether, in their opinion, there are any circumstances specified in subsection 1 of this section precluding the participation of the company in the cross-border transformation.

(3) A list of the authorities specified in subsection 2 of this section is established by a regulation of the minister in charge of the policy sector.

(4) The registrar may, in order to inquire the circumstances specified in subsection 1 of this section, extend the term for the issue of the certificate by three months or until the circumstances necessary for issuing the certificate are ascertained, while promptly informing the company about the extension of the term.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

Subchapter 2
Transformation of General Partnership or Limited Partnership into Private Limited Company or Public Limited Company

§ 492. Transformation report

A transformation report need not be prepared if all the partners of the general partnership or limited partnership being transformed are managing partners of the company.

§ 493. Transformation resolution

(1) A transformation resolution shall be adopted if all the partners vote in favour.

(2) The partnership agreement may prescribe that a transformation resolution shall be adopted if more than two-thirds of the votes of the partners are in favour.

§ 494.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 495. Liability of partners

If a general partnership or limited partnership is transformed into a private limited company or public limited company, a general partner shall be liable for the obligations of the company being transformed for which the due date for performance has arrived or will arrive within five years after entry of the transformation in the commercial register.

Subchapter 3
Transformation of Private Limited Company or Public Limited Company into General Partnership or Limited Partnership

§ 496. Preparation of general meeting of shareholders

(1) At least two weeks before the general meeting to decide on transformation, the management board of the public limited company being transformed shall present the transformation report and the latest annual report of the public limited company to the shareholders for examination at the registered office of the public limited company. A transformation report shall not be presented in the case specified in subsection 2 of § 479 of this Code.

(2) Copies of the documents specified in subsection 1 of this section shall be promptly given to a shareholder at the request of the shareholder.

(3) If the latest annual report of a public limited company is prepared in respect to financial year, which ended earlier than six months prior to making the transformation resolution, the balance sheet (interim balance sheet) compliant with the requirements established for the balance sheet that constitutes part of the annual report shall be prepared as at no earlier than the first day of the third month preceding the making of the transformation resolution. The interim balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The interim balance sheet shall be submitted to shareholders for examination pursuant to the procedure specified in subsections 1 and 2 of this section. The interim balance sheet need not be prepared if all the shareholders agree thereto. Instead of the interim balance sheet, the half-yearly report disclosed pursuant to § 184^{11} of the Securities Market Act may be submitted to shareholders for examination.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 497. Organisation of general meeting

(1) At the general meeting of shareholders, the management board of the public limited company being transformed shall explain the legal and economic consequences of the transformation, including the exchange of shares.

(2) At the general meeting, the supervisory board shall present its opinion concerning the transformation.

(3) At the general meeting, information concerning other material circumstances related to the transformation shall also be given to a shareholder at the request of the shareholder.

§ 498. Transformation resolution

(1) A resolution on transformation into a general partnership shall be adopted if all the shareholders vote in favour.

(2) A resolution on transformation into a limited partnership shall be adopted if at least two-thirds of the votes represented at the meeting of shareholders are in favour unless the articles of association prescribe a greater majority requirement, and all the shareholders who are to become general partners of the limited partnership vote in favour of the resolution.

(3) If a resolution on transformation of a private limited company into a limited partnership is made pursuant to subsection 2 of § 173 of this Code, the resolution shall be adopted if at least two-thirds of the votes of the shareholders are in favour unless the articles of association prescribe a greater majority requirement, and all the shareholders who are to become general partners of the limited partnership vote in favour of the resolution.

(4) If a public limited company has several classes of shares, the transformation resolution shall be adopted if, in addition to the provisions of subsection 2 of this section, at least two-thirds of the holders of each class of shares vote in favour of the resolution unless the articles of association prescribe a greater majority requirement.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 499.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 4
Transformation of Private Limited Company into Public Limited Company

§ 500. Transformation resolution

(1) A resolution on transformation of a private limited company into a public limited company shall be adopted if at least two-thirds of the votes represented at the meeting of shareholders are in favour, and the articles of association do not prescribe a greater majority requirement.

(2) If a transformation resolution is made pursuant to the procedure provided for in subsection 2 of § 173 of this Code, the resolution shall be adopted if at least two-thirds of the votes of the shareholders are in favour, and the articles of association do not prescribe a greater majority requirement.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(3) The nominal values of shares of the public limited company may be determined differently from those of shares of the private limited company being transformed, and also the introduction of shares without nominal value may be decided upon. The nominal value or book value of shares shall comply with the requirements of § 223 of this Code. The shares of the private limited company being transformed may be divided without observing the restrictions on transfer provided by law and the articles of association and without taking account of the minimum permitted nominal value of a share.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

(4) The shares of a private limited company being transformed shall be registered with the Estonian register of securities before submission of the petition specified in § 485 of this Code to the commercial register.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

§ 501.

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

Subchapter 5
Transformation of Public Limited Company into Private Limited Company

§ 502. Preparation of general meeting of shareholders

(1) At least one month before the general meeting to decide on transformation, the management board of the public limited company being transformed shall present the transformation report and the latest annual report of the public limited company to the shareholders for examination at the registered office of the public limited company. A transformation report shall not be presented in the case specified in subsection 2 of § 479 of this Code.

(2) Copies of the documents specified in subsection 1 of this section shall be promptly given to a shareholder at the request of the shareholder.

(3) If the latest annual report of a public limited company is prepared in respect to financial year, which ended earlier than six months prior to making the transformation resolution, the balance sheet (interim balance sheet) compliant with the requirements established for the balance sheet that constitutes part of the annual report shall be prepared as at no earlier than the first day of the third month preceding the making of the transformation resolution. The interim balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the latest annual report. The interim balance sheet shall be submitted to shareholders for examination pursuant to the procedure specified in subsections 1 and 2 of this section. The interim balance sheet need not be prepared if all the shareholders agree thereto. Instead of the interim balance sheet, the half-yearly report disclosed pursuant to § 184^{11} of the Securities Market Act may be submitted to shareholders for examination.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

§ 503. Organisation of general meeting

(1) At the general meeting of shareholders, the management board of the public limited company being transformed shall explain the legal and economic consequences of the transformation, including the exchange of shares.

(2) At the general meeting, the supervisory board shall present its opinion concerning the transformation.

(3) At the general meeting, information concerning other material circumstances related to the transformation shall also be given to a shareholder at the request of the shareholder.

§ 504. Transformation resolution

(1) A resolution on transformation of a public limited company into a private limited company shall be adopted if at least two-thirds of the votes represented at the general meeting are in favour, and the articles of association do not prescribe a greater majority requirement.

