BUSINESS ORGANIZATION LAW

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PART I: PRELIMINARY

Article 1. Sphere of Application

1) The present Law regulates the organizational and legal forms of enterprises and their registration.

2) Business organizations and entrepreneurs shall carry out business activity.

3) Forms of performing economic business activity registered under this Law shall be obliged to obtain a license prior to commencing their business activity, if the license is envisaged by a special regulation. Such licensing requirements under other applicable law shall not constitute a bar to an otherwise valid registration under this Law.

Article 2. Forms of Enterprises

1) The main forms through which economic-commercial activities may be conducted in Montenegro are as follows:
   (1) the individual entrepreneur;
   (2) the general partnership ("GP");
   (3) the limited partnership ("LP");
   (4) the joint stock company ("JSC"),
   (5) the limited liability company ("LLC");
   (6) foreign company branch.

2) If a natural person or a group consisting of natural or legal persons engage in commerce but fail to comply with the formation or registration requirements set forth herein as they relate to limited partnerships, joint stock companies, or limited liability companies, they shall be deemed to be, respectively, an individual entrepreneur or a general partnership for purposes of relations with creditors and other third parties.

3) Paragraph 2 of this Article shall not apply in the case of failing to renew the registration of a joint stock company.

4) Any individual who enters into a contract on behalf of a business knowing that it is not legally registered may be personally required to perform on that contract and personally liable for any harm arising therefrom.

Article 3. Status of Legal Person

1) Joint stock company and limited liability company shall acquire the status of a legal person upon registration.

2) A "branch" of a company is a unit of a company having no legal identity apart from the company itself.

Article 4. Misuse of legal person

1) Where there is proven fraudulent conduct in the use of limited liability or a gross failure to follow the formalities of the limited liability company, joint stock company, or limited partnership, the Commercial Court may upon making such findings may impose direct liability upon one or more of the owners in the case of limited liability or joint stock company, or upon the limited partners in the case of a limited partnership.

2) In the case of a joint stick company or limited liability company, factors that can constitute a gross failure from paragraph 1 to follow formalities may include the co-mingling of funds or of the assets of the owners and the entity, false or misleading registration, failure to keep adequate records, failure to keep current registration and information on file with the Central Registry of the Commercial Court (hereinafter referred to as: CRPS), inadequate capitalization or insurance coverage commensurate with risks associated with the type of business engaged.

3) In the case of a limited partnership, in addition to the factors set forth in paragraph 2, the direct involvement of a limited partner in the management or affairs of the limited partnership, inclusion of the limited partner's name in the partnership name, or otherwise representing to third parties that the limited partner is a general partner, may constitute a gross failure to follow formalities of the limited liability company.

Head Office
Article 4a

1) Head office shall mean a place where an entrepreneur and a business organization perform its business activity.

2) If the business activity is performed in several places, a place where the management of the business organization head office is located shall be considered as head office.

Name
Article 4b

1) Name of a business organization and entrepreneur shall mean the name under which they are operating.

2) A business organization and entrepreneur shall be obliged to use the registered name in all business letters and other documents forwarded to third parties. The name shall be posted on the business premises of the business organization and entrepreneur.

3) Names of registered joint stock companies, limited liability companies and limited partnerships must differ from other names registered with the CRPS.

4) Name may also contain an indication of the business activity.

5) Name of a business organization and entrepreneur cannot contain data that could lead to confusion regarding the business organization or the entrepreneur, and their business activities.

6) The name of a general partnership must contain the indication “general partnership” or “GP” abbreviation.

7) The name of a limited partnership must contain the indication “limited partnership” or “LP” abbreviation.

8) The name of a joint stock company must contain the indication “joint stock company” or “JSC” abbreviation.

9) The name of a limited liability company must contain the indication “limited liability company” or “LLC” abbreviation.

10) A foreign company branch must contain the original name of a foreign company, indication or indication abbreviation of the form of that company (“joint stock company” or “JSC”, “limited liability company” or “LLC”, “limited partnership” or “LP”), alternative name of a foreign company branch, if the original name of a foreign company is used by another business organization in Montenegro, as well as the form of organization of a foreign company branch (“foreign company branch”, “business unit”, “mission”, and similar).

11) Parent company may use in its name the indication “holding”, “holding company”, “parent company”, “group” and similar. Parent company shall mean the company having a majority ownership or majority right to manage another company - subsidiary.

12) A business organization may use, in addition to the full name, an abbreviated name, if it is determined by the Foundation Act of the business organization or Charter. The abbreviated name of the business organization shall be registered with the CRPS.

13) Name of the business organization may contain the name “Montenegro”, coat of arms, flag and other state symbols in accordance with law.

14) Name of the business organization may contain names, coat of arms and other symbols of a foreign state or international organization, only with a prior approval of a competent body of the state or international organization that the name or symbols relate to.

15) Name of business organization may include name or part of the name of a physical person only with his/her consent, and if that person is deceased, with a consent of the person’s heirs.

16) If a business organization with its conduct or in another manner discredits honor and reputation of the physical person whose name is included in its name, that person or the person's heirs shall be entitled to request deletion of the person's name from the name of the business organization.

PART II: INDIVIDUAL ENTREPRENEUR

Article 5. Individual Entrepreneur

1) An individual entrepreneur is a natural person who engages in commerce for the purpose of making a gain who is not performing this activity as an agent or employee on behalf of another.

2) For the purposes of this Law, an individual who pursues an independent profession under special regulations shall be regarded as an individual entrepreneur, if so provided by such regulations.

3) An individual entrepreneur is personally liable for all debts incurred to the full extent of his assets.

4) Where an individual entrepreneur conducts business in any name other than his own name, he is required to register that trade name in a registration statement filed with the Central Registry of the Commercial Court in accordance with this law. If after submission of such registration statement, another trade name is used, the individual shall amend the registration statement to so indicate within 30 days of its first use.

5) An individual entrepreneur must register with the Central Registry of the Commercial Court by submitting a registration statement in accordance with this Law for statistical purposes. The individual entrepreneur shall receive a registration certificate. Such certificate is not a business license and shall have no legal effect.

PART III GENERAL PARTNERSHIP

Article 6. General Partnership

1) Partnership is the relationship which subsists between persons carrying on a business in common with a view of profit. All partnerships that are not limited partnerships are general partnerships.

2) A general partnership may arise by operation of law based upon the facts and conduct of the individuals.

3) Persons who have entered into partnership with one another are for the purposes of this Law called a partnership or firm.

4) A general partner may be natural or legal person.

5) General partners shall have unlimited joint and several liability

6) A general partnership is required to register by submitting a registration statement with the Central Registry of the Commercial Court for statistical purposes. However, the existence of a partnership is not conditioned on the registration. The registration statement shall state the name of the general partnership, its partners and their addresses. The partnership agreement, if any, may be filed but is not required.

Article 7. Relations of Partners to One Another

1) All property and rights and interests in property originally brought into the partnership stock or acquired, whether by purchase or otherwise, on account of the firm, or for the purposes and in the course of the partnership business, hereinafter called 'partnership property', must be held and applied by the partners exclusively for the purposes of the partnership and in accordance with any partnership agreement.

2) Unless the contrary intention appears, property bought with money belonging to the firm is deemed to have been bought on account of the firm as partnership property.

3) No majority of the partners can expel any partner unless a power to do so has been conferred by express agreement between all the partners.

4) The Commercial Court, on the complaint of one or several partners, may decide to expel the partner who violated the agreement on partnership.

5) In the case of Paragraph 4 of this Article, a share of the partner being expelled shall be divided equally among the partners remaining in partnership. The partners remaining in the business organization shall be obliged to compensate the expelled partner for the amount he would have received in the case of cancellation of the partnership.

6) Where a partnership, entered into for a fixed term, continue to conduct business activity after the term has expired, and without any express new agreement, the rights and duties of the partners remain the same as they were at the expiration of the term.

7) A continuance of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is presumed to be a continuance of the partnership.

8) Partners are required to give full information concerning all things affecting the partnership to any partner or his legal representatives.

9) Unless otherwise regulated by the agreement on partnership, or agreed upon among the partners, at the end of the business year, every partner shall equally participate in distribution of gain or loss coverage.

10) Every partner must account to the firm for any benefit derived by him without the consent of the other partners from any business activity concerning the partnership, or from any use by him of the partnership property, partnership name, or business connection.

11) This article applies also to business activity undertaken after a partnership has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up, either by any surviving partner or by the representatives of the deceased partner.

12) If a partner, without the consent of the other partners, carries on any business of the same nature as, and competing with, that of the firm, he must account for and pay over to the firm all profits made by him in that business.

Article 8. Relations of Partners to Third Parties

1) Every partner is liable jointly with his co-partners and also severally (individually) for everything for which the firm becomes liable at the time that he is a partner.

2) Every partner is an agent of the firm and his other partners for the purpose of the business of the partnership. The acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm of which he is a member shall bind the firm and his partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he is dealing either knows that he has no authority, or does not know or believe him to have such authority.

3) Any action or document relating to the business activity of the firm and done or executed in the firm name, or in any other manner showing an intention to bind the firm, by any person thereto authorized, whether a partner or not, is binding on the firm and all the partner.

4) Where one partner pledges the credit of the firm for a purpose apparently not connected with the firm's ordinary course of business, the firm is not bound, unless he is in fact specially authorized by the other partners but the partner himself may be personally liable.

5) If it has been agreed between the partners that any restriction shall be placed on the power of any one or more of them to bind the firm, no act done in breach of this agreement is binding on the firm with respect to persons having notice of the agreement.

6) Where by any act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his co-partners, loss or injury is caused to any person not being a partner in the firm, or any penalty is incurred, the firm is liable for this act or omission to the same extent as the partner who committed the act or was guilty of the omission.

7) Where one partner acting within the scope of his apparent authority receives the money or property of a third person and misapplies it, the firm is liable to make good the loss.

8) Where a firm in the course of its business receives money or property of a third person, and the money or property so received is misapplied by one or more of the partners while it is in the custody of the firm the firm is liable to make good the loss.

9) A person who is admitted as a partner into an existing firm does not thereby become liable for obligations existing on acts of the firm for anything done prior to becoming a partner.

10) A partner who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement.

11) A retiring partner may be discharged from any existing liabilities, by an agreement to that effect between himself and the members of the firm as newly constituted and the creditors and this agreement may be either express or inferred as a fact from the course of dealing between the creditors and the firm as newly constituted.

Article 9. Dissolution of Partnership

1) Subject to any agreement between the partners, a partnership is dissolved where:
   (1) entered into for a fixed term, by the expiration of that term;
   (2) entered into for a single transaction, by the termination of that transaction;
   (3) entered into for an undefined time, by any partner giving notice to the other or others of his intention to dissolve the partnership. In such case, the partnership is dissolved as of date of dissolution stated in the notice, or, if no date is mentioned, as from the date of the communication of the notice.

2) Unless otherwise agreed between the partners, every partnership is dissolved by the death or bankruptcy of any partner.

3) A partnership may, at the option of the other partners, be dissolved if the share of one partner in the partnership property is the object of legal proceedings for his separate debt.

4) A partnership is in every case dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the members of the firm to carry it on in partnership.

5) On application by any partner, the Commercial Court may order a dissolution of the Partnership.

6) If one or more partners, intentionally or due to a gross negligence, fail to meet the obligations in accordance with the agreement on partnership or meeting of that obligation has become impossible, the Commercial Court may decide to distribute the property of the partners, on the basis of the facts determined in the proceeding.

PART IV LIMITED PARTNERSHIP

Article 10. Definition and Constitution of Limited Partnership

1) A limited partnership is partnership of one or more persons called general partners, collectively called a limited partnership or firm, who shall be jointly and severally liable for all debts and obligations of the partnership and one or more persons to be called limited partners, who shall at the time of entering into such partnership contribute thereto a sum or sums as capital or property valued at a stated amount, and who shall not be liable for the debts or obligations of the partnership beyond that amount.

2) A limited partner shall not during the continuance of the partnership, either directly or indirectly, draw out or receive back any part of his contribution, and if he does so draw out or receive back any such part he shall be liable for the obligations of the firm up to the amount so drawn out or received back.

3) A limited partner may be a natural or legal person.

Article 11. Relations of Partners to One Another

1) Unless otherwise envisaged by the foundation agreement, decisions on ordinary matters of a limited partnership shall be adopted by a simple majority of votes of general partners.

2) The provisions of Article 7, paragraphs 10 and 12 of this Law shall apply to a general partner in a limited partnership.

3) A limited partner shall not take part in the management of the partnership business, and shall not have power to bind the partnership.

4) If a limited partner takes part in the management of the partnership business, he shall be liable as though he were a general partner for all obligations of the firm

incurred during the period that he takes part in the management of the partnership business.

5) A limited partner may by himself or by his representative inspect the books of the partnership at any time and examine into the state and prospects of the partnership business, and may discuss these mattes with the other partners.

6) A limited partner may, with the consent of the general partners, assign his share in the partnership, and upon such an assignment the assignee shall become a limited partner with all the rights of the assignor.

7) A person may become a partner without the consent of the existing limited partners.

