MOLDOVA

LAW ON JOINT STOCK COMPANIES

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LAW on Joint-Stock Companies

The Parliament shall pass this Law.

Section I
JOINT-STOCK COMPANY. COMPANY SECURITIES. SHAREHOLDERS.

Chapter 1
JOINT-STOCK COMPANY

Article 1. Domain of Application of the Law
(1) This Law defines the manner of creation and legal standing of joint-stock companies, the rights and duties of shareholders, and ensures protection of rights and legal interests of shareholders and creditors of the companies.
(2) This Law shall apply to joint-stock companies created or being created in the Republic of Moldova, provided this Law or other legal acts do not say otherwise.
(4) Specific features of creation and legal standing of joint-stock companies in the event of privatization of public and municipal enterprises shall be defined in this law and legislation on privatization.
(5) Specific features of creation and legal standing of joint-stock companies in banking, investment, exchange and insurance business shall be defined in other legal acts.

Article 2. General Definitions
(1) Joint-stock company (hereinafter referred to as Company) is a commercial company the statutory capital of which is completely divided into shares and shall be liable for its obligations with all the company’s assets.
(2) The company is obliged to disclose publicly the information in compliance with the effective law, in the case that corresponds with one of the following criteria:
a) the amount of the statutory capital is no less 500,000 lei and 50 or more shareholders, together with the shareholders represented by the nominee holder.
b) the company’s securities are quoted on stock exchange market;
c) it is a commercial bank, insurance company, fund of investments, non state pensions fund, Joint-Stock Companies in the process of privatization or Joint-Stock Companies that placed publicly securities in the period of its circulation;
d) it is a Joint-Stock Company not others that are stipulated in the subparagraphs a)-c) and in accordance with the effective law, it is qualified as an entity of a public interest.

Article 3. Legal Standing of the Company
(1) The company is a legal entity operating under this Law, other legal acts and the company charter.
(2) The company shall be operational for an unlimited term if the charter does not say otherwise.
(3) The company shall own the assets isolated from the assets of shareholders and reflected in a separate balance sheet.
(4) The company shall bear proprietary liability to its shareholders as stipulated in this Law, other legal acts and the company charter.
(5) The company can on its own behalf purchase and execute proprietary and personal non-proprietary rights, execute its duties, and be a prosecutor and defendant in court.
(6) The company shall be entitled to conduct any activities not banned in the legislation. The company can undertake certain activities stipulated in the legislation only under a license.
(7) The company shall be authorized to set up bank accounts in the territory of the Republic of Moldova and outside its territory.

(8) The company must have a stamp with its full name in Moldovan and a reference to its location. The stamp can also contain the company name in another language used in the territory of the Republic of Moldova in compliance with the legislation.

(9) The company is entitled to have stamps and forms with its name and a registered trade mark (service mark), and other means of visual identification of the company. Any act and any letter that comes from a company shall contain its name, juridical form of organization, location, number of state registration, the amount of statutory capital and the name of the manager.

**Article 4. Assets and Responsibilities of the Company**

(1) The company assets shall be formed out of placement of shares, as a result of its financial and economic activities and on other grounds stipulated in the legislation.

(2) The company is entitled to provide and attract loans as stipulated in this Law, other legal acts and the company charter.

(3) The company shall be liable for its obligations with all the assets it owns.

(4) The company shall not be liable for obligations of its shareholders.

(5) The company shall not be liable to make loans, as well as to offer guaranties on owned securities purchasing.

**Article 5. Name of the Company**

(1) The company shall operate under a certain name.

(2) Full name of the company shall include:
   a) the words “joint-stock company” or the abbreviation “S.A.”;
   b) specific name of the company which allows to distinguish the company from other organizations.

(3) Full name of the company can contain other information which does not contradict the legislation.

(4) The company shall use its name, including the abbreviated one, only in the form it was entered in the state Register of companies and organizations.

(5) Specific features of the company name and its utilization shall be also defined in other legal acts.

**Article 6. Location of the Company**

(1) Location of the executive agency of the company stipulated in the company charter shall be deemed location of the company.

(2) The juridical address shall be deemed its location address. The company may have and other postal addresses for correspondence.

(3) The company shall notify its shareholders, creditors, and public authorities stipulated in the legislation on changes in its location.

**Article 7. Management Bodies of the Company**

(1) The management bodies of the company are:
   a) the general meeting of shareholders;
   b) Company Board;
   c) executive agency of the company;
   d) auditing commission;

(2) In the company with less than 50 shareholders, the powers of the Company Board can be exercised by the general meeting of shareholders.
(3) The structure, competence and the manner of forming and operation of the company management bodies shall be stipulated in this Law, other legal acts, the charter and by-laws of the company.

(4) In the frame of insolvency process, management bodies functions of the company shall be executed by the mandatory bodies in accordance with the provisions of Insolvency Law nr. 632-XV from 14 November 2001.

**Article 8. Branch Offices and Representative Offices of the Company**

(1) The company shall be entitled to set up its branch offices and representative offices in the Republic of Moldova in compliance with this Law and other legal acts, and outside the republic - also in compliance with the legislation of a foreign country, if the international agreement of the Republic of Moldova does not say otherwise.

(2) The company branch office is its isolated division which is situated outside the company location and performs all its functions, including those of representation, or some of them.

(3) The company representative office is its isolated division which is situated outside the company and represents and protects its interests.

(4) The company shall provide the branch and representative offices with assets reflected in the company balance sheet; the branch office assets shall also be reflected in a separate branch balance sheet.

(5) Branch and representative offices are not legal entities and shall act on behalf of the company under the regulations approved by the company. The company which set up its branch and representative offices shall be liable for their activities.

(6) Manager of the branch or representative office shall act under the regulations on the branch or representative office approved by the company and by proxy granted by the company.

**Article 9. Affiliated Persons of the Company**

(1) Individuals and legal entities shall be deemed affiliated persons of the company recognized as affiliated to the company in pursuant to the Law on securities market.

(2) The company or other legal entity shall be supervised by virtue of:
   a) detention of a supervision position in accordance with the Law on securities market;
   b) fiduciary management agreement, or another agreement signed between the supervisor and the company or other legal entity.

(3) Affiliated persons of the company shall be bound by requirements of this Law, anti-monopoly legislation and legislation on securities.

**Article 10. Company with majority participation and company with majority possession**

(1) The company shall be entitled to execute the control upon other companies and to have dependent companies in the Republic of Moldova created pursuant to this Law and other legal acts, and outside the republic - also pursuant to the legislation of a foreign state, if the international agreement of the Republic of Moldova does not say otherwise.

(3) The joint-stock or other commercial company shall be deemed a dependent, if another (dominant) company by virtue of buying a controlling block of shares (participating shares) or on other grounds is able to determine in the direct or indirect manner decisions made by a dependent company.

(3) It presumes that a company with majority possession is dependent of the company with majority participation in it.

(4) The dominant company shall be entitled to give to dependent company mandatory instructions only if this is stipulated in the respective provisions of the charter of each company.

(5) The dominant company entitled to give mandatory instructions to a depended company shall bear subsidiary liability with a depended company for obligations by the latter, resulting from instructions execution of the dominant company.
In the event of insolvency of a dependent company due to execution of mandatory instructions of the dominant company, the latter shall bear subsidiary liability for its obligations and debts.

The shareholders of the dependent company shall be entitled to require the dominant company to repair the damages caused to the dependent company as a result of mandatory instructions fulfillment of the dominant company.

The company is not dependent if:

a) another company bought less than 25 per cent of its voting shares (participating shares) of the dependent company; and

b) National Agency on Concurrence Protection did not prove that another company has the possibility to considerably affect its decision-making by the dependent company.

Dependent companies are prohibited to possess shares and other securities of the dominant company.

Chapter 2
SECURITIES OF THE COMPANY


(1) The placement, circulation and cancellation of shares, bonds, and other securities of the company shall be carried out pursuant to this Law, legislation on securities other legislations and the company Charter.

(2) The company securities can be in the form of:

a) a certificate manufactured in a printing house; and/or

b) an entry in a personal account set up in the name of their owner or a nominee holder in the company registry of security holders.

(3) The company securities of one class can be issued only in one of the forms stipulated in paragraph (2).

(4) The company shall be entitled to place only nominative securities.

(5) No payment in installments shall be allowed at placement of the company securities.

Article 12. Shares

(1) A document drawn up in the established form in the article 11, par.(2), which certifies the right of its owner (shareholder) to participate in the company management, to receive dividends and a portion of assets remaining after its liquidation shall be deemed a share.

(2) The company Charter is entitled to place company shares.

(3) The placed shares shall be registered in mandatory manner in the State Registry of Securities, held by National Commission of Finance Market.

(4) Shares shall be deemed placed shares to provided they were fully paid up by their original purchasers (subscribers) and registered in the State Registry of Securities and in the shareholders registry of the company.

(5) The company shares can have a nominal value which must be divisible by 1 lei.

(6) The nominal value of the company common shares must be the same.

(7) The nominal value of share shall be approved by the foundation meeting or the general meeting of shareholders and shall be stipulated in the foundation documents of the company and other documents stipulated in this Law and securities legislation.

(8) In the event of placement of shares the nominal value of which is not set, the general meeting of shareholders is entitled to set the value of the shares in the issue decision. The set value of the share shall not be stipulated in the foundation documents of the company and shall be used for amount determination of the statutory capital.
The nominal (set) value of share shall reflect a portion of the company statutory capital per share.

**Article 13. Outstanding Shares and Treasury Bills**

(1) Placed share of the company shareholder shall be deemed an outstanding share.
(2) Placed share of the company purchased or repurchased by it from the company shareholders shall be deemed a treasury bill.
(3) Treasury bills shall be reflected in the company balance sheet if the law does not say otherwise.
(4) Treasury bills shall not form the company’s own capital nor entitle to a vote at the general meeting of shareholders, to dividend and assets remaining after the liquidation of the company.
(5) Treasury bills purchased or redeemed for the purpose of the company statutory capital reduction are liable to cancellation after registration of appropriate amendments in the company charter.
(6) Treasury bills value of the company shall not exceed 10 per cent of the company statutory capital.
(7) In the event of violation of the requirement stipulated in paragraph (6), within a year the company shall alienate the treasury bills from the date of mentioned requirement. The shares which were not alienated in this delay shall be deemed invalidated, the company shall be bounded corresponding to reduce its statutory capital.
(8) Treasury bills alienation purchased or redeemed by the company shall be executed at their market price, but not less of the purchase and repurchase price.

**Article 14. Common and Preferred Shares**

(1) The company is entitled to place common and preferred shares.
(2) Common share shall certify the right of its owner to one vote at the general meeting of shareholders and to one share of dividend and assets remaining after the company liquidation.
(3) Proprietary rights of common shareholders can be exercised only after the rights of preferred shareholders have been completely fulfilled.
(4) Preferred share shall provide to its owner additional rights (preferences) stipulated in the charter with regard to the owner of common share in the sequence of receiving announced dividend and a portion of assets remaining after the company liquidation.
(5) Preferred share shall not provide to its owner a voting right if this Law, do not say otherwise.
(6) Preferred share shall provide to its owner the right of receiving a portion of assets remaining after the company liquidation in a corresponding quantum of the liquidation value of this share.
(7) Liquidation value of the preferred share is set in the company charter and can exceed its nominal (set) value. If in the charter was not set the liquidation value of a preferred share, in case of company liquidation, the shareholder shall be entitled of receiving a portion of the company assets corresponding quantum of a nominal (set) value of the share.
(8) The share of preferred shares shall not exceed 25 per cent of the company statutory capital.
(9) Common shares may be only of a one class. Preferred shares can be of one class or more classes.

**Article 15. Classes of Shares**

(1) Class of shares is an aggregate of shares with similar characteristics of an issuer, which ensure its owners equal rights and which have the same distinctive characteristics. All shares of one class, indifferent of its issue, have one and the same state registration number.
(2) The company can issue preferred shares with fixed or non-fixed dividend. Fixed dividend shall be set as a specific amount or as a percentage of the nominal value per share.
(3) Preferred shares with fixed dividend can be cumulative, partially cumulative or non-cumulative
Cumulative shares shall entitle their owners to receive dividend accumulated over a certain period in one payment or to receive dividend during the subsequent period, if the company did not pay it during the preceding one.

Partially cumulative shares shall provide a right to receive a part of accumulated dividend, and non-cumulative shares shall grant no such right.

Preferred share with fixed dividend shall grant its owner no voting right at the general meeting of shareholders, except for the following cases:

a) failure to pay fixed dividend on cumulative shares within the deadline set in the charter. The voting right shall terminate after payment of accrued dividend in full amount;
b) the general meeting of shareholders issues a decision to change the rights of preferred shares owners due to company reorganization or liquidation, or issue of another class of preferred shares which provide to the holders the rights which are additional to the owners of placed preferred shares, or on other grounds provided by securities legislation or the company charter.

Preferred shares with non-fixed dividend provide voting right only in cases provided by subparagraph b) of paragraph (6).

In the event of preferred shares shall obtain the voting right at the general meeting of shareholders, the voting shall be carried out in the following manner:

a) preferred shares are converted conventionally into common shares in the proportion which shall be established, starting from the ratio of nominal (set) value of the preferred shares and nominal (set) value of the common shares;
b) owner of the preferred shares votes with the obtained number of shares after the conventional conversion, inclusive with the fractionated parts in amount till hundredths, which can appear as a result of conventional conversion of the preferred shares into common shares;
c) tabulation commission shall add fractionated parts apart for votes stated “for” and “against” and shall be calculated the number of plenary votes.

If the company places preferred shares of two and more classes, its charter shall stipulate the sequence of declared dividend payments and of the salvage value of preferred shares of each of the classes.

**Article 16. Bonds**

1) A financial certificate of loan which certifies that the bondholder is entitled to receive from the issuer its nominal value or nominal value and afferent interest in the amount and within the deadline set by the decision on bond issue shall be deemed a bond.

2) Bondholders shall act as company creditors.

3) Bondholders shall have a preemptive right versus the shareholders to a portion of company profit in the form of interest or other income.

4) The company bond shall have a nominal value divisible by 100 lei. The term of bond circulation shall be no less than one year.

5) The company is authorized to place bonds of various classes, including convertible bonds which entitle the bondholders to exchange bonds into company shares. Convertible bonds issue shall be concluded by the general meeting of the shareholders decision, and other bonds issue can be concluded by the company Board.

6) The company is entitled to place only insured bonds by its own pledged assets and/or third parties assets, and/or with bank guarantee, and/or guarantee, and/or insurance policy, except cases stipulated in Law on securities market. Decision on the insured bond issue shall contain information on the pledged assets or full name of the underwriter or guarantor loan of the bond issue in question and information of its bonds.

7) Bonds shall be paid for only by cash.

8) Bonds shall not be placed for the purpose of raising, replenishing or augmenting the statutory capital of the company.
(9) The nominal value of all placed bonds of the company shall not exceed the amount of its statutory capital.

(10) The company shall be entitled to purchase or repurchase its own bonds only for the purpose of redeeming them. Company shall purchase and repurchase bonds till the expiration period of which bonds were issued or at the end of respective period, in accordance with the issuance decision.

(11) Bondholder shall be entitled to require the company to repurchase the placed bonds before due date in case that the issuer do not respect the payment term of the afferent interests.

**Article 17. Registry of the Company Security Holders**

(1) The company is obliged to ensure the maintenance of registry of security holders in the manner set forth in this Law and legislation on securities till the raying of company securities from the State registry of securities.

(2) Registry of the company security holders (share registry, bondholders registry and registry of other security holders) shall contain:
   a) basic information on the company issuing the securities;
   b) balance sheet of the company securities;
   c) personal accounts of persons registered in the registry (owners or nominee holders of the company securities) with a class and number of securities they hold, their purchase price and encumbrance of rights to the securities;
   d) entry on the transfer of ownership rights to the company securities; and
   e) other entries and documents stipulated in the legislation on securities.

(3) Registry of security holders can be maintained by the company itself and by a registrar under an agreement on the registry maintenance.

(4) Agreement on securities registry maintenance may not be concluded with affiliated persons of the company, its management or auditing organization.

(5) If the number of persons registered in the registry of security holders exceeds 50 the company shall delegate the registry maintenance to a registrar. In the event of failure to meet the requirement the company is obliged to sign an agreement with the registrar appointed by the National Commission of Financial Market.

(6) The company is obliged to submit to the registrar the documents required for securities registry maintenance in the manner and within the deadline set forth in the legislation on securities and agreement on the registry maintenance.

(7) Prior to termination of the agreement on securities registry maintenance the company shall be prohibited from delegating the registry maintenance to another party or to maintain it itself.

(8) The registrar must notify the company of all the changes in the registry of security holders, provide to the company lists of persons registered in the registry, check the securities balance sheet against that of the company on a monthly basis, and to perform other duties stipulated in this law, securities legislation and the agreement.