(2) If a public limited company has several classes of shares, the transformation resolution shall be adopted if, in addition to the provisions of subsection 1 of this section, at least two-thirds of the holders of each class of shares vote in favour of the resolution unless the articles of association prescribe a greater majority requirement. If a resolution is made pursuant to the procedure provided for in subsection 2 of § 297, at least two-thirds of the votes represented of each class of shares at the general meeting must vote in favour of the resolution unless the articles of association prescribe a greater majority requirement.

(3) The nominal values of shares of the private limited company may be determined differently from the nominal value or book value of shares of the public limited company being transformed. The nominal values of shares of the private limited company shall comply with the requirements of § 148 of this Code.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

Part IX[1]
LIABILITY FOR MISDEMEANOURS

[RT I 2002, 63, 387 - entry into force 01.09.2002]

§ 504[1]. Submission of false information into list of shareholders

Submission, by a shareholder or the representative of a shareholder, of incorrect information to the list of shareholders prepared at a general meeting is punishable by a fine of up to 100 fine units.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 504[2]. Violation of requirements for issue of shares

The issue of shares before full payment of the issue price, or the issue of shares before the making of an entry in the commercial register concerning the public limited company or the increase of share capital, or the issue of shares with a nominal value or book value less than the permitted nominal value or book value, or the simultaneous issue of shares with nominal value and without nominal value by a member of the management board or supervisory board or a liquidator of the public limited company is punishable by a fine of up to 200 fine units.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 504[3]. Violation of requirements for transfer of shares

The illegal acquisition of the shares of a public limited company for the same public limited company or taking of such shares as security, failure to offer own shares of a public limited company for transfer or failure to terminate the taking of own shares as security for a public limited company by a member of the management board or supervisory board of the public limited company or a liquidator is punishable by a fine of up to 200 fine units.

§ 504[4].

[Repealed – RT I 2005, 57, 449 – entry into force 01.01.2006]

§ 504[5]. Offer and acceptance of advantages upon voting

[Repealed – RT I, 12.07.2014, 1 – entry into force 01.01.2015]

§ 504[6]. Proceedings

Extra-judicial proceedings concerning the misdemeanours provided for in this Chapter shall be conducted by the Police and Border Guard Board.
[RT I, 12.07.2014, 1 – entry into force 01.01.2015]

Part X

MPLEMENTATION OF ACT

§ 505. [Omitted from this text]

§ 506. Application of this Code to companies

(1) As of 1 September 1995, companies shall only be founded pursuant to the procedure provided for in this Code, and the provisions of this Code shall apply to them.

(2) The provisions of § 1, subsections 1, 4 and 5 of § 2, §§ 4–6, 79–82, 85–98, 100, 101, subsections 1–3 of § 102 and subsections 1–3 of § 103, §§ 104–111, 113–115, 117–121, 123–126, 128–130, subsection 1 of § 131, § 132, subsection 1 of § 134, §§ 135, 140–143, clauses 1, 2, 4, 5, 7, 8 of subsection 1 and subsection 3 of § 144, §§ 145, 146, subsections 3–6 of § 148, §§ 149–170, subsections 1 and 3 and clause 3 of subsection 2 of § 171, §§ 172–175, 177, 178, subsections 1–3 of § 179, subsections 1, 2, 6 and 7 and the first and second sentences of subsection 3 of § 180, §§ 181–188, subsection 2 of § 189, §§ 190, 191, subsections 1 and 2 of § 192, §§ 193–195, 197–199, 201–203, 205–207, 209–216, subsection 1 of § 219, §§ 220, 221, 223–226, subsections 1 and 2 of § 227, §§ 228–240, subsections 1, 2, 3 and 4 of § 241, §§ 246–248, subsection 4 of § 249, clauses 1, 2, 5, 6, 7 and 8 of subsection 1 and subsection 3 of § 250, §§ 251, 252, 272–291, clause 2 of subsection 1 and subsections 2 and 3 of § 292, §§ 293–299, subsection 1 of § 300, §§ 302–307, subsections 1–3 of § 308, §§ 309–315, 328–332, 334–340, subsections 1–3 of § 341, §§ 342, 344–358, 360–366, 368–370, 372–379 and 383 of this Code shall correspondingly apply to companies founded before 1 September 1995 until their entry in the commercial register. Until entry in the commercial register, the management board of a public limited company has both the rights of a management board and supervisory board unless the articles of association of the public limited company prescribe otherwise. If the articles of association or partnership agreement of a company is in conflict with the law, the provisions of law shall apply. The liability of members of the supervisory board prescribed in § 327 of this Code shall extend to members of the management board of a public limited company which is not registered in the commercial register if the public limited company does not have a supervisory board.

(2^1) The personal liability provided for in §§ 187, 315 and subsection 2 of § 506 of this Code shall apply to the director of an enterprise entered in the enterprise register unless he or she proves that he or she was not the director of the enterprise at the time of conclusion of a transaction or of failure to perform an act.

(2^2) The provisions of §§ 363^1–363^{10} of this Code shall apply only to public limited companies whose shares are registered in the Estonian register of securities.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(3) Until entry of a company in the commercial register, private limited companies and public limited companies of which all the shares are held by the state shall be managed taking into account the exceptions established by the Government of the Republic.

(4) Until entry in the commercial register, the general meeting of a public limited company shall, in addition to the provisions of subsection 1 of § 298, also be competent to decide on other matters placed within the competence of the general meeting by the articles of association of the public limited company.

(4^1) The provisions of clause 7 of subsection 1 of § 139, subsection 3 of § 156, subsection 2 of § 160 and subsection 4 of § 199^2 of this Code in the wording effective before 1 January 2011 shall apply to the legal reserve of the private limited companies founded before 1 January 2011. The shareholders may adopt a resolution concerning the termination of the formation or increase of the legal reserve. Subsection 1 of § 175 of this Code shall apply to the adoption of the respective resolution.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) Before the entry into force of the requirements specified in the fourth sentence of subsection 2 of § 180 and in subsection 4 of § 308, the membership of the management boards of private limited companies and public limited companies registered in the commercial register shall be brought into accordance with the specified requirements by 1 September 1997.

(5^1) The provisions of subsection 2 of § 184 of this Code in the wording effective at the time of the election of a member of the management board shall apply to the term of office of a member of the management board elected before 1 January 2011.
[RT I 2010, 77, 589 – entry into force 01.01.2011]

(6) Until 1 September 1999, the management board of a private limited company or public limited company may acquire and transfer immovables, structures as movables and holdings in other companies (shares) in the name of the private limited company or public limited company only by a resolution of the supervisory board or, if no supervisory board exists, of the meeting of shareholders or general meeting of shareholders, unless the articles of association of the private limited company or public limited company prescribe otherwise. This restriction shall apply with regard to third persons.