8) Limited partner who enters the organization upon the establishment of the limited partnership shall be liable for obligations of the limited partnership to third parties that occurred prior to his entering the limited partnership, the same as other limited partners.

Article 12. Initial Registration of Limited Partnership

1) The registration of a limited partnership shall be effected by transmitting to the Central Registry of the Commercial Court a statement or contract signed by the all partners containing the following particulars:
   (1) The partnership name and statement that the partnership is established as limited partnership;
   (2) The principal place of business;
   (3) The term, if any, for which the partnership is entered into, and the date of its commencement;
   (4) The full name of each of the partners;
   (5) The name of every limited partner as such;
   (6) The sum contributed by each limited partner, and whether paid in cash or otherwise.

Article 13. Registration of Changes in Limited Partnership

1) If, during the continuance of a limited partnership any change occurs in:
   (1) the partnership name;
   (2) the principal place of business;
   (3) the term of the partnership;
   (4) the partner or particulars about partners;
   (5) the sum contributed by any limited partner;
   (6) the type of liability of any partner;

   a statement, signed by the partnership, specifying the nature of the change shall within seven days be transmitted to the Central Registry of the Commercial Court.

Article 14. Submission and Disclosure of Documents

1) If it is intended that any person shall cease to be a general partner and will become a limited partner, a notice to this effect shall be published in the Official Gazette and until this notice has been published the person may not cease to be a general partner or become a limited partner.

2) If it is intended that the share of a limited partner shall be assigned to any person, a notice to this effect shall be published in the Official Gazette and until this notice has been published the share may not be assigned.

3) Any person may inspect the statements concerning to a limited partnership filed in accordance with this Part in the Central Registry of the Commercial Court.

Article 15. Dissolution of Partnership

1) A limited partnership shall not be dissolved by the death or bankruptcy of a limited partner, and the lunacy of a limited partner shall not be a ground for dissolution of the partnership by the Commercial Court unless the lunatic's share cannot be otherwise quantified and turned into cash.

2) A limited partner shall not be entitled to liquidate the partnership by notice to the other partners.

3) The other partners shall not be entitled to dissolve the partnership by reason of the share of any limited partner being the object of legal proceedings in relation to his separate debt.

4) The provisions of this Law relating to the liquidation of company, and in such case general partners shall have rights and obligations established under this Law for members of board of directors. In case of disputes among general partners related to the partnership dissolution, the decision shall be brought by the Commercial Court in a civil procedure.

5) In the event of the dissolution of a limited partnership its affairs shall be wound up by the general partners unless the Commercial Court orders otherwise.

Article 16. Modifications of General law in case of limited partnerships

1) Every limited partnership must be registered as such in accordance with the provisions of this Law, or in default thereof, it shall be deemed to be a general partnership, and every limited partner shall be deemed to be a general partner.

2) Where not specifically governed by the provisions of this Part VI covering limited partnerships, the provisions of Part V governing general partnerships shall apply.

PART V JOINT STOCK COMPANIES

Chapter 1 General Provisions

Article 17. Joint Stock Companies

1) A joint-stock company is an economic entity which is an association of natural or legal persons formed for the purpose of conducting business, and the ownership of which is represented by shares.

2) A joint-stock company is a legal person and its existence, and its assets and liabilities are totally separate from that of its shareholders.

3) A joint stock company is liable for its obligations only to the extent of its assets.

4) Shareholders of joint stock-companies bear no personal liability for the obligations of the joint-stock company.

5) A joint stock company may be established for a period of limited or unlimited duration. A joint stock company only ceases to exist if it is terminated in accordance with this Law.

6) The amount of invested capital of a joint-stock company may not be less than 25,000 Euros. Shares acquired by the founders for the initial establishment of a joint-stock company must equal or exceed the minimum capital requirement and must be paid for in cash.

7) A joint-stock company shall not at any time accept a promise or other future commitment given by any person that he or another should do work or perform services for the company or any other person in payment for its shares.

Article 18. Founders and Shareholders

1) The founders of a joint-stock company shall be natural or legal persons who have executed the company foundation agreement in accordance with the procedure established by this law. Natural and legal persons of the Republic of Montenegro and other states may be founders. Each founder of a company must become a shareholder in that company on the execution of the foundation agreement.

2) A joint stock company may be established by one or more founders.

Single-Member Joint Stock Company
Article 18a

1) A single-member joint stock company shall mean a joint stock company established by a single shareholder, or when all shares upon the establishment are acquired by one physical person or a legal entity.

2) In the case of establishing a single-member joint stock company, a founder shall be obliged to adopt a decision on establishing a joint stock company. The decision on establishment shall contain:
   1) first and last name of the founder, his/her address and personal identification number, or name and head office of the legal entity and its unique registration number;
   2) name of the company being established;
   3) indication that it is a joint stock company;
   4) number of shares held by the founder and their initial value or nominal value of shares, if determined.

3) If all shares are acquired by one physical person or legal entity upon the establishment, the company shall be obliged to register the occurred change, as well as the first and last name and habitual residence, or name and head office of a single shareholder with the CRPS.

4) A shareholder of a single-member joint stock company shall have the authorizations of the general meeting of shareholders and shall make all decisions in a written form. Decisions shall be entered in the book of decisions of the organization in a chronological order.

Article 19. The Company Charter

1) The charter of a joint-stock company constitutes a legal document governing the conduct of the company's business.

2) The charter must include:
   (1) The name of the company;
   (2) Address of its registered office and address for receiving official notices;
   (3) The nature of the company's business activities;
   (4) provision that the organization is a joint stock company and amount of share capital determined as initial capital and amount of authorized increase in capital (authorized capital), if determined;
   (5) The rules governing changes in capital that are not mandated by law;
   (6) The procedure for exchanging one class of securities for another;
   (7) Limitation on the right of the company to issue bonds or incur other types of debt, if any;
   (8) Special benefits granted to the founders, if any;
   (9) In so far as they are not determined by law, the powers of and procedure for calling general meetings, procedures at general meetings and voting rules;

(10) In so far as they are not determined by law, the rules governing the number of board members, the procedure for election of the Board of Directors, procedures regarding the appointment of executive management, and their respective powers and duties, disqualification, removal and the allocation of powers among these bodies;
(11)
(12) Rules concerning the use of the company seal, if there is one;
(13) The procedure for issuing and receiving legal notices;
(14) The duration of the company, if this is not indefinite;
(15) The procedure to propose amendments to the charter;
(16) The charter may include other provisions in accordance with this Law.

3) The following information must be set forth either in the charter or in a separate legal document and shall be submitted to the Central Registry of the Commercial Court:
(1) The number of shares;
(2) The composition of the share capital by class of shares;
(3) Where there are several classes of shares, the number of shares by class, their initial price and the rights they give the holder;
(4) The number of shares issued for a consideration other than cash together with the nature of the consideration and the name of the person providing it.

Chapter 2 Formation, Restructuring and Liquidation of Joint Stock Company

Formation of Joint Stock Companies
Article 19a

A joint stock company may be incorporated in stages or simultaneously.

Incorporation in Stages of Company
Article 20

1) A joint-stock company shall be incorporated in stages by:
(1) signing of a foundation agreement;
(2) obtaining the approval for the initial issue of shares from the Securities Commission;
(3) implementing the public invitation for subscription and payment of shares;;
(4) subscription and payment of shares by founders;
(5) obtaining the decision from the Securities Commission on successfulness of the initial issue of shares;
(6) adoption of the charter at the statutory general meeting of shareholders;
(7) registration.

2) The following matters must be specified in the founding agreement:
(1) the founders (full names, identification numbers, names of legal persons) and their addresses;
(2) the name of the company;
(3) a statement that the company is a joint-stock company;

(4) the rights and obligations of the founders in the formation of the company and their liability for failure to fulfill their obligations;
(5) the number of shares to be acquired by each founder;
(5a) names of the founders who make non-monetary contributions, description of those contributions, number and type of shares obtained for those contributions and the deadline within which these non-monetary contributions must be brought into the company;
(6) the initial price, the nominal value (if any), the procedure and terms for the offer of shares;
(7) estimated cost of incorporation and method of compensation for incorporation costs;
(8) procedure for settling disputes between the founders;
(9) authorization of one or more named founders to represent the founders in the procedure for establishing the company.

3) The foundation agreement shall be signed by all the founders or by persons authorized by them in writing. The signatures on the agreements shall be authenticated in accordance with law. One witness may authenticate all the signatories. If any of the founders is a legal person or enterprise, the signature of the natural person duly authorized by the said legal person or enterprise shall be sufficient.

4) Following the signature of the foundation agreement, the founders shall open a settlement account in their names with a bank registered in the Republic of Montenegro. All moneys received in payment for shares shall be deposited in this account until the joint-stock company has been registered.

5) If, during the subscription and payment period, a number of shares determined by the prospectus is not subscribed and paid for, it shall be considered that the issue of shares was not successful and it shall be cancelled. Subscription and payment for purchasing more shares than the shares issued through the initial issue determined by the foundation agreement can be done, if the prospectus envisages the possibility to pay for more shares.

6) In such case, the contributions of the subscribers shall be returned to them without any deduction within the time period set by the Securities Law. The founders shall be severally and jointly liable for the return of the contributions.

7) In the case of successful issue of shares, the statutory general meeting of shareholders shall be held within 30 days from the day of expiration of the deadline for subscription and payment of shares. If, without justifiable reason, the statutory general meeting is not held within the above period, all the subscribers shall be relieved of their obligations to the company and shall have the right to full return of their contributions within 8 days from the day of the request submission.

8) The provisions established by this Law for the general meeting of shareholders shall apply to the statutory general meeting. The statutory general meeting may be attended by the founders and all those who have subscribed and paid for shares. A quorum for the statutory general meeting shall consist of 2/3 of the

shares entitled to vote represented in person or by proxy. If a quorum cannot be established, the provisions of article 39 shall apply.

9) The statutory general meeting shall elect the managing and executive bodies of the company and shall select the company's auditor, shall approve any contracts concluded by the founders where appropriate and shall approve, amend or supplement the charter. Decisions on these specific items at the statutory meeting shall be taken with a 2/3 majority of shares represented.

10) Other issues within the competence of the statutory general meeting shall be settled by simple majority of the voting shares present or represented by proxy unless otherwise stated in this law or the founding memorandum.

11) Reimbursement of incorporation expenses may be paid to the founders or to third persons provided that they are substantiated by documents. Disputes concerning reimbursement shall be settled by the Commercial Court.

12) The founders shall be jointly and severally liable for any contracts and expenses incurred that have not been assumed by the company at the statutory general meeting.

13) If authorization to commence business is required by a special law, the founders shall be jointly and severally liable for any liabilities incurred by or on behalf of the joint stock company during the period before such authorization is granted or refused. This provision shall not apply to liability under contracts concluded by the joint-stock company conditionally upon its being granted authorization to commence business.

14) The shareholders have the right to request that the founders compensate the company for any liabilities incurred by the joint-stock company prior to the day of its registration by reason of the founders' failure to fulfill their obligations or the founders' dishonesty related to incorporation. Disputes concerning the compensation for such liabilities shall be settled in the Commercial Court.

Simultaneous Incorporation of Company
Article 20a

1) A joint stock company shall be incorporated simultaneously by:
    1) signing the foundation agreement, or the adopting the decision on formation of a single-member joint stock company;
    2) purchasing all shares at the moment of formation without issuing a public invitation for subscription and payment of shares;
    3) obtaining the decision of the Securities Commission on recording the initial issue of shares;
    4) adopting the charter;
    5) registration.

2) The foundation agreement, or the decision on formation, shall contain the data referred to in Article 20, paragraph 2, and Article 18a, paragraph 2 of this Law.

Upon signing the foundation agreement of a joint stock company, founders shall open the account in the name of a founding company with the bank registered in the Montenegro. Money received from payment of shares shall be deposited on this account until termination of the procedure for registration of a joint stock company.

3) Founders shall be obliged to pay for shares, or to make non-monetary contributions within the deadline determined by the foundation agreement.

4) In the case that some founder did not pay for shares or did not make non-monetary contribution, the founders who paid for shares or made non-monetary contributions, shall change the foundation agreement of a joint stock company in the part regarding founders and their shares, if the requirements referred to in Article 17, paragraph 6 of this Law are met.

5) Founders shall be obliged to record the issue of shares with the Securities Commission.

6) If all founders of a joint stock company sign decisions on accepting the charter of the company, appraisal of non-monetary contributions, selection of management bodies, executive bodies and auditors of the company and other decisions that should be adopted at the statutory general meeting of shareholders, the statutory general meeting of shareholders shall not be convened.

7) All signatures on decisions referred to in paragraph 6 of this Article shall be authenticated in accordance with law.

8) If the agreement on issues referred to in paragraph 6 of this Article is not reached, the statutory general meeting of shareholders shall be held within 30 days from the day of payment of shares.

Article 21. Initial Registration

1) The following documents and particulars must be disclosed at the first registration of a joint stock company:
   (1) The foundation agreement;
   (2) The charter and a special act, if the charter does not contain the data referred to in Article 19, paragraph 3 of this Law;
   (3) A list of directors:
   (4) The first and surnames, dates of birth, and any former names of the directors;
   (5) Their identification numbers;
   (6) Their residential addresses;
   (7) a statement indicating their citizenship;
   (8) their business occupation;
   (9) details of any other directorships or positions held in Montenegro or elsewhere and the place of registration of such companies if not in Montenegro.