(9) The share balance sheet of the company shall be drawn up for each class and the aggregate, thus that the number of shares being in circulation and the number of treasury bills shall equal the number of placed shares.

(10) The registrar is prohibited from conducting transactions in securities of the issuing company with which it signed an agreement on the maintenance of registry of security holders and to delegate the obligations execution of this agreement to other persons.

(11) A person which maintains the registry of security holders shall be held liable for the losses caused to the owner or a nominee holder of securities in the event of failure to meet the deadline for making an entry in the registry, avoidance or unmotivated refusal to make an entry in the registry, or to issue extracts from the registry, making mistakes in the registry maintenance, and in other cases stipulated in the legislation.
(12) The company which signed an agreement with the registrar shall not be released from the liability for maintenance of the registry of the company security holders.

(13) Illegal acts of the person who maintains the registry of the company security holders may be contested in the management bodies of the company and/or in the National Commission of Financial Market and/or attacked in justice.

**Article 18. Making Entries in the Registry of Security Holders**

(1) An entry in the registry of the company security holders shall be made at the request of the company, buyer, owner, its representative, or a nominee holder of securities within three days from the day of submitting all the documents stipulated in the Law on securities market and National Commission of Financial Market normative acts concerning the activity of maintaining the registry.

(2) Buyer of securities shall be given the ownership rights in them from the moment of making an appropriate entry in the registry of security holders of the company or in the records of the nominee of securities in the manner established in the legislation.

(3) In the event of refusal to make an entry in the registry of security holders, a person that maintains it is obliged to send to an applicant a motivated notice thereon in writing within the deadline set in paragraph (1).

(4) The registrar and the company shall not be liable for losses caused to the registered persons in the registry of security holders due to a failure to disclose by the registered persons of the information on any changes in the data previously entered in the registry of security holders of the company.

5) The made entry in the registry of the company security holders represent a reason to issue to the owners or nominee holders of securities extracts from the registry of shareholders, registry of bondholders or registry of other security holders of the company.

**Article 19. Extract from the Share Registry**

(1) Extract from the share registry is a document which confirms an entry in the personal account set up in the name of the shareholder or a nominee holder of shares in the share registry.

(2) An extract from the share registry shall confirm the rights of a shareholder or a nominee holder to the company shares as of the moment of issuing the extract.

(3) An extract from the share registry is not a security; its transfer does not entail a transfer of rights to shares stipulated in the extract.

(4) An extract from the share registry shall contain the following information:
   a) full name of the issuing company, its location, and its statutory capital amount;
   b) name of the document *Extract from the Share Registry*;
   c) ordinal number of the extract;
   d) number of the personal account of a shareholder or a nominee holder of shares;
   e) full name and number of certificate on state registration or the first and last name and number of the ID document of the shareholder or a nominee holder of shares;
   f) location or residence of the shareholder or a nominee, telephone and fax numbers;
   g) classes and number of shares owned by a shareholder or a nominee;
   h) nominal value of shares of each class stipulated in subparagraph g) if set in the company charter;
   i) number of placed shares of each class stipulated in subparagraph g);
   j) state registration number of shares of each class stipulated in subparagraph g);
   k) preferences and rights provided by preferred shares of each class stipulated in subparagraph g), including the increase of the fixed dividend amount and salvage value of shares, if envisioned by the company charter;
   l) encumbrance of the ownership rights in the shares stipulated in subparagraph g);
Article 20. Issuing an Extract from the Registry of the Company Security Holders
(1) A person that maintains a registry of security holder is obliged to issue an extract from the registry within three days from the day of request of the security owner, his/her representative or a nominee holder of the company securities.
(2) The first extract from the registry of security owners of the company shall be issued to the purchaser or his/her representative or nominal holder of securities who purchased securities on the primary market gratis. A fee shall be set for issuing to the same person the second and subsequent extracts from the registry of security holders in the manner stipulated in the legislation on securities if the company charter does not envision issuance thereof for free.
(3) Extract from the registry of security holders shall be issued for one, several or all securities of one or all classes of securities of the company.
(4) If company securities are purchased through a nominee holder the duties with regard to maintenance of personal accounts of the security owners and issue of extracts from the personal accounts shall be imposed on a nominee holder.

Article 21. Share Certificate
(1) Share certificate is a document drawn up in the established form, with the elements provided by this article, which certifies the ownership right in a certain number of shares of one class and the owner’s rights with regard to the company that issues the shares.
(2) Share certificate shall contain the following information:
   a) full name of the issuing company, its location;
   b) name of the document - Share Certificate;
   c) certificate ordinal number;
   d) the first and last name of the shareholder and the number of the ID document (name and number of certificate on state registration) of the shareholder;
   e) class and number of shares owned by the shareholder with ownership right;
   f) nominal value of shares if set in the company charter;
   g) number of placed shares of a given class;
   h) number from the State registry of securities under which shares of a given class are registered;
   i) major rights and preferences granted by preferred shares of a given class, including the dividend increase amount and salvage value of shares, if envisioned by the company charter;
   j) signatures (facsimiles of signatures) of the head of the executive agency and senior accountant of the issuing company;
   k) issuing company stamp;
   l) full name, location and number of certificate on state registration of a person which maintains the share registry;
   m) date of the certificate issue and signature of an issuing person.
(3) Certificate of shares which does no meet the requirements of this Law and securities legislation shall be deemed invalid.

Article 22. Bond Certificate
(1) Bond certificate is a document drawn up in the established form with the elements stipulated in this article, which certifies ownership right in a certain number of bonds of one class, and the owner’s rights with regard to the company that issues the bonds.
(2) Bond certificate shall contain the following information:
a) full name of the issuing company, its location;
b) name of the document -- Bond Certificate;
c) certificate ordinal number;
d) the bondholder’s first and last name and number of his/her ID document (name, number of certificate on state registration);
e) class and number of bonds owned by a bondholder with ownership right;
f) nominal value of a bond;
g) number of placed bonds of a given class;
h) number from the State registry of security under which bonds are registered of a given class;
i) maturity of bonds of a given class, amount, the manner and terms of interest payment on them or other afferent incomes stipulated in the decision on bond issuance;
j) signatures (facsimiles of signatures) of the head of the executive agency and senior accountant of the issuing company;
k) issuing company stamp;
l) full name, location and number of certificate on state registration of the person which maintains the bond registry;
m) date of the certificate issue and signature of the person that issued it.

(3) Bond certificate which does not meet the requirements of this Law and the securities legislation shall be deemed invalid.

**Article 23. Issuance of the Securities Certificate**

(1) Certificate of shares, bonds and other securities shall be issued to their owner, its representative or a nominee within three days after he/she addressed a person who maintains the registry of security holders of the company.

(2) Security certificate shall be issued for one, several or more securities of a given class.

(3) No certificate can be issued for securities the ownership in which is certified by a previously issued certificate.

(4) Certificate for securities at their placement shall be issued at the expense of the company.

(5) In the event of securities transmission, the issued certificate to the previous owner shall be deemed invalid and another certificate shall be issued to the new securities owner, if legislation on securities or company charter does not say otherwise.

(6) In the event of loss or damage to a security certificate a copy of it shall be issued for a fee set by the company which shall not exceed the cost of manufacturing the copy.

(7) Persons which violated the procedure and manner of issuing the certificate shall be held liable as set forth in the legislation.

**Chapter 3**

**RIGHTS AND DUTIES OF SHAREHOLDERS**

**Article 24. Shareholders**

(1) A person which became an owner of at least one or more company shares in the manner set forth in this law and other legal acts shall be deemed a shareholder.

(2) If several persons own one and the same share they all shall be considered one shareholder with respect to the company and they can exercise their rights through a unique representative.

(3) Shareholders shall not be liable for company obligations and shall be liable for risk of losses in the limit of shares value which they own.

(4) With regard to assets which the company own with ownership right the shareholder is rightful holder liability set forth in this law and company Charter.

(5) Individuals and legal entities of the Republic of Moldova, other countries, persons without citizenship, and other foreign countries and international organizations can be shareholders.
Public authorities are entitled to be company shareholders only in cases stipulated in the legislation. The above authorities shall exercise their rights and bear the responsibility of shareholders as set forth in this law, other legislative acts and the company charter.

**Article 25. Rights of Shareholders**

(1) The shareholder is entitled to:

a) participate in the general meetings of shareholders, elect and be elected in the company management;
b) get conversant with materials for the agenda of the general meeting of shareholders;
c) have access to and make copies of the company documents stipulated in this law, the charter and by-laws of the company;
d) receive declared dividend according to the class and proportionally to the number of owned shares;
e) alienate owned shares, put them in pledge or transfer them into a fiduciary management;
f) require redemption of owned shares in cases stipulated in this Law;
g) receive a portion of the company assets remaining after its liquidation;
h) exercise other rights stipulated in this Law or the company Charter.

(2) A shareholder that owns non-voting shares shall be entitled to participate in discussion of agenda of the general meeting of shareholders.

(3) Shareholders which own non-voting shares shall be entitled to vote at the general meeting of shareholders in the event of issuing decisions on some or all issues of the agenda in cases stipulated in this Law or the company charter.

(4) Voting right provided by a voting share may not be restricted provided if this Law and other legal acts do not say otherwise.

(5) The shareholder shall be entitled to delegate the exercise of his/her rights to a representative or a nominee by proxy or under an agreement.

(6) A shareholder representative can be any person, if this law or other legislative acts do not say otherwise.

(7) The state can have only one representative of a company.

(8) Company officers except for members of the company Board may not be shareholder representatives.

(9) A shareholder shall be entitled at any time to replace its representative or a nominee holder or to terminate its powers provided if the legislative acts, agreement or administrative act do not say otherwise.

(11) The rights of shareholders given by shares of a given class can be changed only at the decision of the general meeting of shareholders. This decision is valid only in event of existence of a separate decision of shareholders which own shares of a given class, made by vote of a shareholders number which shall represent no less than 3/4 of these shares.

(12) A shareholder employed in the company shall have no preemptive rights with regard to other shareholders. An employee of the company that owns its shares shall have no preemptive right with regard to other employees of the company.

(13) A shareholder shall be prohibited to require repurchase by the company of its shares except for cases stipulated in this Law, other legislative acts or the company Charter.

(14) A shareholder shall be prohibited to act on behalf or on bail, or under the guarantee of the company without special powers.

**Article 26. Additional Rights of Shareholders**

(1) Shareholders which own in the aggregate no less than 5 per cent of the company voting shares, in addition to rights stipulated in Article 25, in the manner stipulated in this Law, other legislative acts and the company Charter shall be entitled to:
a) include issues in the agenda of the annual general meeting of shareholders;
b) propose candidatures to the company board and the company auditing commission;
d) require an extraordinary meeting of the company Board.

(2) Shareholders which own in the aggregate no less than 10 per cent of the company voting shares, in addition to rights, stipulated in paragraph (1), in the manner stipulated in this law, other legislative acts and the company charter shall be entitled to:
a) request that a placement price of the company shares be established in view of the findings of the auditing or another specialized organization which is not company affiliated person;
b) request extraordinary inspections of financial and economic activities of the company be held;
c) address court with a claim for reimbursement of damage caused to the company by the officers due to their intentional or grave provisions violation of this law or other legislative acts.

(3) The shareholders which own in the aggregate no less than 25 per cent of the company voting shares, in addition to rights stipulated in paragraphs (1) and (2) can require an extraordinary generally meeting of shareholders in the manner stipulated in this law and the company Charter.

(4) The company Charter can provide for other additional rights for the shareholders stipulated in paragraphs (1)-(3).

**Article 27. Preemptive Right of Shareholders on Additional Issues**

1) A shareholder who owns voting shares or other company securities convertible into voting shares shall have a preemptive right with regard to voting shares which are placed on other company securities which may be converted into voting shares. The manner of exercising this right shall be stipulated in the securities legislation, the company Charter and decision on the issue of shares.

2) Preemptive right can not be limited or withdrawn. The preemptive right on shares placed by public offer extends on a period no less than 30 days following the placement.

**Article 28. Protection of Rights and Lawful Interests of Shareholders**

(1) Protection of rights and lawful interests of shareholders shall be ensured by this Law, legislation on securities and other legal acts.

(2) For the purpose of protection of their rights and lawful interests, the shareholders shall be authorized to address the management bodies of the company, the National Commission of Financial Market and/or court in the manner established in the legislation.

(3) The company shall review the shareholders’ complains and proposals within a month from a day of their receipt and give an essential response thereon.

**Article 29. Obligations of Shareholders**

(1) A shareholder is obliged to:
a) inform the person which maintains the share registry on any changes in his/her data entered in the registry;
b) in writing inform the company, the National Commission of Financial Market and the National Agency for Protection of Competition on purchase of the company shares in a quantity in excess of the limit set in this law or legislation on securities or other legislation;
c) fulfill other obligations stipulated in this Law and other legal acts.

(2) Shareholders which are company officers in writing shall inform the company and the National Commission of Financial Market of all its transactions in the company shares, in the manner established by the securities legislation.

(3) If as a result of a failure to meet or improper fulfillment of requirements stipulated in paragraphs (1) and (2) damage was caused to the company, the shareholder shall be liable to the company in the amount of damage caused.
Section II
ESTABLISHMENT AND REGISTRATION OF THE COMPANY
Chapter 4
ESTABLISHMENT OF THE COMPANY

Article 30. General Provisions
(1) A company may be established by means of foundation of a new company or by means of reorganization of the existing legal entity.
(2) Foundation of the company shall include the conclusion of company contract (making decision on establishment of the company), founders subscription at the placed shares and holding the constitutive meeting.
(3) A company may be set up by one person. In this case the decision on the establishment of the company is made by the person independently and is formulated in the declaration of the company's foundation.

Article 31. Founders of the Company
(1) Individuals and legal entities who made decision on the establishment of the company shall be deemed the founders of the company.
(2) Capable individuals and legal entities of the Republic of Moldova, other countries, persons without citizenship and foreign countries and international organizations can be founders of the company.
(3) In conformity with the procedure envisioned in the legislation, public authorities can act as founders of the company on behalf of the Republic of Moldova or administrative and territorial units.
(4) State and municipal companies are entitled to set up companies on the basis of permission of public authorities.
(5) The number of founders of a company is not limited.
(6) A company may be founded by one founder (consist of one shareholder) only in the event that this founder (shareholder) is not another commercial company consisting of one person.
(7) Founders are entitled to undertake only those activities that are related to the company's foundation and only within the limits envisioned in the statutory agreement.
(8) Founders shall bear all expenses related to the foundation and registration of the company, which are reimbursed by the company on the basis of the founder's report on incurred expenses.
(9) Founders of the company shall not have any additional rights, unless these rights are provided by the shares of the company.
(10) Founders of the company shall be held jointly liable for their obligations:
    a) related to the foundation of the company, including in the events of their overpricing the value of non-monetary contributions to the statutory capital of the company;
    b) resulting from the actions committed by them on behalf of the company after what was considered that the foundation of the company has not taken place.
(11) The company shall be liable for the obligations of the founders related with its foundation only in the event of consequent approval of their activities by the general shareholders meeting.
(12) Founders of the company can not be persons declared incapable or persons convicted for fake, assets abstraction from the owner’s property by appropriation, dilapidation or work abuse, cheat or trust abuse, false, untruth testimony, bribe giving or taking as well as for other violations provided by legislation but who had not atoned definitively their punishment.

Article 32. Statutory Documents
(1) Statutory agreement (declaration on the foundation of the company) and the Charter of the company shall be the statutory documents of the company.
(2) Statutory agreement (declaration on the foundation of the company) shall have prevailing power over the Charter of the company prior to its state registration.
(3) The validity of the statutory agreement (declaration on the foundation of the company) shall expire after the state registration of the company and fulfillment by the founders of their obligations.
(4) Information in the statutory documents of the company shall not be deemed a commercial secret.
(5) Changes and adjuncions made in the statutory documents with regard to identification data changes, name and legal address of the company shall be submitted to the National Commission of Financial Market within 15 working days following the day of these changes registration for their entry in the State Registry of Securities. In this order shall be submitted the following acts:
  a) request regarding the operating changes in the State Registry of Securities;
  b) the original or notarial certified copy of the State Registry Chamber with regard to the statutory documents of the company change;
  c) the original (originals) of the state registration securities certificate;
  d) copy of the payment instruction for the fee settlement in the amount established by the Law on National Commission of Financial Market.