(7) The provisions of subsection 1 of § 97, subsection 2 of § 155, subsection 2 of § 179, subsection 2 of § 225, subsction 4 of § 332, subsection 1^1 of § 335 and subsection 5 of § 388 of this Code in the wording in force before 1 December 2005 apply to accounting periods which began before 1 January 2005, and to the reports concerning such periods.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

(8) The provisions of subsection 2 of § 400, subsection 2 of § 443, subsection 3 of § 480 and subsction 2 of § 485 of this Code in the wording in force before 1 December 2005 apply to mergers, divisions and transformations which started before 1 December 2005.
[RT I 2005, 61, 478 – entry into force 01.12.2005]

(9) Public limited companies which have introduced shares without nominal value and which number of shares without nominal value is not registered in the commercial register shall submit together with the petition submitted to the commercial register containing the

petition for entry concerning the amendment of the articles of association into the commercial register the petition for the entry of the number of shares without nominal value into the commercial register, if the articles of association are amended in connection with the number of shares without nominal value.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(10) The e-mail address of an undertaking and branch of a foreign company submitted to the registrar before 15 January 2018 shall be entered on the registry card automatically.
[RT I, 20.04.2017, 1 – entry into force 15.01.2018]

§ 507. Enterprises not provided for in this Code

(1) Enterprises founded pursuant to legislation valid before the entry into force of this Code and not provided for as undertakings in this Code shall, by 1 September 1997, be transformed pursuant to § 509 of this Code or be dissolved. The foundation of, transformation into, merger with or division into such enterprises shall not be permitted after 1 September 1995.

(2) Provisions of legislation concerning enterprises which were founded pursuant to legislation valid before the entry into force of this Code and which are not provided for as undertakings in this Code shall apply to such enterprises.

(3) If an enterprise founded pursuant to legislation valid before the entry into force of this Code is not transformed or dissolved by 1 September 1997, it shall undergo compulsorily dissolution pursuant to the procedure provided for in § 513 of this Code.

§ 508. Foundation of enterprise before entry into force of this Code

An enterprise founded before 1 September 1995 may be entered in the register of enterprises, agencies and organisations of the Republic of Estonia (hereinafter *enterprise register*) if the enterprise is granted permission for foundation before 1 September 1995, and the petition for entry in the register is submitted by not later than 10 September 1995.

§ 509. Merger, SubSubdivision and transformation

(1) The merger, division or transformation of companies entered in the commercial register shall be effected pursuant to the procedure provided for in this Code. A company entered in the commercial register shall not merge with a company which is not entered in the commercial register.

(2) An enterprise which is not entered in the commercial register may be transformed into an undertaking provided for in this Code or in another manner provided for in this section. The provisions of §§ 478–482, 485–487, 489–495, 498, 500 and 504 of this Code shall apply to the transformation of enterprises which are not entered in the commercial register. The term specified in the first sentence of subsection 1 of § 485 shall not apply to the transformation of an enterprise which is not entered in the commercial register.

(3) Transformation, merger or division of state enterprises [*riigiettevõte, riiklik ettevõte*], state small enterprises, other enterprises held by the state, collective enterprises, leased enterprises and state funds shall be effected on the basis of an order of the Government of the Republic and pursuant to the procedure established by the Government of the Republic.

(4) A municipal enterprise may be transformed into a private limited company, public limited company or local government agency. Transformation of a municipal enterprise shall be decided by the rural municipality or city council and shall be organised by the rural municipality or city government.

(5) A state enterprise [*riigiettevõte, riiklik ettevõte*] may be transformed into a private limited company, public limited company, legal person in public law or state agency.

(6) A leased enterprise, collective enterprise or state small enterprise may be transformed into a private limited company or public limited company.

(7) Upon a transformation, the documents provided for in clauses 1–4 and 6–8 of subsection 1 of § 485 and, in the case of the transformation of a public limited company, the opinion of an auditor on whether the public limited company has net assets which correspond to the share capital, shall be submitted to the registrar of the commercial register. Upon the transformation of a private limited company, the opinion of an auditor shall be appended if the company meets the conditions for which an audit is prescribed.

(8) Enterprises which are not entered in the commercial register may merge such that they found a new company, which shall be entered in the commercial register, or such that one enterprise is merged with another. The provisions of §§ 391–393, 397, 398, 400, 401, 403, 405–410, 412–417, 421–433 shall correspondingly apply to a merger of enterprises. The provisions of the first sentence of subsection 1 of § 400 shall not apply to a merger of enterprises which are not entered in the commercial register. The opinion of an auditor on whether a public limited company has net assets which correspond to the share capital shall also be submitted to the registrar concerning a public limited company being entered in the commercial register. Upon entry of a private limited company in the commercial register, the opinion of an auditor shall be appended if the company meets the conditions for which an audit is prescribed.

(9) Transformation or merger into a company provided for in this Code shall be deemed to be effected as of entry of the company in the commercial register. Upon transformation of a state enterprise [*riigiettevõte, riiklik ettevõte*], state small enterprise, state foundation or municipal enterprise into a company, assets transferred to such enterprise pursuant to law by the state, assets acquired on the basis of such assets or in some other manner and which are in the lawful possession of such enterprise at the time of entry in the commercial register shall be deemed to be to have transferred from state ownership into the ownership of the company as of the moment of entry of the company in the commercial register. The same shall apply with regard to entry of a state foundation or municipal enterprise in the non-profit associations and foundations register.
[RT I 1998, 23, 322 – entry into force 22.03.1998 – applied retroactively as of 1 September 1995.]

(9[1]) The provisions of the second sentence of subsection 9 of this section shall apply upon a merger of the enterprises specified in subsection 9 to the company to which the assets in the possession of the merging companies are transferred.
[RT I 1998, 23, 322 – entry into force 22.03.1998 – applied retroactively as of 1 September 1995.]

(9[2]) Upon a division of a state enterprise [*riigiettevõte*] pursuant to subsection 3 of this section, the Government of the Republic shall establish the procedure for transfer of the assets in the possession of the state enterprise to the ownership of the company.

(10) Upon transformation or merger of an enterprise which is not entered in the commercial register into an undertaking provided for in this Code, the assets transferred to the new undertaking shall be exempt from income tax and value added tax.

(11) A general partnership or limited partnership which is not entered in the commercial register shall not be transformed into a private limited company or public limited company.

(12) A state fund may be transformed into a private limited company, public limited company, foundation or legal person in public law. The petition of a state foundation which is being transformed into a private limited company or public limited company shall be submitted to the registrar of the commercial register by not later than 1 September 1997; the petition of a state foundation which is being transferred into a foundation shall be submitted to the registrar of the non-profit associations and foundations register by not later than 1 October 1998.