(10) names and addresses of the Authorized Officer, and Chief Executive and the auditor;
(11) the name of the company, the address of its registered office and address for receiving official notices;
(12) the signed consent of the first directors, the Chief Executive, the Authorized Officer and the auditor to their appointments;
(13) a copy of the decision of the Securities Commission approving the prospectus for initial offering of shares as well as the decision of the Securities Commission regarding the success of the issue or the decision of the Securities Commission on recording the initial issue of shares in the case of a company incorporated simultaneously;
(14) a document confirming payment of the appropriate registration fee.

2) The registration must indicate whether persons authorized to represent the company either as a body or as individuals may act alone or jointly.

3) The company shall acquire the status of a legal person upon entry into the records of the Central Registry by the Registrar. The registration is evidenced by the issuance of a registration certificate.

4) Disclosure of company's name and registered office, the names of the members of the Board of Directors, Authorized Officer, Chief Executive (if applicable) and the auditor as well as the existence of the foundation agreement and the charter and date of the registration shall be sent for publication in the Official Gazette by the Registrar of the Commercial Court.

Article 22. Restructuring of Joint Stock Company

1) Joint-stock companies may be restructured in the following manner:
   1) By merger;
   2) by division into two or more separate companies;
   3) by changing the organization form.

2) Restructuring may only take place when the assets of a joint-stock company exceed its liabilities. A company for which bankruptcy proceedings have been instituted shall be restructured in accordance with the law regulating business organization insolvency.

3) Companies taking over assets and liabilities may give to shareholders of the companies whose assets have been taken over, in addition to shares, cash payment as a fair compensation, provided that the amount is not exceeding 10% of the nominal value of the shares issued for the taken over assets or accounting value if the nominal value is not determined.

4) The contract on merger, the decision on division into two or more companies, the decision to change organizational form, as well as the decision on issue of shares based on restructuring of a company shall be adopted by 2/3 majority vote of shareholders present and represented by person or by proxy. If there

are several classes of shares, for a decision of a general meeting of shareholders to be made, majority of every class of shares shall be required.

5) The issuance or cancellation of shares in a restructuring procedure shall be recorded with the Securities Commission.

6) The companies' own shares shall not be exchanged for shares of the recipient company when the companies cease to exist through merger or division, as well as the shares that the recipient company owns, directly or through third persons holding shares for its account, in companies that cease to exist.

7) Provisions on restructuring of joint stock companies shall be applied accordingly also to restructuring of other business organizations.

Merger of Companies
Article 22a

1) Restructuring of a joint stock company by merger shall be done when one or more companies join the existing company by transferring the entire assets and liabilities to that company which in exchange issues shares to shareholders of the companies being merged, or two or more companies merge into a newly formed company that issues shares of the newly formed company to shareholders of the companies being merged. The surviving company, or newly founded company, shall be known as the recipient company, whereas the company transferring assets and liabilities shall be known as merged company.

2) Board of Directors of the company involved in merger shall prepare for the general meeting of shareholders a written report giving a detailed legal and economic justification of reasons and consequences of the merger and explanation of the share exchange ratio.

3) Board of Directors of companies involved in merger shall harmonize a draft contract on merger, which shall contain:
    1) the name, form and registered office of each company involved in merger;
    2) the share exchange ratio and the amount of any proposed cash payment in case those are additionally provided for the fair compensation;
    3) the manner and deadline for assumption of specific liabilities ;
    4) the terms and conditions relating to the allotment of shares in the recipient companies;
    5) the date from which the holders of shares referred to in item 4 of this paragraph shall be entitled to participate in the gain of the recipient company and any special conditions that may affect that entitlement;
    6) the date from which the business transactions of the companies being merged shall be treated for accounting purposes as being those of the recipient company;[1]
    7)

[1] Translator's note: in the published Official Gazette of Montenegro number 17/07, this item is split into two, the items 6 and 7.

8) the rights conferred on the shareholders, having shares with special rights, of the merged company by the recipient company and on holders of other securities carrying special rights;
9) other payments or benefits, in cash or other means, made or intended to be made, to bodies or managers of the companies involved in the merger or to independent expert who prepares the report on draft contract of merger, as well as reasons for such payment or benefits;
10) the precise description of the assets and liabilities to be transferred to the recipient company; the form of organization and name of a new company, where the restructuring involves the formation of a new company by merger;
11) the proposal of the charter of a new company, in case when restructuring is done by creation of the new company through merger.

4) Harmonized draft contract of merger in the name of every company being merged shall be signed by a member of the Board of Directors determined by every company included in merger.

5) The Board of Directors of every company involved in merger shall determine one or more independent experts to examine the draft contract of merger. The Boards of Directors of companies being merged may jointly appoint one or several same independent experts to examine the draft contract of merger.

6) In their reports, independent experts shall be obliged to, including but not limited to, give an opinion on terms and proposal of merger, used methods, determined share exchange ratio, including amount of cash payment, as well as difficulties, if any, during the assessment of the company's assets.

7) Independent expert can be an auditor, court expert with the economic background, or another appraiser selected by the Board of Directors, as well as an audit firm. Independent expert cannot be a current or former authorized officer or person employed in the company being merged, person who is a business partner of the company being merged, or spouse or first degree relative of a member of the Board of Directors or of employee in the company involved in merger.

8) Companies involved in merger shall be obliged to provide, at the request of independent expert, all data and documents necessary for developing a report.

9) Members of the Board of Directors of the company being merged, as well as independent experts examining a draft contract of merger shall be liable for damage they cause to shareholders of the company in the procedure of merger, if they did not act conscientiously and with a diligence of conscientious custodian.

10) Draft contract of merger shall be submitted to the CRPS that shall publish it in the Official Gazette of Montenegro. The company shall publish the notice of merger at least in two daily printed media published in the Republic at least 30 days prior to holding the general meeting of shareholders where the draft contract of merger shall be considered.

11) Every company involved in merger shall inform thereon in writing all creditors at least 30 days prior to holding the general meeting of shareholders where draft contract of merger shall be considered.

12) The recipient company must provide holders of convertible bonds and other securities entitling them to special rights, which are issued by merged companies, equal rights that have been granted by merged companies, or it must provide cash compensation if such rights are not provided for. In the case the agreement on the amount of cash compensation is not reached, the competent court shall determine the amount of cash compensation.

13) Companies involved in merger shall be obliged to provide their shareholders, at the head office of the company, or in premises of the company outside its head office if the business activity is performed in several locations, at least 30 days prior to the day of holding the general shareholders' meeting at which the proposed manner of merger will be considered, as well as at the very general shareholders' meeting, the following documents:
    1) draft contract of merger;
    2) report of Board of Directors on justification of reasons and consequences of merger;
    3) report of an independent expert;
    4) annual financial statements for the last three years of every company involved in merger;
    5) special financial statement stating the condition in the company on a day at the most three months prior to the day of preparing the draft contract of merger, if the draft is prepared after the expiration of six months from the day of completing the last business year.

14) The special financial statement referred to in paragraph 13, item 5 of this Article shall present data in the same manner as in the annual financial statement, provided that value estimations can be based only on changes in bookkeeping relative to the condition stated in the last financial statement, without taking inventory of the assets.

15) Companies involved in merger shall be obliged to deliver or submit, free of charge, to every shareholder, at his request, the copies or required parts of the copies of documents referred to in paragraph 13 of this Article.

16) The recipient company shall submit to the CRPS the contract of merger, signed and authenticated in accordance with paragraph 17 of this Article, the minutes from the general meeting of shareholders at which the decision on merger was adopted, and the decision on the issue of shares based on the merger, at the latest within 15 days as of the day of receiving the decision of the Securities Commission on recording the issue of shares based on the merger.

17) The contract of merger shall be valid when it is adopted in the same text form by general meetings of shareholders of the companies involved in merger and when all signatures in the contract are authenticated in accordance with law.

18) The CRPS shall publish the contract of merger in the Official Gazette of Montenegro, upon obtaining the documentation referred to in paragraph 16 of this Article.

19) The Securities Commission shall publish the decision on recording the issue based on the new merger in the Official Gazette of Montenegro. By registering the issue of shares based on the merger in the CDA:
    1) assets and liabilities of the merged company shall become assets and liabilities of the recipient company;
    2) shareholders of the merged company shall become shareholders of the recipient company;
    3) the merged company shall cease to exist without conducting a liquidation procedure, and shares of the merged company shall be cancelled;
    4) Employees of the merged company shall continue to work in the recipient company in accordance with the labor regulations and contract of merger.

20) Within 6 months from the day of publishing the contract of merger in the Official Gazette of Montenegro, a shareholder who voted against or did not attend the general meeting of shareholders that adopted the contract of merger or a creditor of company, may request the Court to cancel the merger, if substantial provisions on merger proceeding are not complied with, and if creditors, at their request, are not provided with adequate protection of their claims, and the merger substantially endangers the satisfaction of their claims. Right to additional security shall not belong to creditors whose claims have already been fully and reliably secured.

21) The court shall submit a valid decision, within 15 days from the day of validity, canceling the merger to the CRPS, to the Official Gazette of Montenegro for publication. If, within 90 days from the day of publication of the valid decision in the Official Gazette of Montenegro, the general shareholders' meeting is not held and bodies of the company are not selected, a registrar shall initiate a court liquidation procedure in the companies that were subject to merger.

22) In the case of merger cancellation, obligations that recipient company created within the period from the day of recording the issue of shares based on the new merger in the CDA until the publishing the decision of the court on cancellation of merger in the Official Gazette of Montenegro shall be valid, and companies that have been involved in the merger procedure shall be jointly and severally liable for obligations of the recipient company for the aforementioned period.

Simplified Merger
Article 22b

1) Provisions of Article 22a of this Law shall apply to the case of merger of merged company with the recipient company holding at least 90% of shares of that company, provided that the general meeting of shareholders of the recipient company does not have to be held if the following requirements are met:
    1) if the draft contract of merger is published in the Official Gazette of Montenegro, and the notice of merger at least in two daily printed media

issued in the Montenegro no later than 30 days prior to the day of holding the general meeting of shareholders of the merged company;
2) if shareholders of the recipient company are provided with the access in the head office of the recipient company to the draft contract of merger, annual financial statements for the last three years and special financial statement referred to in paragraph 13, Article 22a of this Law, at least 30 days prior to the day of holding the general meeting of shareholders of the merged company where the draft contract of merger shall be considered;
3) if one or more shareholders of the recipient company holding together at least 5% of the shares of that company have not requested that the decision on merger is adopted by the general meeting of shareholders of the recipient company.

2) In the case referred to in paragraph 1 of this Article, the decision of the Board of Directors of the recipient company shall be considered as the decision of the general shareholders' meeting**,** whereas the decision of the Board of Directors on the issue of shares based on restructuring by way of merger shall be considered as the decision of the general shareholders' meeting of the recipient company.

3) It shall be considered that the recipient company is the owner of shares of the merged company even if another party holds shares of the merged company for the account of the recipient company.

Division of Joint Stock Company
Article 22c

1) A joint stock company shall cease to exist by restructuring by way of division, by transferring entirely its assets and liabilities to two or more existing or newly formed companies, which will in exchange issue shares that are distributed to shareholders of the dividing company.

2) Provisions of this Law regarding merger of companies shall apply accordingly to division of a joint stock company, unless otherwise determined by this Article.

3) In the case of division of the company and transfer of assets and liabilities to two or more existing companies, Boards of Directors of companies involved in division shall harmonize the draft contract of regulating mutual relations occurring by division of a joint stock company. In addition to the elements stated in paragraph 3, Article 22a of this Law, the draft contract must also contain precise description and allocation of assets and liabilities that should be transferred to companies taking over assets and liabilities, as well as the proposal for allocation of shares of the companies taking over assets and liabilities to shareholders of the dividing company and criteria for such division.

4) In the case of division of joint stock company to two or more newly founded companies, Board of Directors shall prepare for the general meeting of shareholders a written proposal on terms and manner of division consisting of the data stated in paragraph 3 of this Article, names of the new companies and the

proposal of the decision on the issue of shares based on restructuring by way of division.

5) Division of shares of companies formed by way of division shall be done proportionally to the ownership structure of the dividing company.

6) Notwithstanding paragraph 5 of this Article, a different division of shares can be envisaged, on the basis of specially stated reasons and criteria.

7) Shareholders who are dissatisfied with the allocation done in accordance with paragraph 6 of this Article may request buy-back of their shares.

8) Where a part of the asset is not, or cannot be, divided by the proposed terms of division, the part of that asset shall be allocated to companies taking over assets and liabilities in proportion to their share in distribution of net assets of the dividing company.

9) Where liability is not, or cannot be, allocated in accordance with the proposed terms of division, every company taking over assets and liabilities shall be jointly and severally liable for that obligation.

10) In the case of obligation not fulfilled by the recipient company that assumed this obligation in accordance with the contract referred to in paragraph 3 of this Article or proposal referred to in paragraph 4 of this Article, other recipient companies shall be jointly and severally liable, unless otherwise agreed upon by a certain creditor. Joint and several liability referred to in this paragraph shall be limited up to the amount of net assets taken by the recipient companies".