Article 33. Statutory Agreement
(1) Statutory agreement determines terms of joint activity of the founders on the establishment of the company.
(2) Statutory agreement shall contain the following information:
  a) first and last names and numbers of identification documents of the founders (names and numbers of certificates on state registration), place of location or place of residence of the founders, place of registration or citizenship, as well as other information on founders required to be entered into the state commercial register;
  b) full and abbreviated name of the company, its location;
  c) aims and main activities of the company;
  d) expected amount of statutory capital;
  e) classes and number of shares placed upon foundation of the company;
  f) specific features of each class of shares placed upon foundation of the company;
  g) amount, procedure and terms of payment for the shares purchased by the founders;
  h) procedure and terms of company's foundation, obligations of the founders and their responsibility;
  i) list of founders authorized to apply of the company registration;
  j) procedure and terms for preparation and convening the statutory meeting.
  k) procedure and terms for reimbursement of company's foundation and registry expenses;
(3) Statutory agreement may contain any other information which does not contradict the legislation.
(4) Statutory agreement shall be drawn up in the state language, signed by all founders and notarial certified.
(5) Declaration on the foundation of the company shall contain the same information and shall be drawn up in the same manner as the statutory agreement.

Article 34. Placement of Shares upon Foundation of the Company.
(1) Placement of shares upon foundation of the company shall be carried out in conformity with this law, legislation on securities and statutory agreement, closed issue.
(2) Upon foundation of the company shares shall be placed only among the founders.
(3) At the foundation of the company, no placement of shares at a price below their nominal value shall be permitted provided the value is set in the statutory agreement.

(4) Money facilities for the payment of shares shall be remitted by the founders to the temporary bank account on the basis of the statutory agreement (declaration on the foundation of the company). Founders are not eligible to use the aforementioned money facilities prior to the company's registration or before when the company's foundation is deemed invalid.

(5) Non-monetary contributions as payment for shares together with delivery–reception document shall be transferred by the founders to the executive body of the company within one month following the state registration of the company.

(6) Founders which did not fully make their non-monetary contributions in the company statutory capital:
   a) shall bear joint responsibility for the company obligations which arise after its state registration within the limits of the unpaid amount.
   b) shall be entitled to delegate their obligations to the company to a third party only as debt transfer.

Article 35. Company Charter
(1) Charter of the company shall contain the following information:
   a) full and abbreviated name of the company, its location;
   b) aim, main types and term of company's activities;
   c) the amount of the statutory capital;
   d) classes and amount of placed shares;
   e) specific features of each class of placed shares;
   f) rights and duties of shareholders;
   g) structure, competence, procedure for establishment and activity of the company's management bodies;
   h) procedure for making decisions by management bodies of the company, including the list of issues, the decision of which is made by the qualified majority of votes or unanimously;
   i) procedure for and terms of convening, preparation and carrying out the general shareholders meeting;
   j) procedure for issuance of shares;
   k) procedure for share alienation;
   l) the manner of concluding large-scale transactions and transactions with conflict of interest;
   m) procedures for bonds issuance;
   n) procedure for dividend payment and reimbursement for losses;
   o) procedure for reserve capital formation and utilization;
   p) name and place of location of company's branch and representative offices;
   q) groundings and procedure of reorganization or dissolution of the company pursuant to the general meeting of shareholders decision.

(2) The company charter can contain other information which does not contradict the legislation.

(3) Provisions of the Charter of the company shall be mandatory for its officers and shareholders.

(4) Provisions of the company charter which contradict the legislation shall be deemed invalid from the day of its approval.

(5) Amendments and additions to the company charter or a new version of the company charter shall take effect from the day of their state registration.

Article 36. Statutory Meeting
(1) Statutory meeting shall be held within the term envisioned in the statutory agreement, provided full contribution by the founders of the money facilities as payment for shares upon the company's foundation.
(2) Statutory meeting shall be competent (have a quorum) in the event that all the founders or their representatives are present there. In the event of absence of the quorum, the meeting shall be convened repeatedly.

(3) In the event of lack of quorum at the newly convened statutory meeting, the foundation of the company shall be deemed not valid at the decision of all the founders and their representatives present at the meeting. All the founders shall be notified about this decision within one week after it was made.

(4) Statutory meeting shall:
   a) approve the value of non-monetary contributions as payment for the shares placed upon the company's foundation;
   b) decides with regard to foundation of the company and adopt its charter;
   c) form the management bodies of the company envisioned in this law and in the Charter of the company;
   d) make other decisions on the foundation and beginning of the company operation which do not contradict legislation and statutory documents.

(5) All the decisions at the statutory meeting shall be made by unanimity and shall be drawn up as minutes in accordance with the procedure established in paragraphs (1), (2) and (4) of Article 64.

(6) In the event that the founders fail to fulfill the conditions stipulated in this Article, foundation of the company may be deemed invalid at the decision of court. Each founder or company shareholder shall be entitled to address request to the court in order of consideration that foundation of the company was deemed invalid.

Chapter 5
REGISTRATION

Article 37. Registration of the Company and its Assets
(1) Company is subject to state registration in the manner established in the legislation.
(2) The company shall be deemed established (have the rights of a legal entity) from the day of its state registration.
(3) Within two months following the state registration, the Company shall register movable and real estate, rendered by shareholders, which are subject to registration in conformity with the legislation.

Article 38. Registration of Shares Placed upon Foundation of the Company. Making First Entries into the Share Registry
(1) For the purpose of state registration of shares placed at its foundation, the company shall submit to the National Commission of Financial Market the following documents:
   a) application for placed shares registration at company foundation;
   b) issuer’s original statutory documents or its copy notarized or authenticated by State registration chamber, inclusive minutes of the founders meeting authenticated in accordance with legislation provisions;
   c) list of subscribers upon shares (founders), in 2 copies. This list shall include the name and identification information of the subscribers, number of subscribed shares and the non-monetary contributions as payment for shares;
   d) the agreement copy with regard the keeping of securities holders registry or documents regarding the license obtaining for self keeping the registry;
   e) bank confirmation of monetary contributions as payment for placed shares at the company foundation;
   f) in the event of existence non-monetary contributions- delivery –reception document to the company of non-monetary contributions as payment for subscribed shares, founders meeting decision regarding approval of non-monetary contributions value and the report copy of the
specialized agency which executed the market value estimation of this non-monetary contributions, which shall not be deemed affiliated person of the company;
g) documents that certifies registration, following the founded company, movable and real estate rendered by the founders as contribution to the formation of statutory capital which is subject to registration in conformity with the legislation;
h) copy of financial report on last reporting date, if state registration date is followed by the reporting period;
i) copy of payment instruction regarding the fee payment in the amount established by the Law on National Commission of Financial Market.

(2) The documents stipulated in paragraph (1) shall be submitted within 15 days following the day of:
a) state registration of the company provided the foundation agreement does not stipulate non-monetary contributions as payment for shares; or
b) fulfillment of requirements envisioned in paragraph (3) of the Article 37, .

(3) Failure to meet the requirements of paragraph (1) shall serve as a ground for company liquidation under the decision of court. Any founder shall be entitled to address a request of company liquidation to the court.

(4) State registration of shares placed upon foundation of the company shall be executed within 15 days following the submission of the necessary documents and include:
a) deeming the subscription to shares valid;
b) assignment of state registration number to each class of placed shares;
c) making a respective entry in the state registry of securities.

(4')In the event of finding any inaccuracies in submitted documents, National Commission of Financial Market shall notify the company concerning this fact at list 5 days before the delay expiration envisioned in the paragraph(4), with indication of the procedure elimination of the found inaccuracies.

(5) Within 15 days following the state registration of shares placed upon the foundation of the company, the company shall provide for share registry formation and making entries about the shareholders, their legal representatives or nominal holders of shares into the share registry.

(6) Making entries into the share registry shall be executed on the basis of the decision of the National Commission of Financial Market on the registration of shares placed upon foundation of the company and the list of subscribers.

Section III
CAPITAL, PROFIT, DIVIDENDS
Chapter 6
CAPITAL OF THE COMPANY

Article 39. Net Assets
(1) Net assets (own assets) of the company shall be its debt-free assets.
(2) Equity capital of the company consisting of statutory, additional and reserve capital, retained profit and other means envisioned in the legislation shall be the source of net assets.
(3) Net assets shall be calculated at their book value (purchase price), and in cases envisioned in the legislation at current market value.
(4) The procedure of setting the net asset value (the company's equity), and their reflection in the accounting documents shall be set forth in the legislation.
(5) Net asset value of the company shall not be lower than its statutory capital.
(6) In the event that upon termination of second and any consecutive fiscal year, except the first reporting year, the value of net assets in the annual balance sheet of the company turns to be lower than the statutory capital, any shareholder shall be entitled to demand the general shareholders meeting to make one of the following decisions:
a) on reduction of the statutory capital, and/or
b) on increasing the value of net assets by means of additional contributions made by the shareholders of the company in the manner set forth in the company Charter.
c) on company dissolution;
d) on company transformation into another legal organizational form;

(6) Proposals on entry in agenda of annual general shareholders meeting the issues stipulated in paragraph 6 shall be forwarded in accordance with the provisions of the Articles 52 and 59.

(7) If general shareholders meeting did not made one of the decisions stipulated in paragraph 6, shareholders which voted “for” the given decision are entitled to request the repurchase of the shares in accordance with the provisions of Article 79.

(7) In the event of according to the last balance sheet, the net assets value of the company is lower than the amount of the statutory capital, except the case when net assets value is negative, the company shall be entitled to issue additional shares by closed issuance.

(7) The company which net assets according to the last balance sheet had a negative value shall publish a notification in this order in the Official Monitor of the republic of Moldova and shall not be entitled to issue securities.

(8) Failure to meet the requirements of paragraph (6) and (7) shall serve as the basis for the company dissolution at the decision of court. Any shareholder of the company shall be entitled to address a request on company dissolution to court.

Article 40. Statutory Capital

(1) Statutory capital of the company determines the minimum value of its net assets which ensure ownership interests of the company's shareholders and creditors.

(2) Statutory capital of the company shall amount to no less than 20 thousand lei.

(3) Statutory capital shall be formed from the value of contributions received as payment for shares and shall equal the sum of nominal (set) value of placed shares if it was determined.

(4) If the value of contributions received as payment for shares exceeds the nominal (set) value of placed shares, the excess shall form additional capital of the company, which may be used only for increase of its statutory capital.

(5) In the event that the company has placed its shares without any nominal (set) value, the statutory capital shall equal the sum total of contributions made as payment for shares.

(7) The amount of the statutory capital shall be indicated in the Charter, balance sheet, shareholders registry of the company and on its letter head.

Article 41. Contributions to the Statutory Capital

(1) Types of contributions to the statutory capital shall be determined by this law, the statutory agreement or the decision on additional issuance of shares.

(2) The following may be contributions to the statutory capital:

a) money;

b) fully paid-up securities;

c) other assets, including ownership rights or other rights which have monetary value.

d) company liabilities accountable to creditors

(3) Non-monetary contributions to the statutory capital can be transferred to the company as ownership or with the right to use.

(4) Public units which are not subject to privatization may be transferred to the company as contributions to the statutory capital only with the right to use.

(5) The value of non-monetary contributions transferred to the company with the right to use shall be determined on the basis of payment for use calculated for the term determined by the statutory documents of the company or at the decision of the general shareholders meeting.
(6) The value of non-monetary contributions shall be approved by the decision of the statutory meeting, general shareholders meeting or the Board of the company on the basis of market prices published organized as of the date of transfer of these contributions.

(7) Approval of the value of non-monetary contributions in the statutory capital shall be executed based on the findings of auditing organization or another specialized organization which is not an affiliated person of the company.

(8) In the event of the extension of the right to use non-monetary contributions delegated to the company, the company is obliged to issue additional shares to the owners of the contributions in the manner stipulated in the foundation documents or decision of the general meeting of shareholders.

(9) In the event of pre-scheduled termination of the right to use non-monetary contributions delegated to the company, the shareholder shall return to the company the dividend and shares received by it in excess in the manner stipulated in the foundation documents or decision of the general meeting of shareholders.

(10) In conformity with the legislation, any changes of the book value of the assets of the company, including the assets contributed to the statutory capital, shall not be the ground for changing the value of the statutory capital and shareholders’ shares in it unless legislation or the Charter of the company envisions otherwise. Companies being into the process of reorganization in accordance with Insolvency Law, the change in the statutory capital shall be carried out in the ground of the reorganization plan of the company.

(11) The following shall not be contributions to the statutory capital:
   a) monetary evaluation of the activity of the founders of the company's establishment, as well as labor activity of shareholders working in the company;
   b) liabilities of the founders, shareholders of the company and of other persons;
   c) non-registered real and movable estate including the products of intellectual activity subject to registration in conformity with the legislation;
   d) assets belonging to the purchaser of shares for economic jurisdiction or for business management without consent of the owner of these assets; and
   e) assets the civil turnover of which circulation is prohibited or restricted by legislative acts.

**Article 42. Procedure for the Statutory Capital Changing**

(1) The statutory capital may be changed by means of its increase or reduction in conformity with this law, legislation on securities and the Charter of the company.

(2) Decision on the changes of the statutory capital shall be made by the general shareholders meeting, as well as by the Board of the company.

(3) The decision on the change of the statutory capital shall contain the grounds, procedure for and amount of change of the statutory capital, as well as the information on the number of placed or canceled shares of the company and their nominal value if set.

(4) The change of the statutory capital, as well as classes, number and nominal value of placed shares shall be reflected in the company Charter and shall be registered in the manner provided by this law and other legislative acts.

(5) The company is obliged to register at the National Commission of Financial Market results of the amount of additional issue of shares or the treasury bills subject to cancellation. Registration of the changes in the statutory capital of the company shall not be allowed without registration of the mentioned amount.

(6) Registered changes in the statutory capital shall be entered into the balance sheet of the company, share registry and the letter-head of the company.

**Article 43. Increase in the Statutory Capital**

(1) The statutory capital of the company can be increased by means of:
   a) increasing of nominal (set) value of the placed shares; and/or
b) placing of shares of additional issuance;
(2) On increase of the nominal value of the shares, shareholders share shall remain unchanged.
(3) The following can be the sources of the statutory capital increase:
a) own capital of the company in the part exceeding its statutory capital; and/or
b) contributions received from the purchasers of shares.
(4) Increase of the nominal (set) value of the placed shares shall be carried out in equal portion for all company shares, if the company charter does not envision this increase of value shall be extended to shares of one or several classes.
(5) Statutory capital may not be increased and shares shall not be issued until shares of former issue shall not be fully paid.

Article 44. Placement of Shares of Additional Issue
(1) Placement of shares of additional issue shall be carried out in conformity with this law, legislation on securities, the Charter of the company and the decision on the issuance of shares.
(2) Additional issue of shares can be carried out only after state registration of shares placed after the company foundation.
(3) Conditions of the additional issue of shares, including the price of placement shall be the same for all the purchasers of shares. The placement price of shares of the same class shall be no less than its nominal value or the set value.
(4) A joint stock company shall be entitled to issue shares by closed issuance or public.
(5) Shares of additional issue fully paid by the net assets (own capital) of the company are placed free of charge among the shareholders of the company according to the classes and on the pro rata basis to the number of shares belonging to them.

Article 45. Reduction of the Statutory Capital
(1) Statutory capital of the company can be reduced by means of:
a) reduction of nominal (set) value of placed shares; and/or
b) cancellation of treasury bills.
(2) No reduction of the statutory capital below the amount envisioned in paragraph (2) of Article 40 shall be allowed.
(3) Decision on reduction of the statutory capital shall be published by the company within 15 days following the decision was made.
(4) Within one month following the publication of the decision on the reduction of the statutory capital creditors are entitled to request that the company at its choice:
a) provide guarantees for the liabilities undertaken by the company; or
b) cancel or fulfill the liabilities of the company ahead of time and compensate for the losses caused by this.
(5) In the event of absence of claims to the company from the part of creditors, the decision on the reduction of the statutory capital shall take effect upon 30 days following its publication. In the event of existing of the claims specified in paragraph (4), the decision on the reduction of the statutory capital shall take effect upon its satisfaction.
(6) In the event that the general shareholders meeting makes a decision on the payment to the shareholders of the part of the net assets of the company in relation to the reduction of its statutory capital, the payment shall be executed only after registration of respective changes in the Charter of the company.
(7) On registration in the State registry of securities on changes related to the reduction of the statutory capital in compliance with paragraph (1), the company is obligated to submit to the National Commission of Financial Market the following documents:
   a) request of changes registration;
b) minutes of the general shareholders meeting, with all annexes provided in paragraph (3) of Article 64;

c) notification copy on reduction of the statutory capital, published in the Official Monitor of the Republic of Moldova;

d) confirmation of missing, satisfaction or guarantee on satisfaction the creditors requirements;

e) issuer’s statement of account regarding existence of treasury bills, issued by independent registrar (in the case envisioned in subparagraph b) of paragraph(1));

f) the original (originals) State registration certificate of securities;

g) authorization of the specialized central body which carry out the management of shares parcel of State in the statutory capital of the issuer, in compliance with affective legislation;

h) balance sheet at the last reporting date of control;

i) copy of the payment document on fee payment in the established amount by the Law on National Commission of Financial Market.