§ 510. Transformation into sole proprietor

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(1) A private limited company or public limited company which has not been entered in the commercial register and all the shares of which are held by one shareholder who is a natural person, may be transformed into a sole proprietor by a resolution of the meeting of shareholders or of the general meeting of shareholders. This transformation is permitted and is deemed to be effected if the sole proprietor is entered in the commercial register.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) Upon transformation, the assets of the private limited company or public limited company together with the obligations shall transfer to the sole proprietor who was a shareholder.

(3) The business name of the sole proprietor, the registered office of the enterprise and other measures necessary for transformation shall be set out in the transformation resolution.

(4) The sole proprietor shall submit a petition for entry of the transformation and of the sole proprietor in the commercial register. The following shall be appended to the petition:
1) the transformation resolution;
2) the balance sheet taken as the basis for the transformation.

(5) A registrar may enter a transformation in the commercial register only if the balance sheet taken as the basis for the transformation is prepared not earlier than eight months before submission of the petition to the commercial register. The provisions for preparation of an annual report shall apply to preparation of a balance sheet.

(6) Upon entry of the transformation and of the sole proprietor in the commercial register, the assets of the private limited company or public limited company shall transfer to the sole proprietor. The private limited company or public limited company shall dissolve as of entry of the transformation.

(7) The sole proprietor may use the business name of the private limited company or public limited company, taking into account the requirements of § 8 of this Code.

§ 511. Petition for entry in commercial register

(1) An undertaking founded and registered in the enterprise register before 1 September 1995 shall be entered in the commercial register on the petition of the undertaking.

(2) A petition for entry in the commercial register shall set out the information concerning the undertaking as provided by law and the documents provided by law, and the certificate of registration of the undertaking in the enterprise register shall be appended to the petition. All members of the management board of or the partners entitled to represent the company shall sign the petition.

(3) For entry in the commercial register, the articles of association of the company shall be brought into accordance with the provisions of this Code.

(4) A person competent to make rulings on entries shall review a petition for entry in the commercial register of an enterprise entered in the enterprise register in the same legal form or by way of transformation or by way of merger within six months days after such petition is submitted. Petitions shall be reviewed in the order they are received. The head of a registration department may with good reason permit the review of a petition as a priority. The primary good reason shall be participation in a transaction for which the corresponding natural or legal person must, pursuant to the Land Reform Act be entered in the commercial register.
[RT I 2005, 57, 449 – entry into force 01.01.2006]

(5) [Repealed – RT I, 21.06.2014, 8 – entry into force 01.01.2015]

§ 511[1]. Change of personal data and details of telecommunications by registrar

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 511[2]. Changes to territorial jurisdiction of registrars

[Repealed – RT I, 21.06.2014, 8 – entry into force 01.01.2015]

§ 511[3]. Making notation regarding person maintaining list of shareholders

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 511[4]. Entry of sole proprietors registered with register of taxable persons in commercial register

(1) A sole proprietor registered with the register of taxable persons shall be entered in the commercial register based on his or her petition. It is possible to file a petition from 1 January to 31 December 2009. Filing the petition is exempt from state fees.

(2) The petition for entry in the commercial register shall include in addition to other information specified in this Code also the registration of a sole proprietor with the register of taxable persons. The starting date of the registration of a sole proprietor with the register of taxable persons shall be entered in the commercial register.

(3) The petition for entry in the commercial register shall be reviewed within the term specified in subsection 1 of § 53 of this Code. If the petition for entry is filed within the last five months of the term specified in subsection 1 of this section, the petition for entry shall be reviewed within 10 working days as of the filing of the petition.

(4) The registrar shall promptly notify the Tax and Customs Board of the information concerning sole proprietors whose petitions for entry in the commercial register have been satisfied, and after 31 December 2009 also of the information concerning sole proprietors whose petitions for entry have been dismissed.

(5) A sole proprietor whose petition for entry in the commercial register has been satisfied or who has failed to submit a petition for entry in the commercial register by the term specified in subsection 1 of this section or whose petition for entry has been dismissed shall be deleted from the register of taxable persons. The Tax and Customs Board shall notify a sole proprietor of his or her deletion from the register of taxable persons.
[RT I 2008, 27, 177 – entry into force 10.07.2008]

§ 511[5]. Transition to electronic maintenance of commercial register

Until the transition to the electronic commercial register, the commercial register shall be maintained pursuant to the regulation in force until 31 October 2012.
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]

§ 512. Branch of foreign company

(1) A branch or representation of a foreign company entered in the enterprise register before 1 September 1995 shall be entered in the commercial register as a branch on the petition of the undertaking.

(2) The petition shall be signed by the director of the branch or representation. The documents provided by law concerning a branch shall be appended to the petition.

(3) The branch of a foreign company shall lose the rights of a legal person as of 1 September 1995.

§ 513. Deletion from register

(1) Upon entry in the commercial register of an undertaking recorded in the enterprise register, a notation to this effect shall be made in the entry in the enterprise register on the basis of a notice from the registrar of the commercial register.

(2) Enterprises in the enterprise register which by 1 September 1997 are not entered as undertakings in the commercial register or for which, by 1 September 1997, no petition for entry in the commercial register has been submitted to the registrar of the commercial register or whose petition for entry in the commercial register has been denied, shall be deemed to have undergone compulsory dissolution.
The right of representation of the management board of an enterprise which has undergone compulsory liquidation or of the body substituting therefor shall be retained until a court appoints liquidators or declares a bankruptcy or deletes the enterprise from the register. The composition of the management board or of the body substituting therefor may be changed until such time only with good reason and the permission of the court. The primary good reasons shall be:
1) a lengthy or serious illness due to which performance of the duties of the management board or of the body substituting therefor becomes impossible;
2) the death of a member of the management board or of the body substituting therefore or the declaration of a member of the management board or of the body substituting therefor as missing or dead or to be without active legal capacity;
3) the entry into force of a court judgment by which punishment with imprisonment is imposed;
4) the entry into force of a court judgment by which a member of the management board or of the body substituting therefor is deprived of the right to operate in a particular area of activity;
5) a member of the management board or of the body substituting therefor takes up residence in a foreign country permanently.
Changes in the composition of a management board or of a body substituting therefor shall enter into force as of registration in the enterprise register.

(3) The registrar of the enterprise register shall publish a notice of the compulsory dissolution of an undertaking in the official

publication *Ametlikud Teadaanded*. If the registrar of the commercial register makes a judgment concerning a petition for entry of an undertaking in the commercial register by which the registrar denies the petition after 1 September 1997, the registrar shall publish a notice in the official publication *Ametlikud Teadaanded*. A notice of dissolution shall indicate that creditors, shareholders and members are to submit their claims within four months after publication of the notice to the court according to the registered office of the enterprise for the appointment of liquidators or a declaration of bankruptcy.