Article 23. Restructuring of a Joint-Stock Company into a Limited Liability Company

1) A joint stock company may be restructured into a limited liability company under the following conditions:
   (1) The number of shareholders at the time of proposed restructuring shall be no more than thirty;
   (2) The share capital must be paid in full;
   (3) the general meeting must pass a special resolution to be restructured as a limited liability company;
   (4) All requirements for the formation of a limited liability company specified within this law shall be complied with;
   (5) The charter must be amended to provide that it is a limited liability company;
   (6) The charter must conform to the requirements for a limited liability company and any provisions only appropriate to a joint-stock company must be deleted;
   (7) The representative ownership interests shall be expressed as a "parts" and such parts shall be allocated among the members in the same proportion as their ownership percentage expressed in shares, unless otherwise agreed to by all affected members;

(8) The joint-stock company's shares shall be de-registered in accordance with the Law on Securities of the Republic of Montenegro and the shares shall be canceled.

2) Upon completion of all conditions for the restructuring of a joint-stock company into a limited liability company, the company shall be deemed a limited liability company from the day of registration.

Article 24. Voluntary Liquidation

1) Voluntary liquidation under this section may only be conducted where company financial resources are sufficient to cover liabilities. In circumstances where liabilities exceed available financial resources, or anticipated financial resources, through the sale of assets or otherwise, provisions of Articles 24 and 25 of this Law shall not apply, but provisions of the law regulating insolvency of business organizations shall apply instead.

2) A voluntary liquidation of a joint-stock company under this law may be commenced where-
   (1) There is provision in the charter for the joint-stock company to be voluntarily liquidated after a certain time or on the happening of a specified event and the time has passed or the specified event has occurred; or
   (2) A resolution that the joint-stock company be voluntarily liquidated has been passed at an extraordinary general meeting by at least 3/4 of the votes actually present in person or by proxy by the members and, least twenty-one days notice of the said meeting and proposed resolution has been given; or
   (3) The joint-stock company in general meeting by 2/3 vote actually present in person or by proxy resolves that it does not wish to continue in business and should be voluntarily liquidated.

3) The resolution referred to in paragraph 2 point (2) above shall be valid even if twenty-one days notice was not given if, at the meeting, shareholders holding at least 9/10 of the voting rights so agree.

4) A copy of a resolution to commence the voluntary liquidation of a joint-stock company must be sent to the Register of the Commercial Court by the Board of Directors within five days of its being passed.

5) Notice of the passing of the liquidation resolution must be submitted for publication in the Official Gazette by the Registrar of the Commercial Court within five days of its being received.

6) Following the passing of a liquidation resolution, the general meeting or extraordinary general meeting shall select and appoint a liquidator nominated by the directors, and set the terms of the liquidator's engagement.

7) The liquidator shall submit a notice of appointment to the Register of the Commercial Court containing his name and contact information within ten days of his appointment.

8) From the date of the appointment of the liquidator:
   (1) The powers of the directors shall cease, except to the extent that the liquidator or the company in general meetings permits them to continue to act;
   (2) The company shall cease to carry on business, except to the extent that it is required and necessary for the prudent, orderly and beneficial completion of company activities and liquidation of the company as determined by the liquidator;
   (3) Any transfer of shares, disposal of assets, or incurring of debt without the liquidator's consent, shall be voidable to the extent allowed by law;
   (4) Notification that the company is being liquidated must be indicated on all letters, invoices and order forms issued by the company.

9) The company shall solicit in writing all known creditors of the company to submit their claims and shall inform tax authority as well.

10) The company shall be obliged to publish the notice of voluntary liquidation at least two times in at least one daily printed media outlet issued in Montenegro within the range of at least 15 days between the publications, but not exceeding 30 days between the publications.

11) Notification referred to in paragraphs 9 and 10 of this Article mandatory contains deadline until which claims must be submitted, which cannot be shorter than 60 days from the day submission of the notification referred to in paragraph 9 of this Article, or for companies that have not received notification in written form from the day of publication of the last notice referred to in paragraph 10 of this Article.

12) Claims of creditors that have submitted their claims upon the expiry of deadline referred to in paragraph 11 of this Article shall be settled from remaining assets until the completion of the proceeding of voluntary liquidation.

13) Creditor whose claims are disputed by the liquidator shall be obliged, within 30 days from the day of receipt of the disputed claim to initiate the proceeding before the competent court.

14) Proceeding of voluntary liquidation shall not be completed until the proceeding referred to in paragraph 13 of this Article is not completed or until an adequate security for disputed claim is not provided.

15) When the affairs of the company have been fully or substantially concluded the liquidator shall prepare a final report showing how the liquidation has been conducted and how the property of the company has been disposed of. This final report shall, at minimum, contain a final balance sheet, and a statement of cash sources and uses, and must indicate what assets have been disposed of, what proceeds have been generated from such disposal, and whether any further matters remain to be resolved and the method of proposed resolution. The final

report shall also indicate the amount of expenses and fees incurred by the liquidator.

16) After preparation of the final report, the liquidator shall convene an extraordinary general meeting at which he will present the final report.

17) Within seven days from the extraordinary general meeting referred to in paragraph 16 of this Article, the liquidator shall send a copy of the final report to the Registry along with a request for de-registration of the company.

18) On receipt of the final report and the request for de-registration, the Registrar will remove the company from registration and send notice of such de-registration to the Official Gazette for publication.

Shortened Liquidation Proceeding
Article 24a

1) Voluntary liquidation may be conducted under shortened proceeding if upon the adoption of the decision on voluntary liquidation all shareholders present to the court authenticated statement that all liabilities toward creditors have been settled, including liabilities toward the employees.

2) Shareholders referred to in paragraph 1 of this Article shall be jointly and severally liable for liabilities of the joint stock company three years after the deletion of the company from the CRPS.

3) Shareholders, creditors and other parties having legal interest may, within 30 days from the day of the adoption of the decision on termination of the company under shortened proceeding, may initiate proceeding for cancellation of the decision before the court.

4) The court shall annul the decision on voluntary liquidation of the company under shortened proceeding if determines that shareholders or creditors would have been damaged by such decision and shall appoint the liquidator which shall carry out proceeding of the voluntary liquidation pursuant to the Articles 24 and 25 of this Law.

5) The joint stock company that ceases to exist under shortened proceeding shall be deleted from the CRPS, while personal names, unique personal identification number and the address of physical persons being its shareholders or name, head office and unique registration number of legal entity being its shareholders shall be recovered with the CRPS with indication of their joint and several liability for liabilities of deleted company, within deadline referred to in paragraph 2 of this Article

8)[2] Notice on deletion of the company from the CRPS shall be published in the Official Gazette of Montenegro

[2] Translator's note: items 6 and 7 do not exist in the Official Gazette of Montenegro number 17/07.

Article 25. The Liquidator

1) The liquidator appointed to perform a voluntary liquidation under this law shall have all the rights and obligations of the company's board of directors. The liquidator shall represent the company in liquidation in court proceedings, in its relations with the state and government bodies, and with other natural and legal persons.

2) The liquidator in a voluntary liquidation under this law shall--
(1) prepare an inventory of all assets and prepare an accounting as of the beginning of the liquidation period, specifically including a liquidation balance sheet;
(2) complete obligations under existing contracts and, where necessary, enter into new contracts;
(3) terminate contracts where economically advantageous to do so;
(4) convene a general meeting of the company and preside at such meeting;
(5) distribute the remaining assets of the company to and among creditors and where appropriate, shareholders in accordance with the rights attached to their shares;
5a) submit the proposal for the initiation of the bankruptcy proceeding in accordance with the law regulating insolvency of business organizations if it is determined that the assets of company in liquidation are not adequate to settle of claims of creditors;
(6) do all other things necessary for the beneficial liquidation of the company.

3) Where the process of liquidation of the company lasts for a period exceeding one year, the liquidator shall prepare an interim liquidation report within 3 months of the end of each financial year. The interim report shall contain a showing of how the liquidation has been conducted in the interim period. The interim report shall, at minimum, contain an interim balance sheet, and a statement of cash sources and uses, and must indicate what assets have been disposed of, what proceeds have been generated from such disposal, and what matters remain to be resolved. The interim report shall also indicate the amount of expenses and fees incurred by the liquidator to date. The interim report shall be available for review by all the shareholders and interested persons at the registered office of the company.

4) The liquidator shall be liable to the company and third persons for the damages resulting from his own actions. The liquidator shall not be liable for the debts of the company. The liquidator shall not be liable to shareholders or creditors of the company for any losses, liabilities or diminution in asset values resulting from the exercise of ordinary business judgement within the scope of conducting liquidation activities.

Article 26. Declaration of Nullity of Joint Stock Company

1) Upon request of an interested party, the Commercial Court shall declare the nullity of a joint-stock company only upon the following grounds:
   (1) no foundation agreement or charter has been executed or the requisite legal formalities were not complied with regarding these documents;
   (2) the prospectus for the public offering of shares was not published in accordance with the law;
   (3) the objects of the joint-stock company are unlawful or contrary to public policy;
   (4) the foundation agreement or the charter does not state the name of the joint-stock company, the amount of the share capital, the head administrative office, address for notices or the objective of the joint-stock company;
   (5) the provisions concerning the minimum amount of capital have not been met;
   (6) the legal incapacity of the founders;

2) The complaint for exercising the right referred to in paragraph 1 of this Article may be submitted within 3 years from the day of registration of the company in the CRPS.

3) The Commercial Court shall be obliged to submit the valid decision determining the nullity to the CRPS within 15 days from the day of its validity.

4) Nullity shall entail the invalidity of the joint-stock company, but shall not itself affect the validity of any commitments entered into by or with the joint-stock company.

5) The question whether a decision of nullity pronounced by the Court may be relied on by or asserted as a defense against third parties shall be governed by the provisions of this law, namely Article 28 paragraphs 5 and 6.

Chapter III Rights and Obligations of a Company and a Shareholders

Article 27. Rights and Obligations of a Company

1) A joint-stock company has all the rights and obligations of a natural person, except where such rights or obligations are restricted to natural persons by law or by the company's charter.

2) The following must be indicated in the joint-stock company's letters and documents used for business dealings:
   (1) The name of the Central Registry;

(2) The number of the company in the Central Registry of the Commercial Court;
(3) The fact that the company is a joint-stock company;
(4) The name of the company;
(5) The address of the company's registered office and address for receiving official notices;
(6) The fact that the company is being liquidated if this is the case.

Article 28. Submission and Disclosure

1) Joint-stock companies must disclose to the Central Registry of the Commercial Court which shall cause publication in the Official Gazette the following types of documents and particulars in accordance with the paragraph 2 of this Article:
   (1) any amendments to the charter, a special act referred to in Article 19, paragraph 3 of this Law if the charter contains the data from that act, the foundation agreement and including any extension of the life of the company;
   (2) any change in the company name, address of the registered office or address for receiving official notices;
   (3) the appointment, termination of office and details about the persons who are authorized to represent the company in dealings with third parties. It must appear from the disclosure whether the persons authorized to represent the company may do so alone or jointly;
   (4) the appointment, termination of office and particulars of the Authorized Officer, Chief Executive and the auditor;
   (5) the liquidation of the company;
   (6) the appointment of a liquidator, his identity, qualifications and powers other than those set out in this Law or in the charter;
   (7) the financial statements, including the auditor's report.

2) Publication of documents in the Official Gazette shall be by reference to the title of the document in question and shall contain notice that the documents are filed in the Central Registry of the Commercial Court.

3) All amendments and additions made to the foundation agreement, the charter or any other documents or particulars which a joint-stock company is obliged to file by law with the Central Registry of the Commercial Court are to be submitted within 7 working days. The disclosure shall be made by the Authorized Officer of the joint-stock company.

4) After every amendment of the charter or the foundation agreement, the complete text as amended shall be submitted to the Central Registry. Amendments of the charter or the foundation agreement shall be valid only when registered.

5) The documents and particulars may be relied on by the joint-stock company as a defense against third parties only after they have been published in the Official Gazette unless the company proves that the third parties had

knowledge of them. With regard to transactions taking place before the sixteenth day following their publication, the documents and particulars shall not be relied on with respect to third parties who can prove that it was impossible for them to have knowledge of them.

6) There shall not be any discrepancy between what is disclosed by publication and what has been filed in the Central Registry of the Commercial Court. If there is such a discrepancy, the text on file at the Central Registry shall be controlling. The published text may not be asserted by the company as a defense against third parties relying on the text in the Central Registry. However, third parties may rely on such published text unless the company proves that they had knowledge of the text filed in the Central Registry of the Commercial Court.

Article 29. Validity of Obligations Entered Into by the Company

1) Completion of the disclosure formalities about the directors, the Authorized Officer or the Chief Executive stating who is authorized to represent the company shall constitute a bar to the use of any irregularity in their appointment as a defense against third parties unless the company proves that such third parties had actual knowledge of the irregularity.

2) Legal acts of the general meeting, the Board of Directors, the Chief Executive or the Authorized Officer shall be binding on the company even if those acts are not within the scope of the company's business activity.