**Article 46. Reserve Capital**

(1) The company shall form its reserve capital the amount of which is determined by the Charter and equal no less than 10 percent of the statutory capital of the company.

(2) Reserve capital shall be formed by means of annual deductions from net profit until it reaches the amount envisioned in the Charter of the company. The amount of deductions shall be determined by the general shareholders meeting and shall equal no less than 5 percent of net profit of the company.

(3) Reserve capital shall be placed in highly liquid assets of the company which ensure its utilization at any time.

(4) Reserve capital shall be used only for covering the losses of the company and/or on increase of statutory capital.

**Chapter 7**

**INCOME OF THE COMPANY AND DIVIDENDS**

**Article 47. Income (Losses) of the Company**

(1) Income (losses) of the company shall be determined in conformity with the procedure envisioned in the legislation.

(2) Net income shall be formed after payment of debts and other mandatory payments and shall remain at the disposal of the company.

(3) Net income shall be channeled for:

a) covering of losses of previous periods;

b) formation of the reserve capital;

c) payment of remuneration to the members of the Board of the company and the Auditing Commission;

d) investment in the production development;

e) dividend payment; and

f) satisfaction of other needs of the company in conformity with legislation and the Charter of the company.

(4) Decision on income distribution during fiscal year shall be made by the Board of the company within the limits of norms adopted by the general shareholders meeting, while the decision on the distribution of the annual income shall be made at the general shareholders meeting at the proposal of the Board of the company.

**Article 48. Dividends**

(1) Dividends shall be deemed part of net assets of the company distributed among shareholders by the class and proportionally to the number of shares belonging to them.
(2) The company is entitled to pay interim (quarter, semi-annual) and annual dividends on outstanding shares.

(3) The company is not entitled to guarantee dividend payment.

(4) The company obligations with regard to dividend payment shall take effect on the day of announcing the decision on their payment.

(5) The company is not entitled to issue a decision on dividend payment:
   a) prior to redemption of placed shares subject to redemption in conformity with paragraph (2) of Article 79.
   b) if on the date of making the decision on dividend payment, the company is insolvent or dividend payment will lead to its insolvency;
   c) if the net asset value in the last balance sheet of the company is lower than its statutory capital or will become lower as a result of dividend payment;
   d) for common shares, if no decision has been made on dividend payment for preferred shares;
   e) for any shares if was not made on due interest payment for bonds.

Article 49. Dividend Payment

(1) Decision on the payment of interim dividends shall be made by the Board of the company, and the decision on the payment of annual dividend shall be made by the general shareholders meeting at the proposal of the Board of the company.

(2) The decision on dividend payment shall specify:
   a) the date as of which the list of shareholders entitled to dividend is drawn up;
   b) amount of dividend per share of each class;
   c) the form and term of dividend payment.

(3) For each payment of dividends the Board of the company shall provide for drawing up the list of shareholders eligible to receive dividends.

(4) The list of shareholders eligible to receive interim dividends shall include shareholders and nominal holders of shares registered in the share registry no later than 15 days before the decision on interim dividends payment was made. The list of shareholders eligible to receive annual dividends shall contain shareholders and nominal holders of shares entered into this registry as of the date set by the company Board in conformity with paragraph (2) and (5) of Article 54.

(5) General shareholders meeting is entitled to approve annual dividends in the amount no lower than the paid interim dividends.

(6) The amount of the declared dividend per one share of the same class shall be the same irrespective of the term of share placement.

(7) Dividend shall be paid in cash, and in the cases envisioned in the Charter of the company in treasury shares or shares of the additional issuance or other assets the civil turnover of which is not prohibited or limited by legislative acts.

(8) A special fund made of deductions from net income of the company may be formed for payment of fixed dividend on preferred shares.

(9) Dividend on shares of one class can be paid by shares of another class only at the consent of the decisions made in the manner stipulated in paragraph (10) of Article 25.

(10) The term of dividend payment shall be determined by the body which made the decision of payment in conformity with the Charter of the company, but it may not be later than three months after the decision on payment is made.

(11) Joint stock companies of which statutory capital contains and a share of the public property transferred at the respective budget till 1 July of the following reporting year, calculated dividends in function of the activity results of the reporting year, on the decision of the general shareholders meeting and in conformity with the structure of the statutory capital. In the same term, the report on dividends in function of the joint stock company activity results of the reporting year shall be submitted to the territorial state fiscal inspectorate. In the event of failing
of payment in the deadline the dividends afferent share of the public property in the statutory capital of the joint stock company, the bodies of the State Fiscal Agency shall apply the increase of delay, as well as the execution of obligations which were not respected in the deadline in accordance with the V Title of the Fiscal Code.

(12) The decision on dividend payment by a company which corresponds one of the criteria envisioned in paragraph (2) of Article2 shall be published within 15 days after the decision was made. The decision on dividend payment by a company which do not corresponds one of the criteria envisioned in paragraph (2) of Article2, each shareholder shall be informed personally within 15 days after the decision was made, as well as may be published in the mass-media means pursuant general shareholders meeting decision.

(13) Dividends which the shareholder failed to receive through his fault within three years following date of occurrence of the right to receive them, shall be transferred to the income of the company and may not be claimed by the shareholder.

Chapter IV
MANAGEMENT BODIES OF THE COMPANY

Chapter 8
GENERAL SHAREHOLDERS MEETING

Article 50. General Shareholders Meeting and its Competence
(1) General shareholders meeting is the supreme management body of the company and take place one time per year.
(2) Decisions of the general shareholders meeting on the issues referred to its competence shall be mandatory for the company officers and shareholders. In the event the shareholders number is not bigger than one, the decision of General Shareholders Meeting is considered comprised of one person decision tacked by shareholder.
(3) The following shall be referred to the exclusive competence of the general shareholders meeting:
a) adoption of the new version of the company Charter or changes and additions operated in the charter, including those connected with the change of classes and amount of shares, conversion, consolidation or fractionation of company's shares, except changes and additions envisioned in Article 65, paragraph (2), letter g);
b) issuing a decision on changing the statutory capital ;
c) adoption of the regulation on the Board of the company, election of its members and ahead-of-time termination of their authorities, determination of the amount of payment for their activity, the amount of their annual remuneration and compensation, as well as holding the members of the Board liable or releasing them from liability;
d) adoption of the regulation on the Auditing Commission, election of its members and ahead-of-time termination of their powers, determination of the amount of payment for their activity, as well as their holding liable and releasing them from liability;
e) approval of the auditing organization and the amount of payment for its services;
f) making decision on large-scale transactions envisioned in par (2) of Article 83;
g) making decision on convertible bonds issue;
h) review of the annual financial statement, approval of the annual report of the Board of the company and annual report of the Auditing Commission;
i) adoption of the norms of company's income distribution;
j) making decision on the distribution of the annual income, including payment of annual dividends or covering of company's losses;
k) making decision on reorganization or dissolution of the company;
l) approval of delivery —reception document, consolidation or liquidation balance sheets of the company;

(4) Unless the Charter envisions otherwise, the competence of the general shareholders meeting comprises also the approval of:
   a) priority directions of the company's activity;
   b) forms of notification of shareholders about general shareholders meeting, as well as the procedure for furnishing of materials about the general meeting agenda to the shareholders;
   b1) form of ensuring the access of shareholders to the company documents envisioned in Article 92 paragraph (1);
   c) regulation on the executive body of the company, as well as the decisions on election of the executive body and the appointment of the head of the executive body and ahead-of-time termination of his authorities, on determination of the amount of payment for his activity, remuneration and compensation as well as bringing him liable or releasing him from liability;
   d) quarterly reports of the executive body of the company;
   e) approval of decisions on setting up, transforming or dissolution the branch and representative offices, on appointment or releasing from office their managers, as well as changes and additions operated in the company charter.

(5) The issues specified in paragraph (3) shall not be delegated for review by other management bodies of the company. The issues specified in paragraph (4) may be passed on for review only to the Board of the company.

(6) General shareholders meeting is not entitled to make decisions on the issues related to its competence by this law or the Charter of the company are attribution of company Board.

(7) In the event that other management bodies of the company fail to solve a matter referred to their competence, they are entitled to request to make decision on this matter at the general meeting of shareholders.

(8) The court is not entitled to interdict or to delay the development of the general meeting of shareholders.

Article 51. Forms and Terms of Holding the General Shareholders Meeting
(1) General shareholders meeting can be scheduled (including annual) or extraordinary.
(2) General shareholders meeting may be held through voting in person, by proxy or both. Annual general meeting shall not be held by proxy.
(3) Scheduled general shareholders meetings are held within the terms envisioned by this law, the Charter of the company or general meeting. Company with a number of shareholders more than 5000 shall be bounded to hold regional general meetings, if at tow preceding meetings the quorum provided by this law was not gathered. The agenda of these meetings shall be the same with annual ordinary or extraordinary meetings that have no taken place.
(4) Extraordinary general shareholders meeting shall be held in the grounding provided by this law, company charter or general meeting.
(5) The term for holding an extraordinary general shareholders meeting shall be determined by the decision of the Board of the company, but it cannot be later than 30 days after the company received the demand to hold such a meeting.

Article 52. Drawing up the Agenda of the Annual General Shareholders Meeting
(1) The agenda of the annual general shareholders meeting shall be drawn up by the company Board and on the basis of the proposals of shareholders who collectively own no less than 5 percent of voting shares of the company, as well as of shareholders requests envisioned in article 39, paragraph (6);
(2) If ordinary annual general meeting shall be held with the presence of shareholders, the shareholders specified in paragraph (1) are entitled to submit the following:
(a) until January 10 of the year following the fiscal year a request regarding the entry in agenda of the annual general shareholders meeting to make not more than two proposals;
(b) not later than 20 days until the date of ordinary annual general meeting shall be held the request regarding the nomination of candidates for the members of the Board of the company and the Auditing Commission whose number is specified in paragraph (10).
(3) If ordinary annual general meeting shall be held in mixed form, the shareholders specified in paragraph (1) are entitled to submit the requests envisioned in paragraph (2) only until January 10 of the year following the fiscal year.
(4) The issues proposed for inclusion into the agenda of the annual general shareholders meeting shall be formulated in writing with indication of the motivation for doing so, first and last names (names) of shareholders making this proposal, as well as classes and amount of shares belonging to them.
(5) In the event of a candidate nomination for the management bodies of the company (including the cases of self-nomination of shareholders), the first and last name of the candidates shall be indicated as well as information about the studies, working place and the detained function in the last 5 years of activity, any existent interest conflicts, member of board of other companies, classes and amount of shares belonging to them (if the candidates are shareholders of the company), as well as full names of the shareholders who make the proposals, and classes and amount of shares belonging to them. A written consent of each candidate shall be attached to this proposal which shall include the statement on self responsibility that he/she is not under the incidence of restrictions provided in article 66 paragraph(6).
(6) Proposals stipulated in paragraph (2) shall be signed by all the persons who make the proposals.
(7) The Board of the company shall review the received proposals and make a decision until January 10 on their inclusion in the agenda of the annual shareholders meeting or on refusal to include them into the agenda. This decision shall be forwarded to the shareholders not later than January 25 of the year following the fiscal year.
(8) The meeting of Board of the company on which are examined the shareholders requests regarding the proposals of candidates for membership of the Board of the company and the Auditing Commission and shall be approved the list of candidates for the membership of these bodies of the company, shall be held not later than 15 days until the date of ordinary annual general meeting shall be held. The made decision with regard to comply the request of shareholders or its refusal shall be forwarded in term of no more than 3 days following the decision was made.
(9) The Board of the company is not entitled to change the wording of the issues proposed for inclusion into the agenda of the annual shareholders meeting.
(10) The total number of candidates for the members of the Board of the company or Auditing Commission, inclusive their reserve, included the list of candidates for voting at the general shareholders meeting shall exceed the number of members in these management bodies.
(11) Board of the company and Auditing Commission reserve is formed in order to supply the members of these management bodies which cannot fulfill their functions.
(12) The Board of the company can make a decision on refusal to include an issue into the agenda of the general shareholders meeting or the candidates into the list of candidates for voting for the election into the management bodies of the company only in the event that:
   a) the issue proposed for inclusion into the agenda of the general shareholders meeting does not refer to the competence of the general meeting; or
   b) the information stipulated in parts (4) and (5) is not presented in the full volume; or
   c) the shareholders who made the proposal own less than 5 per cent of voting shares of the company; This restrictions does not refer to the shareholders that forwarded proposals in the ground of Article 39 paragraph (6), or
   d) the term specified in paragraph (2) is not observed
(13) The decision of the Board of the company on refusal to include the issue into the agenda of the annual general shareholders meeting or to include candidates into the list of candidates for voting for the election into the management bodies, as well as evasion from making a decision can be appealed in the management bodies of the company and/or in the National Commission of Financial Market, and/or in court.

Article 53. Convocation of the General Shareholders Meeting

(1) Ordinary annual general shareholders meeting shall be convened by the executive body on the basis of the decision of the Board of the company.

(2) In the event that the Board of the company did not assured the shareholders notification regarding the annual general shareholders meeting or it was not held within the term specified in paragraph (3) of Article 51, it shall be convened as decided by the executive body of the company:
   a) at the initiative of the executive body; or
   b) at the request of the auditing commission of the company or auditing organization if it performs the functions of the auditing organization; or
   c) at the demand of any shareholder; or
   d) at the decision of court.

(3) An extraordinary general shareholders meeting shall be convened at the decision of the Board of the company made:
   a) at the initiative of the company Board; or
   b) at the request of the Auditing Commission of the company or the auditing organization if it performs the functions of the auditing commission; or
   c) at the request of shareholders who own no less than 25 percent of voting shares of the company as of the date the request; or
   d) at the decision of court.

(4) The request of the Auditing Commission (auditing organization) on the convocation of an extraordinary general shareholders meeting shall contain the issues subject to inclusion into the meeting's agenda, with indication of the reasons for their inclusion, as well with specification of persons who made such a request. If the request is made by shareholders, it shall also contain the information envisioned in paragraphs (4) and (5) of Article 52.

(5) The demand on the convocation of the extraordinary general shareholders meeting shall be signed by all the persons demanding its convocation.

(6) In the event that neither one the management body of the company have not the possibility, in the law conditions, to make a decision regarding the convocation and the course of the annual general shareholders meeting, these attributions shall be performed by shareholders who own no less than 25 percent of voting shares of the company and who convened on this convocation.

(7) Within 15 days following the receipt of the demand to convene an extraordinary general shareholders meeting, the Board of the company shall:
   a) make a decision on the convocation of such a meeting and ensure providing information to the shareholders thereon; or
   b) make a decision on refusal to convene the general meeting and forward this decision to the persons requiring its convocation.

(8) The decision on the convocation of the general shareholders meeting shall specify:
   a) management body which made a decision on convocation of the general meeting or other persons who convene the general meeting according the paragraph (11);
   b) the date, time and place of the general meeting convocation, as well as the time of its participants registration;
   c) the form of holding the general meeting;
   d) the agenda;
(9) The Board of the company is not entitled to change the form of holding the extraordinary general shareholders meeting.

(10) The decision on the refusal to convene the extraordinary general shareholders meeting may be made in the event that:

a) the issues proposed for inclusion into the agenda of the general meeting do not refer to its competence; or

b) the procedure for requesting the convocation of the general meeting established in paragraphs (3) - (5) has not been observed.

(11) If within the term envisioned in paragraph (7) the Board of the company failed to make the decision on the convocation of the extraordinary general shareholders meeting or made a decision to refuse to convene it, the persons specified in subparagraphs b) and c) of paragraph (3) are entitled:

a) to convene the general meeting in accordance with the procedure established for the Board of the company; and/or

b) to appeal in court the evasion of the Board of the company from making a decision or its refusal to convene the general meeting.

(12) The person that maintains the share registry of the company shall present to the persons demanding the convocation of the extraordinary general meeting the list of shareholders entitled to participate in the meeting.

(13) If an extraordinary general shareholders meeting is convened by the persons specified in subparagraphs b) and c) of the paragraph (3), the expenses related to the convocation, preparation and holding of the meeting shall be incurred by the persons.

(14) If an extraordinary general shareholders meeting deems the convocation of such a meeting urgent, the expenses specified in paragraph (13) shall be compensated by the company.

(15) If the company does not convene two years consecutive the general shareholders meeting it constitutes a ground for liquidation of the company on decision of court, except the case of activity suspension of the company in the manner provided by the legislation. Any shareholder is entitled to address a request of liquidation of the company in court.

Article 54. List of Shareholders Entitled to Participate in the General Shareholders Meeting

(1) The list of shareholders entitled to participate in the general meeting is drawn up by the person maintaining the share registry of the company as of the date determined by the Board of the company.

(2) The date for which the list of shareholders entitled to participate in the general meeting is drawn up shall be not earlier the date when the decision on the convocation of the general shareholders meeting was made and no later than 45 days before the general meeting is held.