(3^1) Creditors, shareholders and members may submit a petition to the court according to the registered office of the enterprise for appointment of liquidators or a declaration of bankruptcy within four months after publication of the notice specified in subsection 3 of this section. The court may give preference to appointment of the director of the enterprise entered in the enterprise register as the liquidator, who is obligated to accept the duties of liquidator unless refusal to accept such duties is due to a good reason specified in subsection 2 of this section. The following shall be set out in a petition for liquidation:
1) information on the enterprise which has undergone compulsory dissolution for which liquidation is applied for, including reference to the issue of Riigi Teataja Lisa in which the notice of compulsory dissolution was published;
2) the name, residence or registered office and postal address of the petitioner;
3) a request for a person to be appointed as liquidator, and the name, residence and postal address of such person;
4) information on the amount, basis and term for payment of the claim on which the petition is based if the petition is submitted by a creditor; in such case proof of existence of the claim shall be appended to the petition.
The consent of a person shall be appended to the petition if the person's appointment as liquidator is requested unless the petition is for appointment of the director of an enterprise entered in the enterprise register as liquidator. A receipt for payment of the state fee shall also be appended to the petition.
If the court has already appointed a liquidator for an enterprise which has undergone compulsory dissolution, any subsequent petitions for liquidation shall be deemed to be notices of claims and the court shall forward them to the liquidator. Any person who submits a knowingly false petition for liquidation shall compensate for any damage caused thereby to the enterprise, its creditors, shareholders or members.

(3^2) An enterprise which has undergone compulsory dissolution shall not:
1) distribute profits to shareholders, members or the undertaking (dividends);
2) transfer or rent immovables, movables registered in a state register (buildings, vehicles, etc.) or holdings in other companies (shares) belonging to the enterprise, or encumber immovables, movables registered in a state register (buildings, vehicles, etc.) or holdings in other companies (shares) belonging to the enterprise with a restricted real right;
3) amend the articles of association;
4) change the amount of share capital or the amount of the contribution of partners;
5) found legal persons. The restrictions provided for in clause 2 of this subsection shall apply until a court appoints liquidators or declare a bankruptcy. The restrictions provided for in clause 2 of this subsection shall apply with regard to third persons.

(4) [Omitted]

(5) If creditors, shareholders or members do not give notice of their claims during the term specified in subsection 3 of this section or if a liquidation is completed, the enterprise shall be deemed to be dissolved and shall be deleted from the register.
In order to conclude liquidation, the liquidators shall submit the final balance sheet and a petition for deletion of the enterprise from the register and for entry of the depositary of the documents of the liquidated enterprise in the register to the registrar of the enterprise register. If an enterprise is dissolved due to failure to fulfil a claim, the director of the enterprise entered in the enterprise register at the time of dissolution shall be deemed to be the depositary of the documents of the liquidated enterprise and shall be entered in the enterprise register by the registrar of the enterprise register.

(6) Upon entry in the commercial register of a company or branch founded before 1 September 1995, a notation concerning the earlier registration of the company or branch in the enterprise register shall be made in the commercial register, indicating the former registration number.

(7) A branch or representation of a foreign company which is not entered in the commercial register by 1 September 1997 or for which, by 1 September 1997, no petition for entry in the commercial register has been submitted to the registrar of the commercial register or whose petition for entry in the commercial register has been denied, shall be deleted from the enterprise register by the registrar of the enterprise register unless it is a branch or representation of a foreign credit institution.

(8) The minister in charge of the policy sector may, by a regulation, establish a specific procedure for carrying out compulsory dissolution specified in this section. The minister in charge of the policy sector shall, by a regulation, establish the procedure for remuneration of liquidators of enterprises which undergo compulsory dissolution and the maximum amounts of remuneration.

§ 514.

[Repealed – RT I 2008, 60, 331 – entry into force 01.01.2009]

§ 515. Rights attaching to different classes of shares

(1) Rights attaching to shares issued before 1 September 1995 which do not comply with the provisions of this Code shall continue to be valid. Such rights shall be set out in the articles of association of the public limited company.

(2) The rights of founders and shareholders which are not attaching to shares shall be void as of 1 September 1995.

§ 516. Nominal value of share

The shares of a private limited company founded before 1 September 1995 with nominal values less than the nominal value provided for in § 148 of this Code shall continue to be valid.

§ 517. Business name

(1) Upon entry of an undertaking in the commercial register, the registrar shall make inquiries to the enterprise register concerning the registration of the same or a similar name in the corresponding registers.

(2) A business name being applied for shall not be entered in the commercial register if it or a misleadingly similar business name is registered in the enterprise register by another undertaking before the applicant.

(3) [Repealed – RT I 2001, 93, 565 – entry into force 01.02.2002]

§ 518. Audit of share capital

(1) Upon entry in the commercial register of a private limited company or public limited company in the same legal form entered in the enterprise register, the balance sheet of the private limited company or public limited company, which must be prepared as at a date not earlier than six months before submission of the petition for entry in the commercial register, shall be submitted. The balance sheet shall reflect the share capital entered in the register.

(2) The opinion of an auditor concerning whether a public limited company has net assets which correspond to the share capital shall be appended to the balance sheet of a public limited company specified in subsection 1 of this section. The opinion of an auditor shall be appended to the balance sheet of a private limited company if the private limited company meets the conditions for which an audit is prescribed.

(3) A resolution on alteration of share capital may, for the purpose of entry of the company in the commercial register, be made regardless of the restrictions on alterations of capital prescribed in the articles of association. An alteration of capital need not be previously registered in the enterprise register.

§ 519. Amount of share capital

(1) As of 1 September 1995, the share capital of a private limited company being founded and entered in the commercial register shall be at least 10,000 kroons, and the share capital of a public limited company shall be at least 100,000 kroons.

(2) As of 1 September 1999, the share capital of a private limited company shall comply with the amount provided for in § 136 of this Code, and the share capital of a public limited company shall comply with the amount provided for in § 222 of this Code.

(3) A private limited company the share capital of which is not at least 40,000 kroons or a public limited company the share capital of which is not at least 400,000 kroons shall be deemed to have undergone compulsory dissolution, if:
1) the private limited company or the public limited company has not submitted a petition to the registrar of the commercial register to increase the share capital to the amount specified by 1 September 1999 at the latest, or
2) the private limited company or the public limited company has not submitted a petition concerning the transformation of the company to the registrar of the commercial register by 1 September 1999 at the latest, or
3) the petition of the private limited company or the public limited company specified in clause 1 or 2 of this subsection is denied after 1 September 1999.

(4) Provisions of § 513 of this Code shall apply to companies deemed to have undergone compulsory dissolution pursuant to subsection 3 of this section, and the term “commercial register” shall be used instead of enterprise register upon the application of the provisions and the duties assigned to the registrar of the enterprise register by the given provisions shall be performed by the registrar of the commercial register.