3) The limits of the powers of the company's bodies, arising under the charter or from a decision of such bodies may never be asserted as a defense against third parties, even if they have been disclosed.

4) General power of representation conferred by the charter of a company on a single person or on several persons acting jointly may be relied on by third persons provided that all the disclosure formalities have been observed in accordance with this Law.

Article 30. Rights and Obligations of Shareholders

1) A shareholder is a natural or legal person with limited liability who owns at least one share in a joint-stock company.

2) Each shareholder shall have such rights in a joint-stock company as are incidental to the share or shares in the company held by him. Shareholders shall be treated equally in the same circumstances.

3) The shareholders shall have no other liabilities to the company than the obligation to pay, in the established manner, the initial price of all the shares subscribed for. Any resolution of the general meeting obliging all or some of the shareholders to make additional contributions shall be invalid unless the decision is unanimous.

4) When it is determined that there have been irregularities in management or operations of a company, the company shall be entitled to sue a responsible person before the Commercial Court. In the case the company does not sue a responsible person, a shareholder shall be entitled to sue, in his name and for the account of the company, a responsible person in the company that is responsible for irregularities in management or operations of the company (derivative complaint). A shareholder shall be entitled to a derivative complaint, if he previously requested in writing from the company to sue a responsible person, and the company refused that request or did not submit the complaint within 30 days from the day of the submission of the request. Realized damage compensation based on derivative complaint shall belong to the company, and the shareholder who submitted the derivative complaint shall be entitled to compensation of costs.

5) Any shareholder of a company or his successor shall have a right to make a complaint to a Commercial Court where:
   (1) any action of the company is illegal or outside the powers of the company;
   (2) where the majority shareholders discriminate against the minority shareholders in an unjust manner;
   (3) where a shareholder's individual rights have been harmed;
   (4) where those persons who control the company, whether the Board of Directors, or the majority shareholders, commit a fraud on the minority.

6) Any shareholder of a company or his successor may make a complaint to the Commercial Court if there is evidence that the affairs of the company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive, burdensome, harsh or wrongful to that shareholder or to any of the other shareholders or in disregard of his or their interests as shareholders whether or not such acts have been done honestly and in good faith. In such case, the shareholder asserts the interest of all similarly affected shareholders and not merely his own.

7) If the Commercial Court decides that the above complaint is well founded, it will make such order as needed to remedy the offending conduct or abuse, and in the case the shareholders suffered the damage, a competent court shall make a decision on damage compensation.

8) Complaint referred to in this Article may be submitted within 5 years from the day of the occurrence of damage provided that complaint against responsible persons whose office (function) ceased or membership in the company ceased may also be initiated within the same deadline.

9) In the circumstances from the paragraph 6 of this Article, the Commercial Court may make an order for the purchase of the shares of any shareholders of the company by other shareholders of the company or by the company itself at a price which reflects the value they would have had but for the oppressive conduct.

Article 31. Property Rights of Shareholders

1) A shareholder shall have the following property rights:

(1) to receive a certain portion of the company's profit in the form of a dividend when a dividend has been declared;
(2) to receive a portion of remaining assets of the company in liquidation;
(3) to receive shares without payment if the authorized capital is increased from the financial resources of the company, subject to any limiting provision in this Law;
(4) to have a priority right in acquiring newly issued shares and convertible bonds, subject to any limiting provision in this Law;
(5) to sell or transfer all or part of his shares; and
(6) to have other property rights as provided for in the company's charter.

Article 32. Non-property Rights of the Shareholders

1) Shareholders shall have the right to attend all shareholder meetings and to vote, unless this Law or the charter provides otherwise;

2) Each share shall carry one vote at the meetings of shareholders, except as described in Article 42, paragraph 8 of this Law;

3) The charter of the company may provide that some classes of shares may not carry the right to vote. In all circumstances, however, all holders of a class of shares shall have the same rights.

4) A shareholder shall have no right to take part in voting at the general meeting upon issues where the shareholder is directly interested, in particular in relation to the appraisal of any non-pecuniary contribution or the acquisition of property from a founder or majority shareholder of the company within 2 years of registration of the company. The limitation referred to in this paragraph shall not relate to voting on members of the Board of Directors.

5) Copies of the financial statements including the auditor's reports must be available for the shareholder's inspection at the general meeting and at the company head office during regular business hours at least 30 days prior to the general meeting.

6) Any shareholder shall be entitled, on request, to be furnished, without charge, with a copy of the last balance sheet and income statement of the company, and copies of the Board's reports to shareholders or auditor's reports.

7) Shareholders holding at least 5% of the share capital shall have the right to appoint a representative to inspect the company's activities or book of accounts. The expenses shall be paid by the appointing shareholders except when the results of the inspection reveal just cause for payment by the company. In such case, the company must refund the inspection expenses;

8) A shareholder shall have the right to request in advance, by letter or on the very general meeting at the event of discussion about specific topics, explanation and information from the Board of Directors related to the material in question and proposed decisions. Representative of the Board of Directors shall be obliged to

answer to asked questions, fully and truly, immediately on the very general meeting at the event of discussion about the specific item of the agenda.

Special Rights of Shareholders
Article 32a

1) A shareholder may ask from the company to buy back his shares at the average market value of the company's shares on the day when the decision was adopted at the general meeting of shareholders, if he voted against at the general meeting of shareholders, in the following cases:
   (1) a change in the foundation agreement or charter of the company violating his rights;
   (2) when he is not satisfied with the division of shares of the company resulting from the division of joint stock company which is not conducted in proportion to the ownership structure of the company being divided;
   (3) when he is not satisfied with the adopted share exchange ratio and cash compensation in a restructuring process;
   (4) when the general shareholders' meeting limits or cancels the priority right of shareholders to subscribe for shares or acquire convertible bonds;
   (5) adoption of the decision on disposition (purchase, sale, lease, exchange, acquisition or another disposition) by the company of the property of great value.

2) A shareholder may exercise the right referred to in paragraph 1 of this Article, if he sent to the company, until the day of holding a general shareholders' meeting, a written notice on the intent to use that right, if the general shareholders' meeting adopts the decision he does not agree with. A written request for buy back of shares may be submitted to the company within 30 days from the day of holding the general shareholders' meeting.

3) The company shall be obliged to pay the shareholder the value of shares referred to in paragraph 1 of this Article within 30 days from the day of receiving the written request.

4) If the shareholder believes that the paid amount regarding the value of shares referred to in paragraph 3 of this Article does not correspond to the average market value of shares, or if the company does not pay the compensation within the deadline referred to in paragraph 3 of this Article or if the average market value could have not been determined on the day the decision of general meeting is made due to the lack of trade in shares, it may file a lawsuit before a competent court within 30 days from the day of payment of funds by the company or from the day of payment default. The court shall be authorized to determine the average market value in such cases based on the expertise of independent authorized appraisers.

5) Decision of the court referred to in paragraph 4 of this Article shall relate to all shareholders if they have submitted proofs in writing for the buy back of shares within the deadline referred to in paragraph 2 of this Article, in case the adjudicated value is higher than the value paid by the company.

Article 33. Proxies

1) A shareholder shall have the right to authorize another person to vote for him as his proxy at the general meeting or perform other legal acts. The authorization of a shareholder must be certified. The signature on the proxy shall be authenticated in accordance with law. The auditor of the company may not act as proxy.

2) The proxy shall present his authorization at the meeting. The person responsible for the records shall record the proxy in the list of registration at the meeting.

3) One physical person or a legal entity may act as an agent of several shareholders at the general meeting of shareholders. If it is not explicitly stated in the proxy that it is given for one general meeting of shareholders and repeated general meetings of shareholders, it shall be considered that the proxy is given for all general meetings of shareholders held until the moment of proxy revocation. The agent shall be obliged to act in accordance with the given instruction, and if the proxy does not contain the instruction, the agent shall vote conscientiously, in accordance with his own discretion and for the best interest of the shareholder who gave the proxy. Voting through an agent shall be binding for the shareholder as if he voted himself. A proxy may be revoked at any time. It shall be considered that a proxy is revoked even if a shareholder later gives another proxy or votes in person at a general meeting of shareholders.

4) When the Republic of Montenegro or a municipality owns shares, the rights of such shares shall be exercised by the authorized official or persons designated to exercise such rights.

Chapter IV Bodies, Administration And Audit

Article 34. Company Bodies

1) The owners of the company are the shareholders.

2) The ultimate authority of a company shall be the general meeting of shareholders, which is an obligatory body.

3) The guiding and managing body of a company shall be the Board of Directors whose decisions shall be implemented by an Authorized Officer and Chief Executive.

4) All joint stock companies are required to elect a Board of Directors.

5) All joint stock companies are required to have an Authorized Officer and Chief Executive.

6) A company my designate the same person as both Authorized Officer and Chief Executive.

7) All joint stock companies are required to engage independent certified auditors.

Article 35. General Meeting

1) All shareholders of the company, irrespective of the number and class of shares they hold, shall have the right to attend the company's general meeting. Members of the Board of Directors shall attend, by rule, the general meeting of shareholders. The Authorized Officer and the Chief Executive must attend the general meeting unless unable to do so through circumstances beyond their control.

2) Only the general meeting of shareholders shall have a right to:
   (1) amend and supplement the charter of the company;
   (2) elect the members of the Board of Directors and appoint the auditor;
   (3) remove from office members of the Board of Directors and auditor who have been elected by the general meeting;
   3a) appoint and revoke a liquidator;
   (4) decide on fee policy and fees for members of the Board of Directors;
   4a) adopt the annual financial statements and report on operations of the company;
   4b) make a decision on disposition of the company's assets (purchase, sale, lease, replacement, acquisition or another disposition), whose value is greater than 20% of the book value of the company's assets (assets of great value), unless a lower share is determined by the charter.
   (5) adopt a resolution on the distribution of profit;
   (6) increase or reduce the authorized capital, exchange shares of one class for shares of another;
   (7) voluntary liquidate the company or reorganize the company or file bankruptcy proceedings;
   (8) approve the valuation of non-monetary contributions; and
   (9) at the request of the Board of Directors, consider issues assigned to the Board, which pertain to the activity of the company;
   (10) approve any contract to be entered into by the company concerning property acquisition from a founder or a majority shareholder of the company for a payment of not less than 1/10 of the company's authorized capital, when such a contract is to be concluded within a period of 2 years from registration of the company;
   (11) adopt a decision to issue any bonds or any convertible debentures or convertible securities;
   (12) limit or cancel a priority right of shareholders to subscribe for shares or acquire convertible bonds, but only by the 2/3 majority vote of all affected shareholders.

3) An integral part of the report on operations of the company referred to in paragraph 2, item 4a of this Article shall be the report on relations with the parent

company and companies where its parent company has the status of the parent company or subsidiary. The report shall contain all legal transactions that the company concluded with its parent company and companies where its parent company has the status of parent company or subsidiary, with the statement of the Board of Directors whether the company suffered the damage from these transactions, and whether the company was compensated for a potential damage incurred by such legal and financial transactions.

4) In the case the company was not compensated for the damage, members of the Board of Directors shall be liable for damage incurred to shareholders, in accordance with Article 44, paragraph 7 of this Law.

Article 36. Calling a General Meeting

1) The first annual general meeting of a joint-stock company must be held within 18 months of the company's statutory general meeting. All general meetings must be called and conducted in accordance with the provisions of this law. All joint stock companies must hold a general meeting once annually.

2) A general meeting shall be organized by the Authorized Officer on the instructions of the Board of Directors. The right to call a meeting shall be vested in the Board and in the shareholders, the value of whose shares is no less than 5% of the share capital, unless the charter provides for a smaller portion of the share capital.

3) Shareholders whose shares represent at least 5% of the share capital shall be entitled to convene a general meeting of shareholders within 30 days from the day of publishing in the Official Gazette of Montenegro a valid decision on canceling the decision of the general meeting of shareholders on merger or division of the company. Within that deadline, the existing bodies of the company shall be obliged to perform their function, within their authorizations, except to dispose of the assets.

4) Shareholders referred to in paragraphs 2 and 3 of this Article shall submit to the Board of Directors the request to convene the general meeting of shareholders, the agenda for the general meeting of shareholders and proposals of decisions to be adopted at the general meeting of shareholders. The Board of Directors shall be obliged to convene the general meeting of shareholders at the expense of the company, within the 30-day deadline from the day of receiving the request for convening the general meeting of shareholders.

5) With the exception of the first year following the incorporation of a company, the Board must call a regular annual general meeting within 3 months of the end of each financial year.

6) Notice of the convening of a general meeting shall be shall be issued no later than 30 days before the date of the meeting. Notice of the meeting shall be delivered by mail. For companies with 100 or more shareholders, the Board of Directors shall publish in at least one daily printed media outlet of general circulation calculated to reach the largest number of shareholders, a notice regarding the General Meeting that shall run for two days in a newspaper of general circulation.

7) The notice of the General Meeting shall contain the following information:
   (1) the location of the meeting;
   (2) the date and time of the meeting;
   (3) a list of each item on the agenda and specification of where the shareholder may have access to the materials and proposals of decisions to be considered at the general shareholders' meeting.