(3) The list of shareholders shall contain:

a) the date as of which the list is drawn up;

b) first and last name (name) of the shareholder, his place of location or residence;

c) information on the nominal holder of shares, if necessary.

d) classes and number of shares belonging to the shareholder or the nominal holders of shares;
d) total number of votes, number of limited votes in accordance with the Article 84 or in base of court decision and number of votes with which the shareholder shall assist in adoption of the decisions.
e) full name of the person maintaining the share registry of the company;
f) the signature of the person who drew up the list of company's shareholders;
g) the seal of the person maintaining the share registry of the company.
(4) The nominal shareholders registered in the shareholders registry of the company shall be liable at the request of the person who maintains the shareholders registry, to furnish him the following information:
a) on shares owners and number of shares owned by them, valid as of the date when the list of shareholders entitled to participate in the general meeting must be drawn up.
b) on changes operated in the list of shareholders entitled to participate at the general meeting in the term established by the legislation on securities.
(41) Provisions inobservance of the paragraph (4) nominal holders shall be liable in accordance with the legislation on securities.
(5) Shareholders list may be changed only in the event of:
a) restoration of the rights of shareholders not included into this list according to the court decision;
b) correction of mistakes committed upon the list formation.
c) alienation of shares by persons included into the list till the holding of the shareholders general meeting

Article 55. Information on Holding the General Shareholders Meeting
(1) Information on holding the general shareholders meeting with its presence:
a) in compliance with the provisions of the company Charter shall be furnished to each shareholder, legal representative or nominal shareholder, in form of notification, on indicated address and on fax number indicated into the list of the shareholders entitled to participate in the general meeting and/or shall be published in the press body indicated in the company Charter by the Joint stock companies other than those stipulated in the subparagraph b);
b) shall be furnished to each shareholder, legal representative or nominal shareholder, in form of notification, on indicated address and on fax number indicated into the list of the shareholders entitled to participate in the general meeting and/or shall be published in the press body indicated in the company Charter by the Joint stock companies which correspond to one of the criteria envisioned in paragraph (2) of the article 2.
(2) Information on the general shareholders meeting held by proxies or both in person and by proxies:
a) shall be forwarded together with the voting ballot to each shareholder, its legal representative or a nominal holder of shares in the form of notification; and
b) shall be published in a publication specified in the company Charter.
(3) The company is entitled to provide additional information to shareholders on the general meeting.
(4) Information on the general shareholders meeting shall contain the full name and location of the company, as well as the information envisioned in subparagraphs a)-g) of paragraph (8) of Article 53.
(5) The deadline for informing about the general shareholders meeting and/or publication of information on the general meeting of shareholder shall be determined by the Charter of the company and it may not be earlier the date when the decision on the convocation of the ordinary general shareholders meeting was made and not later than 30 days before the general meeting is held, and extraordinary meeting- not earlier the date when the decision on the convocation was made and not later than 15 days before its holding. In this time limit shell be fulfilled entirely the requirements of paragraph (1) and (2).
(6) The nominal holder of shares who has received the notification about the general shareholders meeting shall inform in the term of 3 days, shareholders or their legal representative or nominal shareholders and other nominal holders of the company’s shares registered in its records.

**Article 56. Materials for Agenda of the General Shareholders Meeting**

(1) The company shall provide the shareholders the possibility to get familiarized with all the materials for the agenda of the general shareholders meeting no later than 10 days before the meeting is held, by display and/or putting them in an accessible place with the designation of a responsible person for the respective information disclosure, as well as in any manner established in the company Charter. The day when general meeting is held, the materials for the agenda shall be exposed in the place where the general shareholders meeting is held till its closing. At the decision of the general shareholders meeting these materials may be also forwarded to each shareholder, his/her legal representative or the nominal holder of shares.

(2) Materials subject to submission to shareholders during preparation for the annual general shareholders meeting shall include:

a) the list of shareholders entitled to participate in the annual general shareholders meeting;

b) annual financial statement of the company, the report of the Board of the company and the report of the Auditing Commission of the company;

c) findings of the Auditing Commission of the company and/or document on inspection and findings of the auditing organization, as well as the documents on inspections and decisions of the state bodies which execute these inspections and exercise control over the company’s activity during the reporting year;

d) information on the candidates to the Board of the company and to the Auditing Commission of the company;

e) draft amendments and additions to the Charter of the company or the draft of the new version of the Charter of the company, as well as the drafts of other documents subject to approval by the general meeting; and

f) information on the volumes and average prices of transactions registered in the registry of holders of company’s securities for each month of the reporting year.

(3) Additional materials may be included into the list specified in paragraph (2) by the Charter of the company.

(4) In the event that an extraordinary general meeting is convened at the request of the persons specified in paragraphs b) and c) of paragraph (3) of Article 53, the materials of the agenda of such a meeting shall be submitted by these persons.

(5) Use of the list of shareholders entitled to participate in the general meeting of shareholders shall not be permitted for the purpose of buy or sale of the company shares.

**Article 57. Registration of the Participants of the General Shareholders Meeting**

(1) With the aim of participation in the general meeting held in person or both in person or by proxy, the shareholders of the company, or their representatives or nominal holders of shares shall get registered with the company secretary or the registration commission with a signature.

(2) Participants of the general shareholders meeting of the company with a number more than 50 shareholders shall be registered by the registration commission appointed by the body or the persons who made the decision to convene the meeting.

(3) The management body of the company or persons who convenes the general shareholders meeting shall be entitled to delegate the powers of the registration commission to the company registrar.

(4) Representative of a shareholder or the nominal holder of shares is entitled to get registered with the registration commission and to participate in the general shareholders meeting only on the basis of the legal act, power of attorney, agreement or an administrative act.
(5) Participation mandate in the general meeting issued by shareholders—private individuals shall be notarized or certified by the administration of the organization where the shareholder works, studies or resides, while for pensioners it shall be certified by the social security organization at the place of residence.

(6) If a person included into the list of shareholders entitled to participate in the general meeting to be held by proxy and both by proxy and in person, has alienated the shares of the company prior to the general meeting, it shall issue to the purchaser of these shares the voting ballot or its copy. This requirement shall apply to each subsequent case of share alienation which takes place prior to the general shareholders meeting.

(7) A person who maintains the shareholders registry is obliged, in cases envisioned in paragraph (6) to draw up a list of changes made in the list of shareholders entitled to participate in the general meeting in the manner stipulated in securities legislation.

(8) The list of shareholders participating in the general meeting shall be signed by the company secretary or registration commission members, whose signatures are certified by the members of the Auditing Commission in function and is transferred to the tabulation commission. Company secretary or registration commission shall establish the quorum presence or absence at the general shareholders meeting.

**Article 58. Quorum and Convocation of the General Shareholders Meeting**

(1) General shareholders meeting shall have a quorum if as of the moment of registration completion shareholders who own over half of the voting shares of the company being in circulation have registered and participate in the meeting, unless the Charter of the company does not envision higher norms for the quorum.

(2) In the event that voting ballots are sent to the shareholders, the quorum and voting results shall be determined on the basis of the votes represented by the voting ballots received by the company (the registrar of the company) on date when the general shareholders meeting is held.

(3) In the event of no quorum at the general shareholders meeting, the meeting shall be convened again. The term for the convened meeting is determined by the bodies or persons who made the decision of convocation and it shall be no earlier than 20 and no later than 60 days after the date of the meeting which failed to be held.

(4) The shareholders shall be informed about the convened general meeting in accordance with the procedure envisioned in paragraph (1) or paragraph (2) of Article 55 and no later than 10 days before the general meeting is held.

(5) On reconvened general shareholders meeting shall be entitled to participate shareholders registered into the list of shareholders which were entitled to participate at the previous convocation. The list of changes made in this list shall be drawn up in accordance with the paragraph (7) of Article 57.

(6) The reconvened general shareholders meeting shall be deliberative if at it participate shareholders that own not less than 25 per cent of voting shares of the company being in circulation.

(7) No change in the agenda is allowed at the reconvened general shareholders meeting.

**Article 59. Procedure for Holding the General Shareholders Meeting**

(1) The procedure for holding the general shareholders meeting shall be established by this law, the Charter of the company, and the regulation on the general shareholders meeting, if it is envisioned in the Charter of the company.

(2) The general shareholders meeting shall be chaired by the chairman of the Board of the company or by another person elected by the general meeting.

(3) The duties of the secretary of the general shareholders meeting shall be performed by the secretary of the Board of the company or by another person, elected (appointed) by the general meeting.
(4) The general shareholders meeting is entitled to introduce changes and additions to the approved agenda only in the event:
   a) that all the shareholders owning voting shares are present at the meeting and have unanimously voted for introducing amendments and additions to the agenda;
   b) that the agenda is changed due to bringing the company’s officers to liability or releasing them from liability and that the change is approved by the majority of the votes represented at the general meeting.
   c) completion of agenda is conditioned by the requirements of the shareholders forwarded in base of paragraph (6) of Article 39; this completion shall be entered in obligatory manner into agenda.

(5) Decision made by the general shareholders meeting in violation of the requirements of this law, other legislative acts or the Charter of the company may be appealed by a shareholder or another authorized person in court if:
   a) the shareholder was not notified about the date, time and the place of the general shareholders meeting in conformity with the procedure established in this law; or
   b) the shareholder was not allowed to participate in the general meeting without lawful reasons for that; or
   c) the general meeting was held without quorum; or
   d) the decision was made on the issue not included in the agenda of the general meeting or in violation of the voting norms; or
   e) the shareholder voted against the decision which infringes his/her rights and legal interests; or
   f) the rights and lawful interests of the shareholder were significantly violated otherwise.

(6) General shareholders meeting shall develop, as a rule on date of convocation. In the event of issues of the agenda of the general shareholders meeting shall be transferred by it to a subsequent date of examination obligatory compliance of the provisions of this law on procedure for holding the general shareholders meeting

(7) General shareholders meeting can be held, as well as without compliance of convocation procedures only in case when shareholders which represent the total statutory capital make the decision unanimously its holding.

Article 60. Tabulation Commission
(1) If more than 50 persons with voting right participate in the general shareholders meeting, tabulation commission shall be set up, the number of members and the members of which are approved by the general meeting.
(2) The tabulation commission shall be comprised of not fewer than three persons. Members of the Board of the company, of the executive body and the Auditing Commission, as well as candidates for these positions may not be the members of the tabulation commission.
(3) The general meeting is authorized to delegate the duties of the tabulation commission to the registrar of the company.
(4) Tabulation commission explain the voting procedure, tabulate the votes, draw up the protocol on the results of voting and announce them, as well as seal the voting ballots and pass them on to the archive of the company.
(5) The tabulation commission shall draw up a list of shareholders entitled to request repurchase of shares they own provided there are ground for that stipulated in subparagraphs b)-d) of paragraph (2) of Article 79.

Article 61. Voting
(1) Voting at the general shareholders meeting can be open or secret. Voting at the general meetings held by means of voting by proxies or both in person or by proxies shall be only open.
(2) Decisions of the general shareholders meeting on the issues referred to its exclusive competence shall be approved by two thirds of the votes represented at the meeting, except the
decision on election of Board of the company which is adopted by cumulative voting and decisions on other matters shall be approved more than half of specified votes.

(3) The Charter of the company may envision higher voting norms than those stipulated in paragraph (2) for making decisions on certain issues pertaining to the activity of the company.

(4) Voting at the general shareholders meeting shall be executed in accordance with the principle of “one voting share - one vote”, except for the cases envisioned in this law.

(41) For each issue put for voting at the general meeting the shareholder that owns voting shares shall vote “for” and “against”.

(42) Votes of shareholders which shall not be expressed in non of the voting options envisioned in paragraph (41) shall be considered as “against”.

(5) A shareholder is entitled to vote only with such number of shares which does not exceed the limit envisioned in this Law, the antimonopoly or securities legislation.

(6) Officer of the company, as well as their representatives, which own shares of the company and/or represents other shareholders of the company shall be entitled to participate at the general shareholders meeting in the established manner stipulated in paragraphs (5)and (6) of Article 86, when on voting shall be set the following issues:

a) determination of the amount of payment for their activity, and the amount of their remuneration and compensation;

b) bringing them to liability or releasing them from liability;

c) election (appointment) of the members of the Auditing Commission of the company.

(7) If a shareholder voted against the approved decision, he/she is entitled to formulate his/her special opinion, which shall be attached to the protocol of the general meeting or reflected in it.

Article 62. Voting Ballot

(1) Voting by proxies as well both by proxies and in presence, as well as secret voting at the general shareholders meeting shall be carried out by means of voting ballots.

(2) Voting ballot shall contain the following information:

a) full name of the company and its location;

b) the name of the document - “Voting Ballot”;

c) date, time and place where the general meeting is held;

d) wording of each issue put up for voting and their sequence;

e) information on each candidate to the Board of the company, its Auditing Commission and with indication of their surnames and names;

f) voting options for each issue put for voting, expressed in the following wording “for” and “against”;

g) the manner of filling out the ballot in the event of cumulative vote;

h) in the event of open voting - first and last name (name) of the shareholder;

i) classes and amount of voting shares belonging to the shareholder or the nominal holder of shares;

j) deadline of voting ballots return.

(3) In the event of voting ballot completion, the shareholder or its representative, or nominal shareholder for each issue put for voting only one version of voting envisioned in subparagraph f) of paragraph (2) shall be filled in.

(4) In the event of open voting, the voting ballot shall be signed by the shareholder or its representative, or nominal shareholder. In the event of voting by proxy the shareholder’s signature or its legal representative, or nominal shareholder on the ballot may be certified in the manner established in paragraph (5) of Article 57.

(5) During tabulation of votes cast by means of the voting ballots, only those votes will be tabulated where the voter left only one voting option out of those possible.
(6) In the event that the general shareholders meeting is held both by presence and by proxies, voting ballots may be returned no later than the deadline indicated in the voting ballot, or they may be presented during the voting.

(7) Other requirements to the voting ballot may be established by the legislation on securities or regulation on the general shareholders meeting if it is envisioned in the Charter of the company.

Article 63. Protocol on Voting Results

(1) A protocol shall be drawn up on voting results. It shall be signed by the members of tabulation and auditing commissions of the company.

(2) Protocol on the results of voting shall be attached to the protocol of the general shareholders meeting.

(3) In the event of voting by presence, voting results shall be announced at the general shareholders meeting.

(4) In the event that the general shareholders meeting is held by proxies or both by proxies and in presence, the notification on the voting results shall be either forwarded to the shareholders or published.

(5) The decisions of the general shareholders meeting shall take effect upon the announcement of the voting results, unless a longer deadline for its taking effect is envisioned by this law, other legislative acts, or decision of the general meeting.

Article 64. Minutes of the General Shareholders Meeting

(1) The minutes of the general shareholders meeting shall be drawn up within 10 days following the termination of the general shareholders meeting and is drawn up in at least two copies, each of which shall be signed by the chairman and the secretary of the general meeting which signatures are authenticated by the members of Auditing Commission or by the notary.

(2) The minutes of the general shareholders meeting shall contain the following information:
   a) the date, time and the place where the general shareholders meeting was held;
   b) total number of voting shares of the company;
   c) the number of votes represented at the general meeting;
   d) first and last name of the chairman and the secretary of the general meeting;
   e) the agenda;
   f) main provisions of the speeches made on the agenda with specification of the first and last names of the speakers;
   g) voting results and the decisions made;
   h) annexes to the minutes.

(3) The following shall be attached to the minutes of the general shareholders meeting:
   a) decision of the Board of the company to hold the general shareholders meeting;
   b) the list of shareholders entitled to participate in the general shareholders meeting and the list of shareholders who participated in it;
   c) list of shareholders entitled to request redemption of the shares they own on the grounds stipulated in subparagraphs b)-e) paragraph (2) of Article 79;
   d) text of the information on holding of the general shareholders meeting furnished to the shareholders and text of the voting ballot;
   e) list of materials for the general meeting;
   f) minutes on the voting results;
   g) presentations and special opinions of shareholders at their request;
   h) other documents stipulated in the decision of the general meeting of shareholders.