§ 520. Foundation of company

(1) During the foundation of a company, the founders shall use the proposed business name of the company together with the appendage “ *asutamisel* ” [in foundation]. In addition to the above, a company being founded shall be marked, in national and local government databases, by the number of the notarial act of the foundation transaction and, in the case the foundation transaction is not notarised, by the foundation number issued to the founders by the internet-based information system of the commercial register.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(1^1) The procedure for formation of the notarial act number and foundation number specified in subsection 1 of this section shall be established by a regulation of the minister in charge of the policy sector.
[RT I 2006, 61, 456 – entry into force 01.01.2007]

(2) In order to make a non-monetary contribution, an agreement concerning the transfer of the item of the non-monetary contribution shall be entered into with the company being founded. The agreement shall be in writing unless notarial authentication or notarial certification is required by law for transfer of a certain item.

(3) [Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]

(4) In order to make monetary contributions to a private limited company or public limited company, the founders shall open, in the name of the company being founded using the business name, the appendage and the number specified in subsection 1 of this section, a payment account with a credit institution or payment institution founded in a state which is a Contracting Party to the EEA Agreement or with a branch of such credit institution or payment institution opened in a state which is a Contracting Party to the EEA Agreement, which may be disposed of in the name of the company after entry of the company in the commercial register. The founders may

authorise a notary to open the account.
[RT I, 20.12.2018, 1 – entry into force 01.01.2019]

(4^1) In expedited procedure, a monetary contribution is made upon foundation of a company as a deposit to the account of the registrar or the account specified in subsection 2 of § 27 of the Money Laundering and Terrorist Financing Prevention Act. The business name, appendage and number specified in subsection 1 of this section shall be used while making the contribution. If the contribution is made as a deposit to the account of the registrar, the company shall apply no later than within one year following its entry in the register for the return of the contribution to its payment account with a credit institution or payment institution founded in a state which is a Contracting Party to the EEA Agreement or with a branch of such credit institution or payment institution opened in a state which is a Contracting Party to the EEA Agreement; in case of exceeding the term the contribution shall remain in the public revenues. The contribution shall be returned within five working days after submission of a conforming application.
[RT I, 20.12.2018, 1 – entry into force 01.01.2019]

(4^2) The minister in charge of the policy sector shall establish, by a regulation, the procedure for submission of the application for return specified in subsection 4^1 of this section and the corresponding technical requirements and shall in concordance with the minister in charge of the policy sector authorise an agency to whom the applications for return are submitted as the agency who carries out the returns.
[RT I, 29.06.2014, 109 – entry into force 01.07.2014, “The Minister of Justice” at the beginning of the sentence is substituted for “The minister in charge of the policy sector“ and “the Minister of Finance” in the middle of the sentence is substituted for “the minister in charge of the policy sector” on the basis of subsection 4 of § 107³ of the Government of the Republic Act.]

(5) If a company is not entered in the register, movables entered in the register and immovables entered in the land register in the name of the company, as well as the account specified in subsection 2 of § 27 of the Money Laundering and Terrorist Financing Prevention Act may be disposed of only pursuant to procedure specified by a court ruling. The contribution of the share capital made as a deposit to the account of the registrar or the account opened in the name of the company being founded if a company is not entered in the register, or the overpaid amount of the share capital if an amount exceeding the share capital has been paid as a deposit to the account of the registrar shall also be returned pursuant to the procedure prescribed by the court ruling. The court shall make the ruling on the basis of a petition by the founders. The petition shall set out the reasons for failure to found or overpayment, which founders shall be given the right of disposal and to what extent, and who has made contributions to what extent. A payment made as a deposit to the account of the registrar shall remain in the public revenues unless a petition for the return of the payment is submitted to a court within two years as of the date of payment or overpayment.
[RT I, 17.11.2017, 2 – entry into force 27.11.2017]

(5^1) A credit institution shall promptly notify the registrar if it does not agree to enter into a settlement contract concerning the account specified in subsection 2 of § 27 of the Money Laundering and Terrorist Financing Prevention Act or if a company has failed to perform the obligation established in the second sentence of the above provision. The registrar shall decide on returning the contribution of the share capital made to the account opened in the name of the company being founded by a court ruling in compliance with subsection 1 of § 44 of the Money Laundering and Terrorist Financing Prevention Act. The registrar shall provide the company with a one-month term for making a new contribution of the share capital. If the company fails to certify the contribution of the share capital within the specified term, the registrar shall decide on the compulsory dissolution of the company.
[RT I, 17.11.2017, 2 – entry into force 27.11.2017]

(5^2) If the Financial Intelligence Unit on the basis of subsection 1 of § 57 of the Money Laundering and Terrorist Financing Prevention Act has made a precept concerning the restriction on the disposal of the account specified in subsection 2 of § 27 of the above Act, the respective notation shall be made on the registry card. The notation shall be deleted from the registry card on the basis of the respective petition by the Financial Intelligence Unit. If the Financial Intelligence Unit in compliance with subsection 5 of § 57 of the Money Laundering and Terrorist Financing Prevention Act does not terminate the restriction on the disposal of the account, it shall notify the registrar thereof. On the basis of the above notification, the registrar shall commence the compulsory dissolution of the company under the procedure established in subsection 5^1 of this section.
[RT I, 21.11.2020, 1 – entry into force 01.01.2021]

(6) [Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 520^1. Private limited company founded without making contributions

(1) Where a private limited company has been founded in such manner that the founders have not made contributions upon foundation, the shareholder who has not fully paid in the contribution, is liable to the private limited company for the obligations of the private limited company in the amount of the outstanding contribution, unless the obligation of the private limited company can be performed on the account of the assets of the private limited company.

(2) In case of declaration of bankruptcy of the private limited company, the claim specified in subsection 1 of this section may be filed on behalf of the private limited company only by the trustee in bankruptcy.

(3) Until the complete payment of the contributions by all the shareholders, the private limited company may neither increase nor decrease the share capital, and in addition the private limited company may not make any disbursements to the shareholders. The prohibition on disbursements does not comprise the salary and other remuneration paid to the shareholder.

(4) Contributions to the share capital are governed by the provisions of subsections 1 and 2 of § 140, §§ 142 and 143, subsection 2 of § 144 and subsections 2, 4 and 5 of § 520 of this Code.

(5) An agreement which is in conflict with the provisions of this section and an agreement which exempts a shareholder from payment of a contribution does not apply with regard to third persons.
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 521.