8) The materials with proposals of decisions to be considered at the general meeting of shareholders must be accessible to shareholders of the company, in the head office of the company, or in the premises of the company outside the head office if the activity is performed in several locations, at least 20 days prior to holding the general meeting of shareholders.

9) At the request of a shareholder, a company shall be obliged to submit or deliver, with no delay, copies of the materials and proposals of decisions to be considered at the general shareholders meeting, charging the amount of copying and submission costs, unless it is obligatory to submit or deliver the respective materials free of charge.

10) At the request of a shareholder, the company shall be obliged to submit, if there are technical conditions and within the deadlines referred to in this Article, the notice of convening the general meeting of shareholders and materials to be considered at the general meeting of shareholders with proposals of decisions, by electronic mail at the address determined by a shareholder

11) Notice of the General Meeting shall be transmitted to the Securities Commission no later than 30 days before the meeting.

Article 37. Agenda of the General Meeting

1) The meeting may not adopt resolutions on issues that are not on the agenda unless all shareholders who have voting rights attend the meeting.

2) The draft agenda of the General Meeting may be revised. In the event that the agenda is revised, the shareholders must be informed of the changes in the agenda in the same manner in which notice of the general meeting is given no later than 10 days prior to the meeting.

3) Shareholders holding no less than 5% of the share capital shall be entitled to request from the Board of Directors the inclusion of additional items on the agenda of the general meeting of shareholder at the latest 15 days prior to holding the general meeting of shareholders. With the request for inclusion of additional items on the agenda of the general meeting of shareholders, shareholders shall also submit the proposals of decisions with the proposed items of the agenda. The Board of Directors shall be obliged to include additional items on the agenda of the general meeting of shareholders.

4) If a meeting is not held and consequently a new meeting is convened, the agenda of the new meeting must be the agenda of the meeting which was not held.

Article 38. Proceedings at General Meetings

1) The attendance of shareholders, or their proxies, at the general meeting shall be proved by signing the attendance list. The attendance list must indicate the number of votes possessed by each shareholder. The attendance list shall be signed by the chairman of the meeting and the Authorized Officer who shall act as secretary of the meeting.

2) The Chief Executive shall act as by the chairman of the meeting unless otherwise decided by majority vote of the attending shareholders.

3) In the absence of the Authorized Officer, the Chief Executive shall nominate another person to act as secretary of the meeting.

4) The minutes of the general meeting shall be signed by the chairman of the meeting, secretary and at least one shareholder authorized to do so by the meeting. Copies of proxies and voting ballots of participants in the general meeting of shareholders who voted in advance and through proxies at the general meeting of shareholders shall be attached to the minutes.

5) The minutes from the general meeting of shareholders shall be prepared at the latest within 15 days from the day of holding the general meeting of shareholders.

6) The minutes from the general meeting of shareholders must contain: date, place and time of holding the general meeting of shareholders, names of the chairperson, secretary of the general meeting, person who authenticates the minutes, members of working bodies of the general meeting if they were formed, quorum, agenda, data on the manner and results of voting, adopted decisions at the general meeting of shareholders.

Article 39. Quorum and Adoption of Resolutions

1) A quorum at a general meeting shall consist of shares representing at least half of the total voting shares, either in person, or by proxy. If the required quorum is not attained at the general meeting of shareholders, the general meeting of shareholders may be reconvened having the same agenda, provided that the notice of convening the repeated general meeting of shareholders must be published at least twice in at least one daily printed media outlet issued in the Montenegro, at least seven days prior to holding the repeated meeting, where the quorum will be made of shareholders holding at least 33% of the total number of voting shares, which are present or represented through a proxy or they voted through ballot papers. The repeated general shareholders' meeting may be held at the latest 30 days from the day of holding the general shareholders' meeting at which the quorum was not reached.

2) If the repeated meeting does not attain the required quorum, a third general meeting may be called in the manner and within the deadlines as the repeated meeting, provided that no quorum is required, and the general meeting shall adopt resolutions on all the items of the agenda irrespective of the number of shares represented.

3) If the consent of shareholders holding shares of a certain class is necessary for the adoption of a resolution, the decision may be adopted by the shareholders of the respective class, provided that the meeting is attended by shareholders who hold more than half of the shares of said class.

4) Upon voting on every individual decision, a chairperson of the general meeting of shareholders shall inform the general meeting of shareholders on voting "for" or "against" by shareholders who have a voting right at the general meeting of shareholders and who voted in writing.

5) A company shall determine the form of a proxy for voting in absence that must be accessible to shareholders. The company cannot annul a written voting of a shareholder who did not use the form of a prescribed proxy, if the identity of a shareholder and how this shareholder voted on individual issues can be determined from voting.

6) Voting through a proxy shall be mandatory when members of the Board of Directors are to be elected and when required so by shareholders or their agents having at least 5% of voting rights at the general shareholders' meeting.

7) The general meeting of shareholders shall adopt a decision by majority votes of the present or represented shareholders or through proxies, except in the cases when another majority is required by this Law for adoption of decisions.

8) A proxy must contain the data on the company's name, date and place of holding the general meeting of shareholders, issues to be voted on, name or corporate name of a shareholder, number of votes of a shareholder, the possibility to vote "for", or "against" on every issue to be voted, and if members of the Board of Directors are voted on, the name of every candidate to be voted. A proxy must also contain the instruction on the manner of voting and conditions for proclaiming voting valid or invalid.

9) Shareholders present in person or by proxy who do not have a voting right on a certain agenda item at the general meeting of shareholders shall be counted for determining the quorum, but they shall not be taken into account when decisions are adopted.

Agreement of Shareholders on Voting
Article 39a

1) Agreement of shareholders on voting shall be the contract/agreement among certain number of shareholders of the company with the aim to determine in

advance on way of voting based on their shares in a certain manner and on certain issues at the general meeting of shareholders, whether it was concluded with the support of the body of a company, club (association) of shareholders or self-organization of shareholders. Agreement shall obligate only shareholders that have signed it.

2) Agreement on voting may be concluded for a single general meeting and repeated sessions of the general meeting or for specific period that cannot exceed five years.

3) Once the agreement on voting is made, the shareholders shall attend the session of the general meeting in order to vote as agreed or shall appoint joint representative with authenticated proxies in accordance with the law. If the agreement is concluded for a longer period, agreement shall envisage the manner for reaching the agreement or coordination of shareholder in advance of voting for forthcoming general meetings, as well as resolution of possible disputes by selected arbitrage or by a jointly accepted third party.

4) Copy of the agreement on voting shall be submitted to the company for records, or entered in the registry of company, and if the company in question is the one whose shares are being traded on organized market the agreement shall be submitted to the Securities Commission.

Article 40. Extraordinary General Meeting

1) Any meeting other than the annual general meeting shall be an Extraordinary General Meeting

2) An Extraordinary General Meeting must be called if:
   (1) shareholders, holding at least 5% of the voting rights, present a written request for such a meeting at the registered office of the company;
   (2) the directors or shareholders propose to:
      (a) alter the objectives of the company;
      (b) alter the company's share capital;
      (c) remove an auditor before his term of office expires;
      (d) remove a director before his term of office expires;
   (3) such a meeting is required to deal with a serious loss of capital or is required to authorize the company to purchase its own shares;
   (4) for approval of the reorganization, merger, voluntary liquidation or initiation of bankruptcy procedure of the company;
   (5) It is at the request of an auditor who has resigned;
   (6) a director has resigned before his term of office has expired causing the number of directors to fall below the minimum number required or creates an even number of remaining directors; or
   (7) The directors are of the opinion that a matter has arisen which should be dealt with in an Extraordinary General Meting.

3) Where the net assets of a company are half or less of the amount of the company's share capital, the Board of Directors shall, not later than 14 days from

the earliest day on which that fact becomes known to a director of the company, duly convene an Extraordinary General Meeting of the company for a date not later than 30 days from that date for the purpose of considering whether any, and if so what, measures should be taken to deal with the situation. No resolution proposed for the purpose of remedying the situation may be passed at the meeting unless it has been included as an item of special business in the notice convening the meeting.

4) The Commercial Court shall adopt the decision on convening a general meeting of shareholders or extraordinary general meeting of shareholders, if:
   (1) a meeting has not been called within 3 months of the end of the business year and a shareholder has brought the matter to the Commercial Court; or
   (2) the person entitled to request a meeting has referred the matter to the Commercial Court because the Board of Directors has not granted his request or, at his request, it failed to schedule the general meeting of shareholders within the prescribed deadline;
   (3) the creditors of the company have appealed to the Commercial Court on the grounds of failure to call an extraordinary general meeting in one of the cases specified in Paragraph 40.2 of this article.

5) The decision referred to in paragraph 4 of this Article shall be implemented by the Board of Directors at the expense of a joint stock company. An appeal against the court decision shall not withhold its execution.

6) The Authorized Officer must issue a notice in the name of the Board of Directors convening the General Meeting according to the procedure established by the charter not later than 30 days prior to the day of the meeting. If a repeat meeting is called, the shareholders must be informed thereof not later than 10 days before the meeting. A General Meeting may be called without observing the above requirements provided that all the shareholders entitled to vote or their proxies give their consent thereto.

7) The notice of the Extraordinary General Meeting shall conform to the requirements of Articles 36 through 39 and, in addition, shall include the full text of any resolutions proposed to be adopted at the Extraordinary General Meeting.

8) The shareholders must be able to review the above documents no later than 20 days before the date of the meeting.

Article 41. Invalidity of the Resolutions of a General Meeting

1) On the application of the shareholders, the members of the Board, or the Chief Executive, the resolutions of a general meeting may be declared invalid by the Commercial Court if:
   (1) the issue on which the resolution is adopted has not been included in the agenda of the meeting in accordance with the procedure established by this Law;

(2) any documents or resolutions which it is obligatory to register with the Registry of the Commercial Court have not been registered within the time frame prescribed by this Law;
(3) the procedures set down in this Law concerning the convening and holding of a general meeting have not been complied with; or
(4) the resolution is not in compliance with the charter of the company, this Law, or other laws of the Republic of Montenegro.

2) Any legal challenge to a resolution of the general meeting may be lodged with the Commercial Court no later than 30 days from the day when the person who lodges the appeal learned or should have learned about its adoption. In no event shall any challenge be raised later than six months after the adoption of the resolution.

Article 42. Formation of the Board of Directors

1) The Board of Directors is a collective body whose activities are directed by its chairman. The number of directors shall be established by the charter of the company. The Board of Directors shall not be less than three in number and at all times there shall be an odd number of directors.

2) Only legally capable natural persons may be elected as directors. The following persons may not be appointed or elected as directors:
(1) a person who, by virtue of a disqualification order made by the court, may not be elected as a director;
(2) the auditor to the company;
(3) the Chief Executive of the company except in case of single-member joint stock company.

3) The charter of a company may prescribe other criteria for eligibility as a director.

4) The Commercial Court may make a disqualification order for three years with respect to any person prohibiting the election of such a person as a director of a joint-stock company if:
(1) it is satisfied that the person while director, authorized officer, chief executive or liquidator of a company was guilty of fraud in relation to that company;
(2) it is satisfied that the person while acting in any of the above capacities was guilty of a serious breach of duty.

5) Term of office of the members of the Board of Directors shall expire at the first regular annual general shareholders' meeting. A person who was a member of the Board of Directors can be reelected. Number of terms of office of a member of the Board of Directors shall not be limited.

6) By notifying the Board in writing at least 14 calendar days in advance, a director may resign from his post before the expiry of his term of office. In the case of resignation of a member of the Board of Directors or termination of his function in another manner, a new Board of Directors shall be elected

7) If a director has entered into a fee arrangement or is employed by the company, all relevant terms must be stated in writing and disclosed in the annual financial statements.

8) Members of the Board of Directors shall be elected at the general meeting of shareholders. For their election, each share with voting rights shall have a number of votes equal to the number of board positions established by the charter of the company (cumulative voting). A shareholder or his agent may give all votes to one candidate or distribute them, in accordance with his own opinion, to several candidates. The candidates receiving the greatest number of votes shall be elected as members of the Board of Directors by a general meeting of shareholders. The members of the Board of Directors shall select a chairman from within their ranks.

9) Shareholder and shareholders holding together no less than 5% of the share capital shall be entitled to nominate candidates for members of the Board of Directors.

Article 43. Powers of the Board of Directors

1) The powers of the Board of Directors shall be those granted to it by the charter of the company.

2) The Board of Directors shall manage and carry out affairs of the company and perform oversight over the current operations, which are entrusted with the chief executive and to other persons responsible for management (management members).

3) The Board of Directors cannot delegate nor waive the execution of rights and obligations of: managing the company and issuing guidelines for carrying out affairs, determining the organization of the company, organization of accounting and financial controls, appointing and dismissing responsible persons – members of management and supervision over those persons, in particular in terms of application of the Charter, laws and other regulations.

4) The Board of Directors shall establish its own procedure.

5) Unless the Board of Directors decides otherwise, the Chief Executive shall attend all meetings of the Board of Directors.

Article 44. The Duties of the Board of Directors

1) The duties of the Board of Directors shall be those imposed on it by the charter of the company and by law.

2) The directors owe a duty of care to the company itself as they are entrusted with control over management of the company by the shareholders.