Chapter 9
THE BOARD OF THE COMPANY
Article 65. The Board of the Company and its Competence
(1) The Board of the company shall represent the shareholders’ interests between the general meetings and within its competence shall control and regulate the activity of the company. The Board of the company is accountable to the general shareholders meeting.
(2) The Board of the company according this law and/or the company Charter has the following competence:
   a) making decisions on the convocation of the general shareholders meeting;
   b) approval of the market value of the assets which are the object of a large-scale transaction;
   c) making decision on the conclusion of large-scale transactions stipulated in paragraph (1) of Article 83;
   d) conclusion of the agreement with the management organization of the company;
   e) approval of the company’s registrar and determination of the amount of remuneration for its services;
   f) approval of the public offer of securities prospectus;
   g) approval of report on issue results and changes according to it the company Charter;
   g) approval of the decision on bonds issue, except convertible bonds, as well as the report on results of bonds issue;
   h) during the fiscal year, making decisions on the distribution of net income, on utilization of reserve capital, as well as special funds of the company;
   i) making proposals to the general meeting of shareholders on the payment of annual dividends and making decisions on the payment of interim dividends;
   j) approval of remuneration fund for the company’s employees;
   k) making a decision on the company’s joining an organizations and associations; and
   l) making decision on other issues envisioned in this law and the Charter of the company.
(3) The competence of the Board of the Company shall also include decisions on the issues specified in paragraph (4) of Article 50, provided this is stipulated in the company Charter.
(4) Issues referred to the competence of the Board of the company may not be delegated for review by the executive body of the company, except for the case envisioned in paragraph (3) of Article 69.
(5) The Board of the company shall submit to the general shareholders meeting the annual report on its activity prepared in conformity with legislation on securities, the Charter of the company and the regulation on the Board of the company.
(6) Functions of the company Board may not be delegated to another person.
(7) If in conformity with this law, the Board of the company is not set up or its authorities were terminated, the functions of the Board shall be performed by the general shareholders meeting, except for the functions on convocation, preparation and holding of the general meeting.

Article 66. Election of the Company Board and Termination of its Powers
(1) Members of the Board are elected by the annual general shareholders meeting for the term stipulated in the Charter but no more than 4 years. The persons may be reelected an unlimited number of times.
(2) The number of members of the Board of the company shall be determined by the company Charter, by the regulation on the Board of the company or by the decision of the general shareholders meeting, but it shall consist of not fewer than three persons. The company with the number of shareholders exceeding 50 including shareholders represented by nominal holders of shares, Board of the company shall consist of at least five members.
(4) One and the same representative of the state may be elected in the Board of one company.
(5) Company employees can be elected in the Board of the company, but they cannot make the majority, except when they are shareholders of the company.
(6) The member of the Board of the company may not be the person who:

a) is stipulated in paragraph (12) of Article 31. Already elected person shall be revoked from the post;
b) is the member of the boards of five other companies registered in the Republic of Moldova;
c) is the member of executive body of the company or the representative of a management organization of the company;
d) is the member of the Auditing Commission of this company; and
e) other persons, the membership of which in the Board of the company is limited by this law, the Charter of the company or the regulation on the Board of the company.

(7) The persons elected in the boards of more than five joint stock companies shall loose their membership right of the board as a result of exceeding the number established by law, in chronological order of their appointment and they shall be liable to reimburse in the benefit of company the received amounts for member of board. The complaints against these members of the board may be forwarded by any shareholder or by competent state body.

(8) In the event of cumulative voting, each voting share shall have the number of votes equal to the total number of the elected members of the Board of the company. A shareholder is entitled to:

a) give all the votes of the shares belonging to him for one candidate; or
b) distribute these votes equally or otherwise among several candidates for the members of the company Board.

In the event of cumulative voting ballot completion are not respected the provisions of subparagraph a) and b) of this paragraph, it shall be considered null and it shall not be taken in consideration on tabulation of votes.

(9) In the event of election by cumulative voting shall be deemed elected to the company Board the candidates which at the general shareholders meeting received the largest number of votes.

(10) The Charter of the company may envision election of reserve for the Board of the company, which can be used for completion of the main composition of the Board in the event that any member leaves it. Reserve shall be carried out in accordance with the procedure established for election of the Board of the company. The procedure for replacing of quitting members of the Board shall be determined by its regulation.

(11) The authorities of any member of the Board of the company may be terminated ahead of time at the decision of the general shareholders meeting.

(12) The authorities of the Board of the company shall be terminated upon:

a) announcement of the decision of the general shareholders meeting on the election of the new Board of the company, or
b) announcement of the decision of the general shareholders meeting on the prescheduled termination of the authorities of the former Board of the company in the event that the new Board has not been elected; or
c) expiration of the term envisioned in paragraph (1); or
d) reduction of the elected members of the company Board by more than a half in the event that its reserve was used up.

(13) In the event of election of members of the company Board at the extraordinary general shareholders meeting shall be respected provisions of Article 52 and shall be applied the established procedures for holding the ordinary general meeting by presence of shareholders.

(14) The relationship between the company and persons which form Board of the company shall be applied, analogously, the mandate norms if the company Charter do not provide otherwise.

Article 67. Chairman of the Board of the Company

(1) The chairman of the company shall be elected at the general shareholders meeting. The Charter of the company may envision his election by the members of the Board of the company.

(2) The chairman of the Board of the company shall:
a) convene the session of the Board of the company;
c) perform other duties envisioned in the regulation on the Board of the company.

(3) In the event that there is no chairman of the Board, his functions shall be performed by the deputy chairman or a member of the Board.

(4) The head of its executive body or representative of the management organization of the company may not be the chairman of the company Board.

Article 68. Sessions of the Board of the Company

(1) Procedure, term of convocation and holding of the sessions of the Board of the company are determined by this law, the Charter and regulation on the Board of the company.

(2) Sessions of the company can be scheduled and extraordinary ones, and can be held in presence, by proxy or both in presence and by proxy.

(3) Scheduled sessions of the Board of the company shall be held no less frequently than once a quarter.

(4) Extraordinary sessions of the Board of the company shall be convened by the Chairman of the Board of the company:
   a) at his own initiative;
   b) at the request of any member of the Board of the company;
   c) at the request of shareholders collectively owning at least 5 percent of voting shares of the company;
   d) at the request of the Auditing Commission of the company or of the auditing organization; and
   e) at the proposal of the executive body of the company.

(5) Quorum for the session of the Board of the company shall be determined by the Charter of the company or the regulation on the Board of the company and shall be at least half of the elected members of the Board.

(6) Each member of the Board shall have one vote at the sessions of the company Board. Delegation of the vote of one member of the Board to another Board member or to another person shall not be allowed.

(7) Decisions of the Board of the company shall be made by the majority of votes of the members of the Board of the company present at the session if the company Charter or the board regulation do not provide a bigger number of votes.

(8) In the event of a tie, the vote of the Chairman shall be casting.

(9) Minutes of the session of the Board of the company shall be drawn up within five days following the date of the session. It is drawn up in at least two copies and shall contain the following:
   a) date and place of the session;
   b) first and last names of the persons present at the session, including the chairman and the secretary of the session;
   c) the agenda;
   d) main provisions of the speeches on the issues of the agenda with specification of the first and last names of the speakers;
   e) voting results and decisions made;
   f) annexes to the minutes.

(10) Each copy of the protocol of the session of the Board of the company shall be signed by the chairman or in cases provided in paragraph (3)of Article 67, by deputy chairman of the Board and the secretary of the session, as well as by at least one member of the Board of the company.

Chapter 10

EXECUTIVE BODY AND AUDITING COMMISSION
OF THE COMPANY

Article 69. Executive Body of the Company
(1) In the competence of Executive body are included all issues of current activities management of the company, except those issues of general shareholders meeting or company Board competence;
(2) Executive body of the company shall ensure implementation of decisions of the general meeting of shareholders, company Board and is accountable to:
   a) the company Board;
   b) the general meeting of shareholders provided this is stipulated in the company Charter.
(3) If the company Board was not set up or its powers were terminated the executive body of the company shall perform the functions of the company Board with regard to preparing and holding a general meeting of shareholders.
(4) The executive body of the company can be either collegiate (Board, Directorate) or comprised of one person (General Director, Director). Persons specified in paragraph (12) of Article 31 can not be in the executive body of the company. Persons elected (appointed) already shall be revoked from their functions.
(5) The company Charter can simultaneously envision two executive bodies specified in paragraph (4). In such event, the executive body comprised of one person shall also act as a manager of the collegiate executive body.
(6) The executive body of the company shall submit to the founder central or local public administration authority the reports regarding economic and financial activity of the company the charter share which represents 50 per cent plus one share, and in some cases, the results of the independent audit of the annual financial report.
(7) The executive body of the company shall be liable to assure the submission to the Company Board, Auditing commission and to each of their member documents and other necessary information to fulfill their competence in the appropriate manner.

Article 70. Activities of the Executive Body of the Company
(1) Executive body of the company shall operate under the legislation, the company Charter and regulations of the company executive body.
(2) The manager of the company executive body shall be authorized to act on behalf of the company without a power of attorney, including to carry out transactions, approve personnel, and to issue decrees and orders.
(3) Meetings of the collegiate executive body of the company shall be convened by its manager.
(4) Meetings of the collegiate executive body of the company shall be reflected in the minutes signed by its manager and submitted if necessary to the company Board, the company auditing commission and the auditing organization.
(5) Executive body of the company is obliged to submit to the company Board or general shareholders meeting its performance report on a quarterly basis.
(6) Functions of the company executive body can be delegated to a management organization under an agreement on fiduciary management or decision of the general meeting of shareholders.
(7) The management organization shall not be deemed an affiliated person of the company, registrar or organization of audit of the company.
(8) The management organization shall not be entitled to clinch with the company other agreements, except agreements on fiduciary management.

Article 71. Auditing Commission of the Company
(1) The auditing commission of the company shall exercise control over financial and economic activities of the company and be accountable to the general meeting of shareholders only.
2) The competence, composition, manner of setting up and operation of the company auditing commission shall be stipulated in this Law, the company Charter and the regulation of the company Auditing Commission. Number of auditors must be odd. In event of the state owns no less than 20 per cent of the statutory capital, one of the auditors shall be for the election of general shareholders meeting by the special central authorities of public administration and/or as the case may be, local authorities of public administration.

(3) Shareholders of the company and other persons can be members of the auditing commission. 

(4) The following persons may not be members of the company Auditing Commission:
   a) persons stipulated in paragraph (12) of Article 31. Persons already elected shall be revoked from its posts;
   b) member of the company Board;
   c) members of the executive body or employee of the accounting service of the company;
   d) employee of the management organization of the company;
   e) non-qualified persons in accounting, financial or economy field;
   f) other persons, if this law or company Charter confines the membership in frame of auditing commission.

(5) The auditing commission shall be elected (appointed) for a term from two to five years.

(6) The company Charter may stipulate election (appointment) of the auditing commission reserve out of which the core body of the Auditing Commission shall be replenished in the event of withdrawal of its members. The reserve shall be elected (appointed) in the manner established for the auditing commission members. The manner of replacement of withdrawn members of the auditing commission shall be set fourth in its regulations.

(7) Members majority of the Auditing Commission and persons majority of it reserve shall be citizens of the Republic of Moldova.

(8) The relationship between the company and persons which form Auditing Commission shall be applied, analogously, the mandate norms if the company Charter do not provide otherwise.

**Article 72. Activities of the Company Auditing Commission**

(1) Auditing Commission of the Company shall inspect its financial and economic activities over the year on a mandatory basis.

(2) The auditing commission can carry out extraordinary inspection of the company financial and economic activities:
   a) at its initiative;
   b) at the request of the shareholders who own no less than 10 per cent of the company voting shares; and
   c) at the decision of the general meeting of shareholders or the company Board.

(3) The company officers are obliged to submit to the auditing commission all the documents required for the inspection and to give oral and written explanations.

(4) Based on the inspection results, the auditing commission shall prepare a finding which must include:
   a) first and last names of the auditing commission members involved in the inspection;
   b) grounds for and goals of the inspection;
   c) inspection deadlines;
   d) evaluation of completeness and authenticity of the information in the company primary documents, accounting registers and reports data;
   e) evaluation of accounting reports and records compliance with the legislation;
   f) information on the company officer’s violation of the legislation, Charter, and regulations of the company, and on the damage caused by the violations;
   g) information on the facts which inhibit the inspection;
   h) suggestions based on inspection results; and
(5) The findings shall be signed by all the members of the auditing commission involved in the inspection. If a commission member does not agree with its findings he/she shall express his/her special opinion attached to the commission findings.

(6) Findings of the auditing commission shall be submitted to the company Board and to its executive body, as well as to the persons specified in subparagraph b) of paragraph (2). The commission performance report shall be submitted to the general meeting of shareholders.

(7) The Auditing Commission shall have the authority to:

a) require an extraordinary general meeting of shareholders in the event of revealing the violations of the company officers;

b) participate with a right of consultative vote in the meeting of the executive body and Board of the company and in the general meeting of shareholders.

(8) Functions of the Auditing Commission may be delegated to the auditing organization in compliance with the agreement of audit and as decided by the general meeting of shareholders.

Chapter 11

COMPANY OFFICERS AND THEIR LIABILITIES

Article 73. Company Officers

(1) Members of the company Board, of its executive body, auditing and liquidation commission, and other persons empowered with regulatory functions in the company management shall be deemed the company officers.

(2) The rights and duties of the officers shall be stipulated in this Law, other legislation, the Charter and regulations of the company, and agreements signed with the company.

(3) The officer shall act in the company interest and is prohibited to participate in the capital and/or activities of competing organizations, except affiliated companies provided this law, decisions of the general meeting of shareholders or the company Board do not say otherwise. In the event of making the decision, requirements of paragraph (6) of Article 86 shall apply to the interested officer.

(4) The elected officer of the company shall be entitled to retire at any time.

(5) The following persons may not be company officers:

a) government employees which supervise the company operation;

b) persons prohibited from holding the appropriate positions as decided by court;

c) persons with criminal antecedent for mercenary, economic crimes or crimes committed against property;

d) incapable individuals.

(6) The company is prohibited from providing loans to its officers, to act as a surety or a guarantor for its obligations.

(7) Labor legislation shall apply to the relationship between the company and its officers to the extent of its compliance with this Law.

(8) Officers and affiliated persons may not take donations or services gratis from the company, from affiliated persons of the company as well as from other persons implicated in relationship with the company, except those that don’t exceed minimum wage value established by Government.

Article 74. Liabilities of the Company Officers

(1) Officers shall be liable for the damage caused to the company in conformity with this Law, criminal, administrative and labor legislation.
(2) The company officers shall bear proprietary and other liabilities envisioned in the legislation in the event that they:

a) caused premeditated bankruptcy of the company;
b) willfully distorted or concealed the information on financial and economic activities of the company, and other information which the shareholders and public authorities must obtain in compliance with this Law and other legal acts;
c) distributed unauthentic or misleading information and used other methods which entailed a change in the company securities rate to the detriment of the company;
d) did not convene the general meeting of shareholders in violation of this Law or the company Charter;
e) paid or failed to pay dividend or interest in violation of this Law, the company Charter or decision on the issuance of shares or bonds;
f) purchased at the expense of the company securities of other issuers at a price known to be higher than their real value to the detriment of the company;
g) used the company assets in personal interest or in the interest of third parties they are interested in directly or indirectly;
h) violated the procedure of changing the company statutory capital;
i) violated the procedure of concluding large-scale transactions and/or transactions with conflict of interest; and
j) allowed willful or gross violation of other requirements of this Law or other legislation.

(3) If the company officers issue joint decisions in violation of the legislation they shall bear joint and several proprietary liability to the company in the amount of the damage caused.

(4) The company officer shall be released from joint and several proprietary liability for the decision issued by the company Board or its collegiate executive body in the event that:

a) the person voted against the decision approval by the mentioned management body; and
b) his/her special opinion is attached to the minutes of the meeting of the corresponding body or is reflected in the minutes.

(5) The company officers shall not be released from liability in the event of delegating their decision-making power to other persons.

(6) If actions taken by the officers with abuse of powers shall be deemed by the company as the actions taken in its interest the company shall be deemed liable for the actions.

Section V
COMPANY TRANSACTIONS
Chapter 12
MARKET VALUE OF ASSETS

Article 75. Notion of the Market Value of Assets
A price at which the buyer and seller that have complete information on the market prices on the assets in question and that are not obliged to sell or buy it would agree to conclude a transaction with the assets shall be a market value of assets, including of securities.

Article 76. Setting the Market Value of Assets
(1) The company transactions, including those related to its reorganization, creation of subsidiary shall be conducted at the market value of alienated or purchased assets if the legislative acts do not say otherwise.
(2) The market value of assets circulating in the organized market shall be set at the published prices of the market.
(3) For the purpose of setting the market value of assets which do not circulate in the organized market an auditing or other specialized organization which is not an affiliated person of the
Chapter 13
COMPANY TRANSACTIONS WITH PLACED SECURITIES

Article 77. General Provisions
(1) The company transactions in securities placed by the company shall be conducted by way of their purchase, repurchase, conversion, consolidation and split.
(2) The company transactions with the securities it placed shall be conducted pursuant to the Civil Code, this Law, legislation on securities and the company Charter.
(3) Within 15 days from the day of any transaction with securities placed by the company the company shall inform thereof the National Commission of Financial Market.