[Repealed – RT I 2006, 61, 456 – entry into force 01.01.2007]

§ 521[1]. Updating of data concerning activity entered in commercial register

(1) The registrar deletes an activity of an undertaking entered in the commercial register without a petition for entry and order on entry if the data concerning the activity have been submitted to the registrar pursuant to subsections 5 and 6 of § 4 of this Code. The second sentence of § 53 of the Commercial Register Act and § 599 of the Code of Civil Procedure do not apply to deletion and no state fee is charged for it.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

(2) The registrar shall make an inquiry concerning an undertaking whose activity has been entered in the commercial register and set a term for submission of notice concerning the activity.

(3) An inquiry shall not be made concerning a company who is required to submit an annual report to the registrar. The amendment of the data concerning the activity of such undertaking shall be automated on basis of the annual report.
[RT I, 21.03.2014, 3 – entry into force 31.03.2014]

§ 522. Reorganisation of work of enterprise register

(1) The Government of the Republic shall reorganise the work of the enterprise register resulting from implementation of the commercial register.

(2) [Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

§ 523.

[Repealed – RT I 2009, 54, 363 – entry into force 01.01.2010]

§ 523[1]. Implementation of electronic reporting

The provisions of subsection 3 of § 45 of the Commercial Register Act apply to annual reports which are prepared in respect to accounting period starting on 1 January 2009 or thereafter.
[RT I, 23.12.2022, 2 – entry into force 01.02.2023]

§ 523[2]. Merger of part A and B of card register

Parts A and B of the card register shall be merged and new registry cards shall be formed automatically.
[RT I, 18.12.2012, 3 – entry into force 19.12.2012]

§ 524.

[Repealed – RT I 1998, 59, 941 – entry into force 10.07.1998]

§ 525. Registry secretary

[Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

§ 525[1]. Currency to be used

(1) As of the date which has been determined in the Decision of the Council of the European Union regarding the abrogation of the derogation established in respect of the Republic of Estonia on the basis provided for in Article 140 (2) of the Treaty on the Functioning of the European Union (hereinafter *date of abrogation of derogation*), a private limited company or public limited company shall be entered in the commercial register in case its share capital and the nominal values of shares are denominated in euros in the memorandum of association, foundation resolution and articles of association.

(2) Private limited companies and public limited companies that were entered and are entered in the commercial register before the date of the abrogation of the derogation after the date of the abrogation of the derogation may further denominate in the articles of association the share capital and the nominal values of shares in the Estonian kroons. If the share capital and the nominal values of shares are denominated in kroons, these shall comply with the terms and conditions specified in subsection 3 of this section.

(3) If the share capital of a private limited company is denominated in the articles of association in the Estonian kroons, the share capital of the private limited company shall amount at least to 40,000 kroons. The minimum nominal value of a share shall be 100 kroons. If the nominal value of a share is greater than 100 kroons, the nominal value shall be a multiple of 100 kroons. If the share capital of a public limited company is denominated in kroons, the share capital of the public limited company shall amount at least to 400,000 kroons. The minimum nominal value of a share shall be ten kroons. If the nominal value of a share is greater than ten kroons, the nominal value shall be a multiple of ten kroons. Shares with a nominal value of less than ten kroons shall be void. The second

sentence of subsection 3 of § 223 of this Code shall apply respectively. Each 100 kroons of the share of a private limited company shall grant one vote unless the articles of association prescribe otherwise.

(4) After the expiry of one year as of the date of abrogation of derogation, the amendment to the articles of association of a private limited company or a public limited company shall be entered in the commercial register only in case the share capital or the nominal values of shares are denominated in euros in the articles of association or in case the respective amendment to the articles of association is simultaneously entered in the register. The same applies to the entry of the increase or reduction of the share capital in the commercial register, excluding the entry in the commercial register of the conditional increase of the share capital.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 525^2. Amendments to articles of association and change of share capital of private limited companies and public limited companies for euro changeover

(1) Subsections 1 and 2 of § 174 of this Code shall apply to the adoption of such resolution of the shareholders of a private limited company which amends the articles of association due to the conversion of the share capital and the nominal values of the shares into euros and which increases or reduces the share capital to fulfil the requirements provided for in § 136 and subsections 1 and 2 of § 148 of this Code. The provisions of the previous sentence shall apply also in case the articles of association are amended due to the increase or reduction of the share capital to fulfil the requirements provided for in § 136 and subsections 1 and 2 of § 148 of this Code. The provisions of the first sentence of this section shall not apply if the share capital is increased or reduced more than to the closest possible amount compared to the previous amount of the share capital to fulfil the requirements provided for in § 136 and subsections 1 and 2 of § 148 of this Code.

(2) Subsection 1 of § 299 of this Code shall apply to the adoption of such resolution of the general meeting of a public limited company which amends the articles of association due to the conversion of the share capital and the nominal values of the shares into euros and which increases the share capital to fulfil the requirements provided for in § 222 and subsections 1 and 2 of § 223 of this Code. If a public limited company has several classes of shares, a resolution specified in the previous sentence shall be adopted if, in addition to the provisions of the previous sentence, at least more than half of the votes represented at the general meeting of each class of share are in favour unless the articles of association prescribe a greater majority requirement. The provisions of the first and second sentence of this section shall apply also in case the articles of association are amended due to the increase of the share capital to fulfil the requirements provided for in § 222 and subsections 1 and 2 of § 223 of this Code. The provisions of the first and second sentence of this section shall not apply if the share capital is increased more than to the closest possible amount compared to the previous amount of the share capital to fulfil the requirements provided for in § 222 and subsections 1 and 2 of § 223 of this Code. The provisions of the first and second sentence of this section shall also not apply if it is decided to amend the articles of association for the introduction of a share without nominal value.

(3) Section 525^3 of this Code shall apply to the conversion of the share capital and nominal values of the shares from kroons into euros to fulfil the requirements provided for in § 136, subsections 1 and 2 of § 148, § 222 and subsections 1 and 2 of § 223 of this Code. The conversion from kroons into euros shall not affect any rights related to the shares and the ratio between the nominal values of the shares and the share capital. The rounding of the result of the conversion of the nominal values of the shares shall have no legal importance. A private limited company and a public limited company shall refer in the respective resolutions to the rounding of the result of the conversion of the nominal values of the shares and the absence of its legal importance.

(4) If a private limited company or a public limited company reduces for the conversion of the share capital and the nominal values of the shares into euros the share capital to the closest possible amount compared to the previous amount of the share capital to fulfil the requirements provided for in § 136, subsections 1 and 2 of § 148, § 222 and subsections 1 and 2 of § 223 of this Code, this may be performed in simplified way pursuant to the procedure provided for in §§ 199^2 and 362 of this Code. In case of the reduction of the share capital for the conversion of the share capital and the nominal values of the shares into euros, the provisions of subsection 5 of § 199^2 and § 363 of this Code do not apply irrespective of the time of conducting the reduction.
[RT I, 02.11.2011, 1 – entry into force 12.11.2011]

(5) The shares issued on the basis of a resolution on the conditional increase of the share capital after the adoption of a resolution specified in subsection 2 of this section, which changes the nominal value of the shares, shall be effective in respect to the adoption of the above resolution as issued only after making the entry on the basis of the above resolution in the commercial register. The shares being issued on the basis of a resolution on the conditional increase of the share capital after the adoption of a resolution specified in the previous sentence shall participate in changing the nominal value.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 525^3. Calculation of euro

(1) Before the date of the abrogation of the derogation, the amounts recorded in euros in this Code shall be converted into the Estonian kroons based on the exchange rate of Eesti Pank.