3) This duties of the Board of Directors are including but not limited to:
   (1) the duty to act in good faith for the benefit of the company as a whole;
   (2) the duty to exercise reasonable care and skill in the performance of director functions;
   (3) the duty to assure that appropriate measures are taken to adequately oversee company activity and account for all material transactions;
   (4) the duty to give adequate consideration to matters to be decided;
   (5) the duty to exercise powers only for proper company purposes; including:
      (a) the duty not to use company property for their own personal use;
      (b) the duty not to use confidential company information for personal gain;
      (c) the duty not to engage in self-dealing or personal profit-making at the company's expense or disadvantage;
      (d) The duty not to usurp company opportunities;
      (e) the duty to avoid actual and potential conflicts between the director's personal interests and those of the company;
   (6) the duty to disclose to the general meeting any benefits that have been granted to them by the company in addition to their fee.

4) A company may not enter into the following transactions with a director of the company or of its parent company or other company in which the director has a personal financial interest, or the director's spouse, siblings, parents or children:
   (1) a loan or quasi loan in the form of a transaction which renders the borrower liable to pay a creditor;
   (2) a credit transaction;
   (3) a security for loans, quasi loans or credit transactions referred to in items 1 and 2 of this paragraph.

5) Within its regular business activity, the company may, with the persons referred to in paragraph 4 of this Article, conclude the loan agreements and credit transactions and securities for loans and credit transactions.

6) A director must use due care and attention in the management of the company's affairs, with the reasonable assurance that acts in the best interest of the company. He is not liable to the company for errors in the exercise of ordinary business judgment unless he failed to use the due care and skill that would reasonably be expected of a person in the position of a director.

7) If the rights of the shareholders provided for in this Law and in the company's charter have been enforced by shareholders through legal proceedings, the directors shall jointly refund the legal expenses and compensate for the damages incurred by the shareholders because of the disregard of their rights. A member of the Board of Directors who entered in the minutes his disagreement with the decision on the basis of which a shareholder sustained the damage shall not be liable for damage and costs of procedure, as well as a member of the Board of Directors who did not attend the meeting of the Board of Directors, and he

expressed his disagreement in a written form to the Board of Directors immediately after finding out about the adopted decision.

8) The right to call a meeting of the Board of Directors shall be vested in the chairman of the Board of Directors as well as in other members provided that more than half of the present directors approve thereof. A meeting of the Board of Directors shall be valid if attended by more than half of the members and a decision shall be valid if at least half of the Board members vote in favor of it. The directors shall have equal voting rights. In the event of a tie vote, the chairman of the Board shall have the casting vote. A member of the Board shall have no right to vote when the Board meeting is deciding issues relative to his material responsibility or his personal work in the company.

9) The directors must keep the company's secrets confidential.

10) The Board shall perform its functions until a new Board is appointed or elected and commences its work.

Article 45. Non-Interference with the Auditor

The Board of Directors shall be prohibited from restricting the auditor's powers or from interfering with his work in any way.

Article 46. Administration

1) Unless otherwise stated in the charter, the Board of Directors shall determine the structure and composition of the management and administration of the company. The members of management shall carry out the instructions of the Board and exercise those powers delegated to them by the Board.

2) The Board of Directors shall have the right in its absolute discretion to engage and terminate the employment of a Chief Executive and Authorized Officer.

3) Where the Board appoints a Chief Executive, he shall be engaged under a contract of employment. This contract of employment shall define the rights, powers, obligations and responsibilities of the Chief Executive including conditions which must be met before the employment of the Chief Executive can be terminated before expiration of the term stated in the contract.

4) The Board of Directors shall conclude the contract, which contains the element from the contract referred to in paragraph 3 of this Article, also with the Secretary of the company.

5) Subject to any limitation imposed on his activity by the above mentioned contract and by the charter, the Chief Executive shall obey the Board of Directors and implement its decisions in relation to the company's activities, the representation of its interests, the management of its property, the negotiation of agreements, the opening of settlement and other accounts in banks, the engagement of

personnel in the name of the company, the issuing of orders and instructions which are compulsory for all employees of the company and the carrying out all other activities necessary for the benefit of the company.

6) The Chief Executive and all other officer or person holding managerial responsibility of the company owe a duty of care to the company itself as they are entrusted with control over management of the company by the Board of Directors. This duty of care encompasses the duties established with the reasonable assurance that acts in the bets interest of the company, under Article 44, paragraphs 2, 3, 4 and 6, of this Law and may be sued in accordance with the Article 30, paragraphs 4 and 5 of this Law.

Article 47. Auditor

1) The company's financial statements must be audited upon the expiration of the calendar year and prior to the general meeting. The audit shall be performed by an independent auditor. The auditor shall be elected by the general meeting for a term specified in the charter but not exceeding 1 year.

2) Shareholders holding no less than 5% of the share capital shall be entitled to nominate candidates for the Board of Directors.

3) The company in general meeting may remove an auditor before his term of office expires by a simple majority. 30 days' notice must be given for such a meeting. Within 7 days of the resolution removing the auditor has been passed, the company must file it with the Central Registry of the Commercial Court.

4) An auditor may resign before his term of office expires by giving written notice to the company of his intention to do so.

5) The notice must state that there are no circumstances connected with the resignation which are required to be brought to the notice of the shareholders or creditors or else specify such circumstances. The auditor must, within 7 days of serving the notice of his resignation, deliver a copy to the Registrar.

6) If the notice contains a statement of circumstances which are required to be brought to the notice of the shareholders or creditors, the company must, within 7 days of receipt, send a copy to every person who is entitled to receive copies of the financial statements. If the notice contains a statement of circumstances which are required to be brought to the notice of the shareholders or creditors, the auditor may call for a meeting of the company to explain the circumstances. The Board must then convene such a meeting to be held no more than 30 days after receipt of the notice.

7) The auditor may prepare a further written statement which the Board shall circulate as stated above and this statement may be discussed at the requested meeting or the next general meeting whichever is the first to take place.

8) The auditor shall examine the company's annual financial statements in accordance with applicable professional auditing standards and shall issue a report or opinion on those statements to the general meeting.

9) The auditor's report or opinion shall be read at the annual general meeting and shall be open to inspection at that meeting by any shareholder.

10) The auditor shall have a right of access at all reasonable times to the books, accounts and records of the company and shall be entitled to require from the members of the Board and from management such information and explanations that are within their knowledge or can be procured by them as he thinks necessary for the performance of his duties.

Responsibility of the Auditor
Article 47a

1) The Auditor shall have the right to attend the annual general meeting of the company and to give explanations and answers to presented questions related to the qualifications and opinion in the presented report and also to be invited, as he were the shareholder of the company.

2) The Auditor shall be responsible for abuse of its position and authorizations, in particular if intentionally or by negligence participates in the fraudulent activity of the manger or publishes or reveals contrary to the law business secrets of client to unauthorized persons or in another manner participates in the incurrence of damage to the company and may be sued for damage compensation together with members of the Board of Directors and the Chief Executive.

Article 48. Records and Documents

1) Every company shall keep the following records and documents at its registered office:
    (1) Foundation agreement;
    (2) Charter of the company;
    (3) financial statements, reports on operations of the company and reports of the auditor of the company;
    (4) Minute Books containing-
        (a) the minutes of all meetings of the Board of Directors or committees of the Board;
        (b) the minutes of all general meetings;
        (c) the minutes of meetings held by classes of shareholders;
    (5) Books and records which are kept on a continuous and consistent basis in accordance with applicable accounting standards and accounting laws which:
        (a) correctly record and explain material transactions of the company;
        (b) will enable the financial position of the company to be determined with reasonable accuracy;

(c) will enable the directors to ensure that any financial statement complies with the provisions of this law;
(d) will enable the accounts of the company to be readily and properly audited;

(6) a copy of every instrument creating or evidencing a charge over the company's property;
(7) the list of shareholders;
(8) records on shares, parts and contributions that the company has in other business organizations
(9) the list of members of the Board of Directors;
(10) the record of the ownership of directors and the Chief Executive in the company's shares;
(11) the list of bond holders;
(12) the Record of directors' interests in company contracts.

2) For records kept by the Central Depository Agency valid copies of the CDA records are sufficient for the satisfaction of the documentation requirements of his article.

3) The company shall be obliged to provide a shareholder or a former shareholder, for the period he was a shareholder in the company, with the access to the book of minutes of the general meeting of shareholders and the records and documentation referred to in items 1 to 3 and 7 to 11 of this Article, at the latest within the 7 days deadline from the day of submitting a written request. The right to access to the records and documentation referred to in paragraph 1, items 5, 6 and 12 of this Article shall be exercised in accordance with Article 32, paragraph 7 of this Law. Copying of documents that the shareholder can access shall be allowed if they do not represent a business secret of the company.

Chapter 5 - Capital of The Company

Article 49. Capital Structure

1) The structure and components of capital shall be those required by the international accounting standards promulgated by IASC.

Article 50. Acquisition of Property From a Founder or Shareholder

1) For any proposed acquisition of an asset from a founder or a shareholder of the company within 2 years following the registration of a joint-stock company, proposing payment of an amount greater than 1/10 of the share capital of the company, the following conditions must be met:
(1) the acquisition shall be examined by the manner provided in Article 51 (Appraisal of non-monetary contributions);
(2) the appraiser's report shall be transmitted to the general meeting and the general meeting should decide by a 2/3 majority present or represented by proxy whether or not to accept the transaction;

(3) recourse in the case of a dispute shall be allowed pursuant to Article 30.5;
(4) the appraiser's report shall be registered at the Central Registry of the Commercial Court.

Article 51. Appraisal of Non-Monetary Contributions

1) Non-monetary contributions shall be appraised by one or more licensed independent appraisal experts. Such expert may be a natural person, a legal person or firm.

2) Such appraisal shall take place before the contribution in kind is accepted by the general meeting.

3) The appraisal report shall contain:
(1) the name of the owner of the property;
(2) a description of the each of the assets appraised;
(3) a description of the methods of appraisal used;
(4) a statement as to whether the values recommended by the appraisal correspond to the number and the initial price of the shares to be issued.

4) The decision of the general meeting for approval of the non-monetary contribution shall specify the number of the shares issued for this contribution, the name of the person making the contribution and the nature of the contribution.

5) Issue of shares on the basis of non-monetary contribution shall be recorded with the Securities Commission.
6) The appraiser's report and a decision of the general meeting of shareholders to accept the non-monetary contribution shall be submitted to the CRPS within 7 days as of the day of receiving the decision of the Securities Commission on registering the issue of shares on the basis of non-monetary contribution. Notice of the decision to accept a non-monetary contribution shall be sent by the Registrar to the Official Gazette within 2 business days of receipt.

7) A joint-stock company shall not issue shares for a non-monetary contribution unless the contribution has been appraised by an independent appraiser in accordance with this law.

Article 52. Shares

1) A share is an equity interest in a company consisting of a right to participate in its profits and other rights defined by this Law and a company's charter. In the Republic of Montenegro shares shall be issued, transferred and kept in dematerialized form and shall exist in electronic form in the information system of the Central Depositary Agency.

2) The issuance and trading of shares of a joint-stock company shall be carried out in accordance with the provisions of the Law on Securities of the Republic of Montenegro.

3) A share shall not be divisible into smaller parts. If a share is held by several persons, all its holders shall be considered to be a single shareholder. The rights carried by the share shall be exercised by one of the holders by a general agreement. All the holders of a share shall be severally and jointly liable for the shareholders' obligations.

4) The initial and subsequent market values of a share must be quoted in Deutsche marks or Euros.

5) Shares of joint-stock companies must be registered with the Securities Commission and the Central Depository Agency in the name of the holder.

6) Nothing in this Law prevents the acquisition of the shares of a company in bankruptcy proceedings.

7) Shares are classified by the rights they carry. The rights must be specified in the charter of the company or in a separate legal document accompanying the security at the time it is issued.

8) Subscription, issuance, registration, ownership, proof of ownership, public offering and transfer of shares, insider trading or market abuses of shares are regulated by the Law on Securities of the Republic of Montenegro.

Article 53. Payment for Shares and Preemptive Rights

1) The shares issued by a company must be fully paid prior to their issuance.

2) Whenever the capital is increased by monetary contributions, the shares must be offered on a preemptive basis to present shareholders in proportion to the number of shares they own.

3) Only those shareholders that had such status on the day of the adoption of the decision for the increase of capital shall be deemed as to be current shareholders referred to in paragraph 2 of this Article.

4) If current shareholders referred to in paragraph 2 of this Article sell their shares, they loose preemptive right and such right shall not be transferred to the purchase of shares.

5) Where the subscribed capital of a company has several classes of common shares or other equity issues, the rights of these other classes must be protected by offering them shares so as to maintain proportioned equity in the company.

6) The terms of a subscription offer made on a preemptive basis, including the period within which this right must be exercised shall be published in the Official Gazette and all the shareholders shall be informed in writing.

7) The right of preemption must be exercised within a period not less than 30 days from the date of publication of the offer or from the date of written notice to the shareholders, whichever is later.

8) Preemptive right cannot be used again upon expiry of the deadline referred to in the paragraph 7 of this Article.