Article 78. Purchase of Placed Shares Company
(1) The company shall purchase the shares it placed at the proposal of the company, by public offer on secondary market;
(2) The company shall be entitled to purchase the shares it placed only for the purposes stipulated in this Law or the company Charter.
(3) Decision on purchase by the company of the shares it placed shall be issued by:
   a) the general meeting of shareholders -- in the event the placed shares are placed for the purpose of the statutory capital reduction or cession of a certain number of shares owned by the company employees;
   b) the company Board -- in the event the placed shares are purchased for the purpose of preventing decrease in rat ;
(4) Company decision on purchase of shares placed by it shall define their classes and number, purchase price, form of payment and purchase deadline. Purchase price shall correspond to the market value of shares, and the purchase deadline shall be no less than one month.
(5) The company is obliged to inform each of the shareholders, their legal representatives and the nominees of the purchase offer for the shares they own and/or to publish the offer.
(6) Each shareholder shall be authorized to sell the shares he/she owns; the company is obliged to purchase them on the terms declared by the company.
(7) If the total number of shares with regard to which sale applications were made to the company exceeds the number of shares indicated in the company offer the shares shall be purchased in proportion to their number indicated in the sale application.
(8) The company shall be prohibited from purchasing the shares it placed:
   1) within a month prior to beginning of the placement of shares of additional issue, during the process of share placement, and within a month after their placement;
   2) if according to the latest balance sheet:
      a) the company is insolvent or the purchase of placed shares will lead to its insolvency; or
      b) net asset value of the company is below its statutory capital or will be so after the purchase of the placed shares; and
   3) if as a result of the purchase the number of treasury bills shall exceed the limit set in paragraph (6) of Article 13, except situations specified in paragraph(3).

Article 79. Company Repurchase of Placed Shares at the Request of Shareholders
(1) Company repurchase of its placed shares shall be carried out at the request of shareholders in cases stipulated in this Law, securities legislation or the company Charter.
(2) At the request of shareholders, the company is obliged to repurchase the shares it placed in the event of:
a) share maturity envisioned by the company Charter; or
b) amendments to the company Charter which restrict the rights of shareholders, or
c) the company conducts a large transaction; or
d) company reorganization, according to the general meeting of shareholders decision;
e) at the request of shareholders, it was not adopted the decision of company compliance provisions of paragraph (6) of Article 39.

(3) A shareholder shall be authorized to request repurchase of the shares he/she owns if he/she:
a) was not allowed without any valid reason to participate in the general meeting of shareholders at which the corresponding decision was made in cases stipulated in subparagraphs b) - e) of paragraph (2); or
b) voted against the decision stipulated in subparagraphs b) - d) of paragraph (2) and/or voted for the decision adoption stipulated in subparagraphs e) of paragraph (2) and requested the shares repurchase in the delay stipulated in paragraphs (6).
c) expressed his disagreement on decision of the company Board to conclude a large transaction.

(5) The company shares shall be repurchased at the market value if the legislation do not say otherwise.

(6) The term of repurchase shall be set by the company Charter but it shall be no less than two months after a decision stipulated in subparagraphs b)-e) of paragraph (2) was made by the general meeting of shareholders or the company Board. The term of payment shall not exceed three months following the date of request of repurchase.

(7) The shareholders included in the security holders registry are entitled to request repurchase of shares they own as of the date at which one of the decisions stipulated in subparagraphs b) - e) of paragraph (2) was made.

(8) The shareholder shall be prohibited from requesting repurchase of his/her shares in event if the decision on the company liquidation was made.

Article 80. Conversion of the Company Placed Securities

(1) Conversion of the company placed securities of it has as a result exclusion from circulation by the company and invalidation of all securities of one class by its exchange against securities of another class of the same company (in the event when this share is stipulated in decision of respective securities issue) or against securities of another company (in the event of reorganization by absorption of respective company). The company securities shall be converted in compliance with securities legislation and decision on the issue of securities subject to conversion.

(5) The company shall be entitled to issue a decision on restriction of rights provided by shares into which other securities placed by the company must be converted only in the manner stipulated in paragraph (11) of Article 25.

(7) On registration of the changes regarding securities conversion in the state securities Registry, the company shall submit to the National Commission of Financial Market the following documents:
a) request on registration of changes;
b) minutes of the general shareholders meeting, with all annexes envisioned in paragraph (3) of Article 64;
c) shareholders list before and after conversion;
d) balance sheet at the latest date of reporting;
e) copy of payment instruction regarding fee payment in the established amount by the Law on National Commission of Financial Market.

Article 81. Consolidation and Split of Company Shares

(4) Replacement of shares with a smaller number of shares with a pro rata increase in their nominal (set) value, if any, shall be deemed share consolidation.
(5) Replacement of shares into a greater number of shares with a pro rata decrease in their nominal (par) value, if any, shall be deemed share split.
(6) Share consolidation and split shall not entail any changes in the company statutory capital.
(7) Consolidation and split of shares shall apply to all the shares of one, several or all classes.
(8) Any changes in the nominal value and number of placed shares related to the share split or consolidation must be registered with the National Commission of Financial Market and included in the company Charter and shareholders registry.
(10) On registration in the state securities registry of changes related to the share split or consolidation, the company shall submit to the National Commission of Financial Market the documents specified in subparagraphs a)-c) and e) of paragraph(3)of Article 80.

Chapter 14
LARGE-SCALE TRANSACTIONS OF THE COMPANY

Article 82. Notion of Large-Scale Transactions
(1) A transaction or several interrelated transactions carried out directly or indirectly with regard to the following shall be deemed a large-scale transaction:
a) purchase or alienation, putting into pledge or receiving into pledge by the company, lease, tenancy or leasing or giving in utilization, lending (credit), assets guarantee or rights upon them of which the market value amount constitutes to over 25 per cent of the value of the assets of the company in accordance with the latest balance sheet; or
b) placement of voting shares or other securities of the company convertible into voting shares which amount to over 25 percent of all placed voting shares of the company; or
c) purchase of any person a large block of company shares.
(2) Provision of subparagraph a) of paragraph (1) shall not apply to company transactions carried out in the course of regular economic activities defined in the company Charter.

Article 83. Decision on Conclusion of a Large Scale Transaction
(1) Decision of the company on the conclusion of a large-scale transaction the subject of which is the property the value of which amounts for over 25 percent and no more than 50 percent of the value of the company’s assets in the latest balance sheet before the decision on the conclusion of such a transaction was made, shall be made by the Board of the company unanimously, if the company Charter do not provide a less quota.
(2) The decision on the conclusion of a large-scale transaction not provided in paragraph (1) shall be made by general shareholders meeting.
(2¹)Board of the company is not entitled to make decisions which could affect company’s assets, as well as is stipulated in subparagraph a) of paragraph(1) of Article 82, from the moment as the company received the notification regarding the purchase of a large shareholding of the company by any person.
(2²)By derogation from the provisions of paragraph (2¹), company Board may make decisions resultant from the obligation assumed by the company before the date of receiving the notification on the purchase of a large shareholding.
(2³) Limitation envisioned in paragraph (2¹) shall loose it power from the moment as the general shareholders meeting was held, subsequent convened on receiving the notification by the company regarding the purchase of a large shareholding.
(2⁴) Decision of the company Board on the conclusion of a large-scale transaction by the company shall be published, in term of 15 days following the adoption date, in the press agency stipulated in the company Charter.
(3) In the event of making decision on concluding a large-scale transaction envisioned in paragraph (1) was not made by the Board of the company unanimously, it shall be entitled to register this issue in the agenda of the general shareholders meeting.
(4) In the event of conflict of interest in a large-scale transaction decision on concluding the transaction shall be made pursuant to requirements of this Article and Article 86.

**Article 84. Purchase of a Large Shareholding**

(1) Convertible voting shares which constitute over 25 percent of all placed and being placed voting shares or other securities of the company shall be deemed a large shareholding.

(2) A large block of shares shall be deemed controlling when it reaches the limit envisioned by the antimonopoly legislation.

(3) Purchase of a large block of shares in the process of their placement shall be executed only in the cases which do not contradict the antimonopoly legislation, legislation on securities, and decision on additional issue of shares.

(4) The person which purchased a large block of shares of a company directly or indirectly, independently or together with its affiliated persons which correspond one of the criteria stipulated in paragraph (2) of Article 2, is obliged to publish information about this in the press agency stipulated in the company Charter, within 10 days after the purchase of a large shareholding.

(5) The person which has purchased a controlling block of shares of company independently or together with its affiliated persons shall within a month following the registration of the block purchase in the share registry, offer the shareholders to sell him voting shares they own, unless the legislation, the company charter or decision of the general shareholders meeting envisions otherwise. The decision shall be issued in the manner set forth in paragraph (6) of Article 86.

(6) Public offer on secondary market specified in part (5) shall be forwarded in writing to all the shareholders owning voting shares of the company, to their legal representatives and nominal holders of shares, or it shall be published in the publication specified in the company Charter in conformity with paragraph (3) of Article 91.

(7) Public offer on secondary market shall be concluded in complain with the legislation on securities.

(8) Shares price in the cases mentioned in paragraph (7) shall be determined in conformity with the legislation on securities market.

(9) Validity term of public offer on secondary market shall no less than 30 days and no more 60 days after the publication date.

(10) All shareholders requirements on shares sale which they own in the conditions of public offer on secondary market, made in the term envisioned in paragraph (9), shall be satisfied.

(11) Till the execution of requirements mentioned in paragraph (5) the owner of more than 50 percent from the amount of voting shares of the company, together with its affiliated persons is entitled to vote at the general shareholders meeting in the limit of 25 per cent of voting share being in circulation of the company. The total number of voting shares owned by the mentioned persons shall be counted only for establish the quorum at the general shareholders meeting holding.

(12) Other requirements to the purchase of the large block of shares shall be envisioned in the legislation on securities and decision on the issue of shares.

**Chapter 15**

**CONFLICT OF INTERESTS**

**Article 85. The Notion of Transactions with Conflict of Interests**

(1) Transactions with conflict of interests shall be deemed a transaction or several transactions interrelated with regard to which interested persons:

a) are entitled to participate in decision-making on the conclusion of such transactions;
b) may have concomitant an ownership interest in the conclusion of such transactions, and this interest does not coincide with the interests of the company.

(1) Transactions with conflict of interests shall not be deemed the additional issue of shares.

(2) A person interested in the conclusion of the transaction shall be deemed the person who at the same time is:

a) a shareholder of the company which independently or together with its affiliated persons owns over 25 percent of voting shares; or
b) a member of the Board of the company or of the executive body of the company; or
d) a counterpart of the company under the transaction or several interrelated transactions; or
e) owner of a substantial share (over 10 percent) in the capital of the counterpart, or its participant with full liability; or
f) representative of the counterpart of the company for this transaction or several transactions interrelated or an intermediary in this transaction.
g) affiliated persons of the persons stipulated in subparagraphs a), b), d), e), f).

(3) A person interested in the company executing the transactions shall submit to the company Board no less frequent than once a year a written statement with the information sufficient for timely revelation of transactions with a conflict of interest.

(4) A person interested in the transaction or several related transaction prior to their execution shall in writing inform the company management whose terms of reference include such transactions of its interest.

(5) For a failure to submit or untimely submittal of the information specified in paragraphs (3) and (4), persons interested in the transactions shall be held liable pursuant to the law.

Article 86. Decision on the Conclusion of the Transaction with Conflict of Interests

(1) The company transaction with a conflict of interest can be concluded or amended only as decided by the company Board or the general shareholder meeting in the manner specified in this Law and the company Charter.

(2) Before the decision on the conclusion of the transaction with conflict of interests is made, it shall be determined that the requirements envisioned in Article 76 are observed.

(3) Decision of the Board of the company on the conclusion of the transaction with conflict of interests shall be made unanimously by the members elected by the Board who are not the persons interested in the conclusion of the transaction.

(4) If over half of the members elected by the Board are the persons interested in the conclusion of this transaction, it may be concluded only at the decision of the general shareholders meeting.

(5) The decision of the general shareholders meeting on the conclusion of the transaction with conflict of interests shall be made by the majority of votes of shareholders who are not deemed interested persons with regard to the transaction, pursuant this law or the company Charter.

(6) The person interested in the conclusion of this transaction shall leave the meeting of the Board of the company or the general shareholders meeting at which the decision on its conclusion is made by open vote. Presence of this person at the session of the Board of the company or at the general shareholders meeting shall be considered for quorum determination. During tabulation of votes this person shall be considered absent.

(7) If the Board of the company or the general shareholders meeting was not aware of all the circumstances related to the conclusion of the transaction with the conflict of interests, and/or such a transaction was concluded in violation of the requirements of this article, the Board of the company or the general shareholders meeting is entitled to require the following from the manager of the executive body of the company:

a) to refuse to conclude such a transaction or to cancel it; or
b) in conformity with the procedure established by the legislation, to provide for reimbursement by the interested person of the losses incurred by the company as a result of this transaction.
(8) The transactions with conflict of interests shall be deemed valid with regard to the persons with which they were concluded if they were canceled in the conditions of paragraph (7) or deemed invalid for other reasons.

(9) Legislation or the Charter of the company may envision additional conditions regarding the conclusion of the transactions with conflict of interests.

(10) Requirements of this article shall not apply to the transactions of the dependent companies executed according to the mandatory instructions of the parent company, as well as if all shareholders are deemed interested persons to the execution of the transaction in conformity with part (4) of Article 10.

Section VI
ACCOUNTING, REPORTING, CONTROL AND INFORMATION DISCLOSURE
Chapter 16
ACCOUNTING AND REPORTING

Article 87. Accounting and reporting
(1) The company shall maintain accounting and draw up financial, statistic and specialized reports in accordance with the procedure established by the legislation and the company’s regulations.

(2) Annual financial reports of the company shall be checked and confirmed by the findings of the Auditing Commission of the company, and in cases envisioned in paragraph (1) of Article 89 by the conclusion of an auditing organization not later than the deadline for submission of the reports to the regional (municipal) fiscal bodies envisioned by the legislation on accounting.

(3) The company Board and the annual general meeting of shareholders are prohibited from approving the annual reports of the executive agency and the company Board in the event that the report are submitted without annual financial records and the findings specified in paragraph (2).

(4) The company shall ensure the safe-keeping of its accounting records and reporting in the manner and within the deadlines stipulated in the legislation.

(5) In conformity with legislation, the company and its officers shall be responsible for:
   a) bad-faith maintenance of accounting records and drawing up of financial, statistical and specialized reports, as well as for entering in these unauthentic and erroneous data.
   b) failure to keep or to furnish in due time the aforementioned reports to the creditors, company shareholders, and authorized state bodies determined in the legislation; as well as
   c) publication of untruthfully information with regard to the company activity or evasion from information publication envisioned in this law.

Article 88. Information on Affiliated Persons
(1) Affiliated persons of the company shall notify the company in writing about company’s shares belonging to them with specification of their classes and number within ten days following the purchase of these shares.

(2) In conformity with legislation an affiliated person shall be held liable for failure to furnish the information specified in paragraph (1) or for failure to furnish it in due time.

Chapter 17
OUTSIDE CONTROL

Article 89. Auditing
(1) Company which corresponds one of the criteria provided in paragraph (2) of the article 2 shall be liable on mandatory auditing inspection of which subject is economic and financial activity.

(2) An extraordinary auditing shall be carried out at the request of:
   a) shareholders which own no less than 10 percent of voting shares of the company. In this case auditing services shall be paid by the aforementioned shareholders, unless the general shareholders meeting decide otherwise;
   c) in the reason of the court conclusion

(3) Auditing organization shall carry out the inspection of the accounting and reporting documents of the company in conformity with the legislation on auditing activity and the agreement on audit, and in basis of its result, shall be drawn a document on audit and report.

(4) In the ground of agreement on audit, the auditing organization shall be entitled to require documents of the company activity being at the registrar of the company and at the management organization of the company and necessary for its inspection.

(5) Auditing organization of the company may not be an affiliated person of the company, the management organization or the registrar of the company.

(6) Auditing organization of the company of is not entitled to conclude other agreements with the company except the agreement on audit.

Article 90. State Supervision over the Company Activities
(1) Supervision over the activity of the company shall be executed by the authorized state bodies in conformity with the procedure envisioned by the legislation.

(2) Effectuating of the supervision shall not interfere with the day-to-day activity of the company.

(3) General shareholders meeting shall be notified about the main provisions of the documents on the inspections and decisions of the state bodies which have inspected the company’s activity.

Chapter 18
INFORMATION DISCLOSURE

Article 91. Publication of information on Company activity
(1) The companies that correspond to one of the criteria stipulated in paragraph (2) of the Article 2 shall publish the reports in conformity with legislation on securities.

(2) The companies branches registered in other countries shall be liable to disclose the information regarding the number of state and country registration where they have been registered.

(3) The published reports and information in the press agency envisioned in paragraph (1) and (2) as well as other information, provided by this law, with regard to companies activity which correspond to one of the criteria stipulated in paragraph (2) of the Article 2, shall be stipulated in the company Charter and broadcasted all over the country.