(2) The received result shall be rounded to the accuracy of one cent based on the third decimal. If the third decimal is from 0 to 4, the second decimal shall remain unchanged. If the third decimal is from 5 to 9, the second decimal shall be rounded up by one.
[RT I 2010, 20, 103 – entry into force 01.07.2010]

§ 525^4. Number of votes in general partnership and limited partnership

If in case of a general partnership or limited partnership founded before the date of the abrogation of the derogation the number of the

votes of partners is calculated pursuant to the amount of contributions, it shall be considered that each 10 kroons of a contribution shall grant one vote to the partner unless the partnership agreement prescribes otherwise. The second sentence of subsection 2 of § 93 of this Code shall not apply in the case provided for in the previous sentence. Section 525^3 of this Code shall apply to the conversion from euros into kroons and from kroons into euros. The conversion shall not affect the number of votes held by the shareholders. The rounding of the result of the conversion shall have no legal importance.
[RT I 2010, 20, 103 – entry into force 01.01.2011]

§ 525^5. Access to commercial register information in office of county court

[Repealed – RT I, 09.05.2017, 1 – entry into force 01.07.2017]

§ 525^6. Return of paper documents

Any paper documents submitted before 1 April 2014 shall be returned in a registration department until 1 January 2016.
[RT I, 21.03.2014, 3 – entry into force 01.04.2014]

§ 525^7. Destruction of paper files

(1) The business and registry files on paper may be destroyed if the files have been properly digitized and the term prescribed in § 5256 of this Code for the return of the documents has expired.

(2) The procedure for digitization, return and destruction of paper files shall be established by a regulation of the minister in charge of the policy sector.
[RT I, 21.03.2014, 3 – entry into force 01.04.2014]

§ 525^8. Submission of annual report in 2020

A private limited company, a public limited company, a general partnership and a limited partnership required to submit the annual report to the registrar from 12 March to 31 August 2020 shall submit the report not later than on 31 October 2020.
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

§ 525^9. Application of amendments regarding annual report submitted by branch

The amendments to § 388 of this Code which enter into force on 31 December 2021 apply to the financial year starting after entry into force of the amendments.
[RT I, 23.11.2021, 1 – entry into force 31.12.2021]

§ 526. – § 540. [Omitted from this text.]

§ 541. Implementing regulations

(1) The Government of the Republic may issue regulations for implementation of this Code, in accordance with this Code.

(1^1) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) [Repealed – RT I, 21.06.2014, 8 – entry into force 01.01.2015]

(3) The conditions of non-submission to the registrar of the information provided for in this Code in case the information is reliably available to the registrar from the Estonian register of securities or other depository through a computer network, shall be established by a regulation of the minister in charge of the policy sector.
[RT I, 26.06.2017, 1 – entry into force 01.10.2017]

(4) To the extent prescribed by a regulation of the minister in charge of the policy sector, a company need not submit an extract from the land register or movable property register specified in this Code to the registrar if the registrar has access, by way of computer network, to the appropriate database and the transfer of ownership for the benefit of the relevant company can be established from such database.

[1]Directive 2003/58/EC of the European Parliament and of the Council amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies (OJ L 221, 04.09.2003, pp 13–16). [RT I, 23.11.2021, 1 – entry into force 31.12.2021] Directive of the European Parliament and of the Council 2006/68/EC amending Council Directive 77/91/EEC as regards the formation of public limited liability companies and the maintenance and alteration of their capital (OJ L 264, 25.09.2006, pp 32–36); [RT I 2008, 16, 116 – entry into force 15.04.2008] Directive of the European Parliament and of the Council 2007/36/EU on the exercise of certain rights of shareholders in listed companies (OJ L 184, 14.07.2007, pp 17–24); [RT I 2009, 51, 349 – entry into force 15.11.2009] Second Council Directive 77/91/EEC on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (OJ L 26, 31.1.1977, p 1); Third Council Directive 78/855/EEC based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies (OJ L 295, 20.10.1978, p 36); [RT I, 23.11.2021, 1 – entry into force 31.12.2021] Directive 2009/109/EC of the European Parliament and of the Council amending Council Directives 77/91/EEC, 78/855/EEC and 82/891/EEC,

and Directive 2005/56/EC as regards reporting and documentation requirements in the case of mergers and divisions (OJ L 259, 2.10.2009, pp 14–21); [RT I, 02.11.2011, 1 – entry into force 12.11.2011] Directive 2012/17/EU of the European Parliament and of the Council amending Council Directive 89/666/EEC and Directives 2005/56/EC and 2009/101/EC of the European Parliament and of the Council as regards the interconnection of central, commercial and companies registers (OJ L 156, 16.06.2012, pp 1–9); Directive 2011/35/EU of the European Parliament and of the Council concerning mergers of public limited liability companies (OJ L 110, 29.04.2011, p. 1-11); [RT I, 21.03.2014, 3 – entry into force 31.03.2014] European Parliament and Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64, 11.03.2011, pp 1–12), amended by Directives 2014/107/EU (OJ L 359, 16.12.2014, pp 1–29), 2015/2376/EU (OJ L 332, 18.12.2015, pp 1–10), 2016/881 (OJ L 148, 03.06.2016, p. 8–21) and 2016/2258/EL (OJ L 342, 16.12.2016, pp 1–3). [RT I, 17.11.2017, 2 – entry into force 27.11.2017] Directive (EU) 2017/1132 of the European Parliament and of the Council relating to certain aspects of company law (codification), repealing Directives 82/891/EEC, 89/666/EEC, 2005/56/EC, 2009/101/EC, 2011/35/EU, 2012/30/EU (OJ L 169, 30.06.2017, pp 46–127), amended by Directive 2019/1151 (OJ L 186, 11.07.2019, pp 80–104), amended by Directive 2019/2121 (OJ L 321, 12,12,2019, pp 1–44); [RT I, 23.12.2022, 1 – entry into force 01.02.2023] Directive (EU) 2019/1023 of the European Parliament and of the Council on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (OJ L 172, 26.06.2019, pp 18–55) [RT 1, 20.06.2022, 1 – entry into force 01.07.2022]