Article 92. Bondholders and Shareholders’ Access to the Company Documents
(1) The company shall submit to the bondholder and shareholders for their familiarization the following documents:
   a) foundation agreement (declaration on foundation), company Charter and all amendments and additions to them;
   b) certificate on state registration of the company;
   c) company by-laws, all amendments and additions thereto;
d) agreements with the management organization, registrar, and auditing organization of the company;
e) minutes of the general meetings of shareholders and voting ballots;
f) minutes of the company board meetings;
g) list of the company Board members, members of the executive agency and other company officers;
h) list of interested persons, indicating the data stipulated in the paragraph.(2) art.85;
i) decisions on the public offers of the company securities, prospectuses and all amendments and additions thereto;
j) data about month amounts and medium prices of transactions registered in register of securities holders of the company;
k) financial, statistical and specialized reporting;
l) findings of the auditing commission, documents on inspections and findings of the auditing organization, documents on inspections and decisions of public agencies which supervised the company activities;
m) annual reports of the company Board;
n) correspondence with the shareholders;
o) other documents stipulated in the company charter or regulations.

(2) During three years, the company will ensure the safe-keeping of the documents stipulated in paragraph (1) at the company location or in a different place stipulated in the company Charter and will provide access to the documents to the shareholders and to the bondholders.

(3) At the request of the creditor or the shareholder, the company shall issue to it for a fee extracts from or copies of the documents specified in paragraph (1) and other documents stipulated in the company Charter and regulations except for documents which are a commercial or state secret. The fee shall be set by the company and shall not exceed the costs related to issuing the extracts, making copies of the documents and sending them to the shareholder.

Section VII
TERMINATION OF THE COMPANY ACTIVITY
FINAL AND INTERIM PROVISIONS
Chapter 19
REORGANIZATION OF THE COMPANY

Article 93. General Provisions

(1) In conformity with the Civil Code, this law, antimonopoly legislation and legislation on securities, a company shall be reorganized by means of merger (fusion and absorption), split (divestiture and separation), and transformation.

(2) In cases envisioned in the antimonopoly legislation and other legislation, the company reorganization can be carried out only with the approval of the authorized public agency.

(3) Decision on the company's reorganization shall be made by:

a) general shareholders meetings of each company;

b) court in cases provided by the law;

c) authorized agency, in the event of applying the Insolvency Law nr.632-XV from 14 November 2001.
(4) Decision on the company’s reorganization shall envision the reorganization terms, the manner of determination of portions and measures of founders share (shareholders) in the statutory capital of the company driven in the reorganization.

(5) The reorganization of the company shall be carried out starting from market value of company assets. Executive Body of each company involved in the reorganization shall draw up an written and detailed report, where shall be explain the project of reorganization and shall be specify the legal and economical basis of the proposal, especially exchange co-report of shares.

(6) Within 15 days following the decision was made on reorganization, the company shall notify in writing its creditors and publish the announcement on that in the Official Monitor of the Republic of Moldova in two consequent editions.

(7) Creditors shall be entitled to claim company to undertake the arrangements envisioned in paragraph (4) of Article 45 in the term of two months following the publication regarding the company’s reorganization.

(8) In the event of no claims of the creditors to the company, the decision on the statutory capital reduction shall take into effect after two months following its publication. In the event of claims mentioned in paragraph (4) of Article 45, the decision on the statutory capital reduction shall take into effect after the satisfaction of the claims.

(9) On company’s registration formed in the process of reorganization by merger, split, or transformation shall submit the documents specified by the legislation and the authorization of the National Commission of Financial Market. In the event of hunting out any deviations from the legislation, National Commission of Financial Market is entitled to refuse the issue of the authorization on company’s reorganization.

(10) Decision on the company’s reorganization shall submit to the National Commission of Financial Market on authorization in the delay of no more than 6 months following the decision was made. In the event of delay inobservance, the decision on the company’s reorganization shall loose its validity.

**Article 94. Company Merger**

(1) The merger of the companies shall be carried out by fusion or absorption. The merger of the companies shall be carried out by means of consolidation of their balance sheets, in some cases, with conversion of securities of the companies and/or other participants of the companies involved in the merger into securities of the company which shall continue to act after the reorganization or of the new created company.

(2) The fusion shall have as an effect existence cease of the reorganized companies and integral delegation of their rights and liabilities to the created company

(3) The absorption shall have as an effect existence cease of the absorbed companies on reorganization and integral delegation of their rights and liabilities to the absorbed legal person.

(4) Fusion and absorption shall be carried out by under the merger agreement approved by the general shareholders meeting of each company participant to the reorganization. In the event of companies implicated in the process of reorganization by merger have placed shares of more classes, decision on reorganization shall be made by owners of shares of each class apart of which rights were affected. Shareholders rights represented by shares of each class may not be changed as a result of reorganization, if their decision do not provide otherwise.

(5) The merger agreement shall envision the provisions established in the Civil Code and determination manner, as the case may be, of the ratio conversion of securities. On merger agreement shall be annexed drafts of foundation document of the company following to be established, delivery –reception document and balance sheet.

(6) On companies merger, statutory capital of the new-created company may not exceed the total amount of companies net assets participants on merger. Founders’ participation (shareholders, associates) on statutory capital of the new-created company shall be proportional with the participation value held former with net assets of the participant companies on fusion. Conversion proportions of the share being in circulation of the absorbed companies in shares of
the additional issuance of the absorbent company shall be established starting from market value
of the net assets which assign to a share of the companies involved into reorganization.

(7) For registration purposes of the company created by merger, in addition to the documents
stipulated in the legislation on enterprises and organizations registration, minutes of the general
meetings of shareholders of the companies involved in the merger (acquisition), the delivery –
reception document and consolidated balance sheet shall be submitted.

(8) Reorganization of the company by merger shall be deemed finished:

a) in the event of fusion, following the securities placed by the participating companies on
merger raying from the State registry of securities and the personal accounts closure of the
security holders by the registrars of these companies;

b) in the event of absorption, following the entry in the registry of securities holders and/or
foundation documents of the absorbent company of the securities holders of the absorbed
company, securities raying, placed by absorbed companies from the State registry of securities
and personal accounts closure of the security holders by the registrars of absorbed companies;

Article 95. Company Disassembly

(1) Company disassembly shall be carried out through split and divestiture.

(2) Company split has as an effect the cease of its existence and delegation of its rights and
liabilities to two or more created companies.

(3) Company divestiture has as an effect the detachment of a part of company patrimony, which
shall continue to work after reorganization and its transmission to one or more existing
companies or created companies.

(4) Company disassembly shall be carried out through split of balance sheet:

a) proportionally the participation held by shareholders in the statutory capital and in net assets
(at market price) of the company which reorganizes through split;

b) proportionally the participation held by shareholders in the statutory capital and in net assets
(at market price) of the company which reorganizes through divestiture.

(5) The company foundation by disassembly is carried out on the base of decision of general
meeting of shareholders of the company which is in the process of reorganization, where it was
approved the disassembly project.

(6) The disassembly project shall contain data envisioned in the Article 80 from Civil Code. At,
disassembly project, as the case may be, shall be attached the projects of constitution acts of the
company which shall be created after reorganization.

(7) The value share of founders in statutory capital or/and net assets of created company after
disassembly or of existing company, to which is remitted a part from patrimony, shall be
proportionally with value share owned by the founders in statutory capital or/and in net assets
of company which is in the process of reorganization.

(8) The company which split into one or several companies is obliged to introduce amendments
into its Charter and to decide on treasury bills which shall appear after reorganization.

(9) The decision of general shareholders meeting regarding reduction of statutory capital by the
company reorganizes by divestiture becomes effective in terms envisioned in the article 45. The
reduction of statutory capital shall be carried out by avoidance of treasury bills.

(10) The reduction of statutory capital shall be registered in foundation documents of the
reorganized company, after state registration of created company after reorganization or/and
modifications of constitution acts of the existing company, which receive a part from assets/patrimony, and, after registration in the state Register of securities, of reduction of
statutory capital through avoidance of treasury bills.

(11) For registration of company created by split, divestiture or/and registration of modification
of constitution acts of existing company to which is remitted a part from patrimony of
reorganized company, without the documents envisioned of Law on state registration of
enterprises and organizations, is presented the decision of general shareholders meeting,

(12) Reorganization of the company by disassembly shall be deemed finished:
a) in the event of split, following raying of securities, placed by the company, from the State registry of securities and the personal accounts closure of the security holders in the registry of the security holders of the reorganized company;
b) in the event of divestiture, following making the changes in the State registry of securities, in foundation documents of the reorganized company and the personal accounts closure of the securities holders, which is separating, in the registry of the security holders of the reorganized company;

**Article 96. Company Transformation**

(1) Company is entitled to be transformed into commercial company with another legal form of organization in accordance with the provisions of the effective legislation.

(2) Company shall be transformed as decided by the general meeting of shareholders. The decision shall meet the requirements of Article 33 paragraph (2) and stipulate the procedures for transforming the rights of shareholders into the rights of participants of created commercial company or manufacturing cooperative.

(3) The share size of each participant in the capital of a created commercial company may not change compared to the shareholder’s share in the statutory capital of a transformed company.

(4) All rights and liabilities of the reorganized company shall pass on to the transformed company in compliance with the document on transfer and the balance sheet of the transformed company.

**Chapter 20**

**COMPANY DISSOLUTION**

**Article 97. General Provisions**

(1) Company can be remised only at the decision of the general meeting of shareholders or court.

(2) At the decision of the general meeting of shareholders, the company shall be remised in compliance with this Law and the company Charter.

(3) At the decision of court, the company can be remised pursuant to the Civil Code, this Law and other legal acts.

(4) Transactions in the company securities shall be terminated on the date of announcement of decision on its dissolution.

(5) Decision on company liquidation shall be published in the Official Monitor of the Republic of Moldova within 10 days after its issue.

(6) If the general meeting of shareholders issued a decision on company dissolution before the company conducted the first transaction with other parties, the company can be remised without publication of the decision thereon. In this case, the shareholders shall be compensated for their contributions except for expenses related to creation of the company.

(7) The company liquidation shall be carried out by a liquidation commission or liquidator to which all the powers with regard to the company management shall be delegated.

(8) If more than 30 per cent of the company voting shares are owned by the Republic of Moldova or an administrative unit, their representative shall be included in the company liquidation commission.

In the event of failure to meet this requirement, decision of the liquidation commission shall be deemed invalid.

(9) Upon settlement with its creditors, the liquidation commission or liquidator shall draw up a liquidation balance sheet to be approved by the general meeting of shareholders.
Article 98. Distribution of Assets after the Company Liquidation
(1) Assets remaining after the company liquidation shall be distributed by the liquidation commission or by liquidator among all the shareholders in the following sequence:
   a) in the first turn, payments on shares subject to repurchase in compliance with Article 79 shall be made;
   b) in the second turn, the salvage value of preferred shares and declared but unpaid dividend on them shall be paid out; and
   c) in the third turn -- payments on common shares shall be made.
(2) Each next payment shall be made after all the previous payments were made.
(3) If assets remaining after the company liquidation are insufficient for all payments of the first or second sequence the payments shall be made within the first or second sequence according to the class and in proportion to the number of shares stipulated in subparagraphs a) and b) of paragraph (1).

Article 981 Forced dissolution of the company
(1) Company may be liable on forced dissolution on the court decision, upon request of shareholders and National Commission of Financial Market in the event of:
   a) was not set up shareholders registry in conformity with the legislation;
   b) was not assured the minimal mandatory amount of the statutory capital or was not made the decision on reorganization or dissolution;
(2) Court designates a fiduciary administrator of forced dissolution of the company;
(3) Companies liable on forced dissolution shall be free of payment on notification publication in the Official Monitor of the Republic of Moldova and tax free on exclusion the State registry of enterprises and organizations and from State registry of securities.
(4) On decision pronouncement date of the court on the company forced dissolution initiation, the National Commission of Financial Market shall radiate its securities from the State registry of securities.

Chapter 21
FINAL AND TEMPORARY PROVISIONS

Article 99. Specific Features of Applying the Law to Agricultural Companies
(2) The company statutory capital can be formed out of the value of contributions stipulated in paragraph (2) of Article 41 and/or shares of assets in value terms calculated and drawn up as set forth in the legislation.
(3) Land plots (shares of land of equal value) with the consent of their owners can be transferred to the company this land under lease or for utilization as a contribution to the company statutory capital.
(4) Conditions, terms and manner of leasing out land plots (shares of land of equal value) to the company shall be stipulated in the lease agreement, and in the event of transferring it for use as a contribution to the statutory capital -- in the foundation documents of the company.
(5) If three months prior to expiry of the term set by the lease agreement or the company Charter, the owner of land plot (share of land of equal value) did not declared its intention to change the terms of the agreement or revoke or to modify it, or terminate its right to use the plot (share), the lease agreement or the right to use shall be deemed extended for the previously agreed-upon term.
In the event of extension of the right to use land plot (share of land of equal value), the company is obliged to additionally grant to the land (share) owner shares in the amount of the right in value terms.

In the event of refusal of the land (share of land of equal value) owner to extend the lease agreement or the right to use it, the plot (share) shall be withdrawn in the manner and within the deadline stipulated in the land legislation and other legislation.

**Article 100. Specific Feature of Applying the Law to Companies Created in the Course of Privatization and Banks**

1. Companies created in the process of privatization of assets of state and municipal enterprises shall be prohibited to issue non-par shares prior to completion of their privatization.
2. At the decision of the general meeting of shareholders issued after completion of privatization of mentioned companies in paragraph (1) shares with par value can be converted into non-par shares.
3. Banks created as closed-end companies shall not be bound by requirements of paragraph (6) of Article 2 till January 1, 2001.

**Article 101. Effectiveness of the Law**

1. The Law shall take effect on the day of its publication.
2. From the day of effectiveness of this Law, legal acts existing in the territory of the Republic of Moldova prior to their adjustment to this Law shall be applied to the extent of their compliance with this Law.
3. Charters of companies registered till the effectiveness of this Law must brought into compliance with the Law before June 1, 1998. On registration of amendments and additions made in the mentioned charters are for free.
4. Charters of companies which were not brought into compliance with the Law before January 1, 1998 shall be deemed invalid; and any shareholder of the company or the National Commission of Financial Market shall be entitled to address court with a request to force the company into adopting a new version of the charter.
5. Before October 1, 1997, the Government shall:
   a) submit to the Parliament its proposals on bringing the legislation in compliance with this Law;
   b) bring its legal acts in compliance with the Law; and
   c) adopt normative acts which ensure implementation of the Law, including:
      regulations on the manner of evaluating the net-asset value (own capital) of commercial companies;
      regulations on the manner of preparing and conducting the general meeting of shareholders of open-end companies.
6. From the day of effectiveness of this Law, the Law on Joint-Stock Companies No. 847-XII of January 3, 1992 shall be deemed invalid.
Law on Joint-Stock Companies was modified in compliance with Law on amendments and additions of Law nr.1134-XIII from 2 April, 1997 on Joint-Stock Companies nr. 163-XVI from 13.07.2007


Article II

(1) This Law shall take effect on 1 January 2008.

(2) Joint Stock Companies, in deadline not later than 1 January 2009, shall adjust the amount of statutory capital and its charters in compliance with provisions of this Law. On registration of changes and additions envisioned in this Law into the State registry of enterprises and organizations, as well as on entering securities into the State registry of securities issued in the purpose of statutory capital increase till the established minimal level, shall be free of tax.

(3) Shareholders of the companies which, on the date of taking effect of this law, were created as closed joint stock companies it shall be entitled to execute the right of alienation the closed company’s shares, if its charter do not provide otherwise, following:

a) shareholder of the closed company who want to sell his shares shall be liable to submit to the executive body of the company a written offer with indicated conditions of the proposed transaction;

b) if, within a month following the notification on shareholder’s offer, other shareholders of the company have not exercised his/her preemptive right upon alienated shares, shareholder shall be entitled to sell them to any other person at a lower price than that proposed company shareholders;

c) on creditors request to the company’s shareholder, shares that are owned by the mentioned shareholder may be sell on decision of the court if, within a month following the submitted request, shareholders of the company have not exercised their preemptive right upon these shares;

d) on transition of the ownership right upon shares by succession (hereditarily), donation or in the reason of failing the execution of pledge, the preemptive right of shareholders shall not be carried out.

(4) Government and the National Commission of Financial Market, within six months following this Law shall take effect shall:

- submit to the Parliament its proposals on bringing the legislation in compliance with this Law;
- bring its normative acts in compliance with the Law.

Article III. – Law nr.1134-XIII from 2 April 1997, on joint stock companies, with former amendments and additions, inclusive with those made by this Law, shall be republished in Official Monitor of the Republic of Moldova.