9) The right of preemption may not be restricted or withdrawn by the charter and may be modified or withdrawn only by an appropriate resolution adopted by the general meeting in accordance with Article 35 paragraph 2 subparagraph (12). The Board of Directors shall present to the general meeting a written report indicating the reasons for restriction or withdrawal of the right of preemption and justifying the proposed issue price.

10) The text of the resolution referred to in paragraph 9 of this Article shall be filed with the Central Registry of the Commercial Court within 7 days thereof.

Article 54. Common and Preferred Shares

1) A company's shares may be divided into common shares and preferred shares, classified according to the respective rights attached to the shares. Preferred shares are shares which have priority over common shares with respect to dividend payments and residual distribution when the company is liquidated.

2) The holders of common shares shall be entitled to receive dividends and a pro rata portion of a Company's assets in the event of a Company's liquidation after the claims of the holders of preferred shares have been satisfied. If share capital is increased by the issuance of new shares holders of common shares or other forms of equity holdings shall have equal rights to acquisition of new shares.

3) The rights of preferred shareholders and the procedure for changing these rights must be established prior to their issuance and set forth in the Company's charter or a separate legal document published at the time of their issue. The amount of the dividend shall be as a fixed amount denominated in Deutsch marks or Euros.

4) Dividends of preferred shares may be cumulative or non-cumulative. Their nature must be established in the charter prior to their issuance.

5) The holder of cumulative preferred shares shall be guaranteed the right to the dividend specified in the shares. If the profit is not sufficient for the payment of all dividends, the unpaid balance must be paid in subsequent business years as soon as profits are sufficient.

6) The unpaid dividend or part of unpaid dividend on non-cumulative preferred shares may not be transferred to subsequent business years.

7) Before converting cumulative preferred shares into ordinary shares, the company must settle accounts with the holders of these preferred shares.

Article 55. Bonds

1) The bond of a joint-stock company is a fixed income security entitling its owner to receive interest and other rights specified in the indenture agreement or in the resolution to issue bonds. Upon maturity, a bondholder shall be repaid an amount of principle equal to the bond's agreed to maturity value.

2) A resolution to issue bonds, except for convertible bonds, may be adopted by a general shareholders' meeting of a joint stock company by a simple majority vote of shareholders present or represented or by the Board of Directors if this is permitted by the charter.

3) A joint-stock company must redeem its bonds on the date set by the indenture, unless the indenture permits bonds to be redeemed prior to that time.

Article 56. Convertible Bonds

1) A convertible bond is a bond that may be exchanged for shares.

2) A resolution to issue convertible bonds may be adopted by a general shareholders' meeting of a joint-stock company if it is passed by 2/3 of the votes cast in person or by proxy. This resolution shall also state the number shares necessary to satisfy conversion requirements. The decision of the general meeting shall be published in the Official Gazette.

3) Shareholders shall be provided with a first priority right to acquire convertible bonds in proportion to the number of shares held by them in the joint-stock company. The period within which shareholders may exercise this right shall be no less than 30 days after the date of the publication of the proposal to issue convertible bonds or the date of a letter to shareholders, whichever is later.

4) A pre-emptive right to purchase convertible bonds held by the existing shareholders may be limited or annulled by a resolution of a general shareholders' meeting adopted in accordance with the Article 35, paragraph 2, item 12 of this Law. The Board of a joint-stock company must submit to the meeting a written statement indicating the reasons for limitation or annulment of first right to acquire convertible bonds.

5) Provisions of this Article shall apply to the issue of other securities that can be exchanged for shares or granting the right to acquire shares.

Article 57. Increase of Authorized Capital

1) A company may increase its issued share capital by additional contributions of its shareholders and of other persons in return for the issuance of new shares.

2) If a joint-stock company has issued convertible bonds, its issued share capital may be increased by issuing new shares (of a type and class specified in the resolution providing for the issue of convertible bonds), for which convertible bond holders can exchange their bonds.

3) Paragraph 2 of this Article shall also apply to all other securities convertible into shares or granting the right to acquire shares.

4) Share capital can be increased from the reserve funds and retained earnings of the company, provided that it is not contrary to the purpose of reserve funds and if the company does not have uncovered loss in accordance with the last annual account. Shares issued on the basis of the increase in initial capital referred to in this paragraph shall be allocated to the persons that were shareholders on the day when the general meeting of shareholders adopted the decision on the increase in initial capital of the company from the reserve funds of the company or retained earnings of the company, proportionally to their share in the total number of company's shares.

5) The company's capital shall be increased provided that a general meeting consisting of at least 2/3 of the shares represented at the meeting resolves to issue new shares and to amend the charter accordingly. If there are several classes of shares, a resolution concerning an increase of capital shall be subject to a separate vote by each class of shareholders whose equity rights are affected.

6) Amendments to the charter related to the increase of share capital shall be registered in the Central Registry of the Commercial Court after the shares have been subscribed and paid for.

7) The capital shall be considered increased only after registration of the amendments of the charter in the Central Registry of the Commercial Court.

8) The charter of the company or a decision of the general shareholders meeting adopted by the majority referred to in paragraph 5 of this Article may authorize the Board of Directors to make a decision on issue of shares. The charter or decision of the general shareholders meeting shall determine the amount of approved increase in capital (authorized capital) and the deadline until which the authorization of the Board of Directors is valid, which cannot exceed five years from the day of adoption of the charter or amendments to the charter based on which the decision on authorized capital is made, i.e. from the day of adoption of the decision on the general shareholders' meeting. The approval may be extended by the decision of the general shareholders' meeting once or several times for the period not exceeding five years per every approval.

Article 58. Stock Splits and Stock Dividends

1) When the company is increasing the number of shares issued in the form of stock split or stock dividend shareholders shall have the right to receive these shares without payment, the number of which must be proportionate to the total number they hold.

2) The new shares shall have the same rights to receive dividends as other shares of the same class.

Article 59 Reduction of the Share Capital

1) The share capital may be reduced by a resolution of the general meeting adopted by a 2/3 majority of shares represented in person or by proxy. When the company has issued shares of different classes, the decision by the general meeting must be subject to a separate vote for each class of shareholders whose equity rights are affected.

2) The notice convening the meeting must specify the purpose of the reduction and the way it is to be carried out. The decision of the general meeting to reduce the share capital shall be filed in the Central Registry of the Commercial Court and published in the Official Gazette.

3) While reducing its share capital, the company must offer additional guarantees for its liabilities to each creditor who demands them and whose rights were in force prior to the date of the publication of the decision to reduce the capital.

4) The company must notify each creditor in writing about the decision to reduce its capital. Creditors may submit their demands within 60 days after such notification or after the publication in the Official Gazette, whichever is later.

5) The company may not give additional guarantees for its liabilities if aggregate demands of creditors exceed the net assets of the company evaluated by an independent appraisal after reduction of authorized capital. The company may not give additional guarantees for its liabilities to a creditor, if his demands are already fully and reliably secured. The company may not give additional guarantees to creditors when the purpose of the reduction of capital is to offset losses. Disputes concerning additional guarantees for liabilities shall be settled by the Commercial Court.

6) Any reduction shall be void and no payment may be made to shareholders, until the creditors have achieved satisfaction or the Commercial Court has declared that their application is without merit.

7) Capital of the company can be reduced by cancellation of proportional number of shares, in proportion to the share of each shareholder in the total number of shares, or by reducing a nominal value of shares.

8) Share capital may not be reduced to an amount less than the minimum capital prescribed.

9) Share capital shall be considered reduced only when amendments to the charter have been registered in the Central Registry of the Commercial Court.

10) The decision on reduction of share capital shall be published in the Official Gazette of Montenegro.

11) Consistent with the provisions of this Law on reduction of capital, a company may return to the shareholders their contributions fully or in part, on which occasion the adequate number of shares of shareholders to whom a part of contribution or the entire contribution was returned shall be cancelled.

Article 60. The Right of a Company to Purchase its Own Shares

1) A company may, if authorized by its charter or a resolution of its board, purchase its own shares in accordance with the authorization to do so by the general shareholder meeting.

2) A purchase of shares must be authorized by the general meeting specifying the maximum number of shares which may be purchased and the maximum price which may be paid.

3) The authorization must specify a date, not later than 12 months after it has been granted, on which the authorization expires.

4) Notwithstanding paragraph 2 of this Article, the Board of Directors may adopt a decision on acquiring the company's own shares, if such an acquisition is envisaged by the charter and if necessary as protection against serious and immediate damage to the company. The shares acquired in such a manner cannot exceed 10% of the company's share capital. The Board of Directors shall be obliged to submit at the first following general shareholders' meeting a detailed report on reasons for acquiring the company's own shares, number and nominal value of acquired shares and their participation in the total share capital of the company and the price at which those shares were purchased.

5) The shares acquired, including shares acquired by the company and held by it, and any shares acquired by a person in his own name but on the company's behalf, may not exceed 10 % of the share capital of the company, except where:
   (1) shares are required in carrying out a decision to reduce capital;
   (2) shares acquired as result of universal transfer of assets or restructuring under this Law;
   (3) shares acquired to satisfy a legal obligation or court ruling requiring indemnification of minority shareholders.

6) Subscription, acquisition and holding of shares by the company for its own account in which the issuer of shares has majority management or majority voting

right shall be considered as subscription, acquisition and holding of shares by the very issuer of shares.

7) Paragraph 6 of this Article shall not apply to shares of the issuer acquired by the company in which the issuer of shares has majority management, i.e. majority of members of the Board of Directors, or majority voting right, i.e. majority ownership in the company, before the issuer of shares has acquired majority management or majority voting right in that company. Those shares do not carry a voting right and shall be taken into account in determining the conditions referred to in paragraph 5 of this Article for the buyback.

8) When a company purchases its own shares, these shares shall be either cancelled or retained as treasury shares which do not carry voting rights and are not entitled to dividends.

9) Treasury shares shall be disposed of by the company within one year of their acquisition. If the shares are not disposed of within that deadline, the company shall be obliged to cancel them within three days from the day of expiry of deadline and to inform the Securities Commission and CDA thereof within additional three-day deadline.

10) The company must register the number of shares purchased at the Central Registry of the Commercial Court.

11) The annual report of the company shall include reasons for acquiring the company's own shares during the financial year, data on the number and nominal value of purchased and sold company's own shares during the year, the value that the company gave for the purchase or received on the basis of the sale of its own shares, and participation of the acquired company's own shares in the total number of company's share.

12) The company shall give loans, guarantees or any other financial assistance to any person wishing to buy shares of the company, except in the case of employee incentive stock purchase plans.

Chapter 6 Finances And Distribution Of Profit

Article 61. Financial Year

1) The financial year of a company shall be a calendar year. If a company is registered after the commencement of the financial year, the day of the end of the company's financial year shall be deemed to be the end of the first financial year. If a company is removed from the Register prior to the end of its financial year, the last financial year shall end on the day the company is removed from the Register.

Article 62. Distribution of Profit

1) Except where a return of invested capital is intended under Article 59, paragraph 11, no distributions to shareholders may be made when, on the closing date of the last business/financial year, the net assets as set forth in the company's annual reports are, or following such a distribution, would become, lower than the amount of the share capital plus those reserves which may not be distributed under law or the terms of the company's charter.

2) The amount of a distribution to shareholders may not exceed the amount of the profits at the end of the last fiscal year plus any profits brought forward and sums drawn from reserves available for this purpose, less any losses brought forward and sums placed to reserve in accordance with law or the charter.

3) Any distribution to shareholders made contrary to Article 62.2 must be returned by shareholders who have received it, if the company proves that the said shareholders knew of the irregularity of the distributions made to them or could not in the circumstances have been unaware of it.

Article 63. Dividends

A dividend is a payment of part of company's profit to shareholders.

Dividends declared by the general meeting shall become the company's liability to its shareholders.

A joint-stock company may only pay a dividend if its net assets are not less than the aggregate of the value of its initial capital and the payment of the dividend would not reduce the net assets below that minimum.

Dividends may only be paid out of accumulated net profit.

It shall be the normal practice that the company shall pay dividends in money. The dividends may also be paid in the form of company's shares or other securities.

Dividends may only be paid to persons who were shareholders in the company on the day when the general meeting made a decision on dividend payment. If a shareholder is not paid a dividend, he shall retain the right to dividend, even if he divested of shares after the day of holding the general meeting of shareholders at which the decision on dividend payment was made.

PART VI LIMITED LIABILITY COMPANIES

Article 64. Limited Liability Companies

1) A limited liability company is a company formed for the purpose of conducting a business for profit by natural or legal persons who shall make a monetary or non-monetary contribution and who shall not be liable for the debts or obligations of the limited liability company beyond that amount. The contributions shall constitute the limited liability company's initial capital.

2) On payment of an initial contribution a person shall acquire part in a limited liability company proportionate to the amount of his contribution.

3) Upon acquisition of a part a person becomes a member of the limited liability company.

4) A member of a limited liability company holds only one part in the limited liability company representing his percentage ownership interest.

5) A part in a limited liability company may entitle a member to cast more than one vote.

Article 65. Membership Interests

1) One or more persons may found a limited liability company.

2) A limited liability company must limit the maximum number of its members to 30.

3) The charter of a limited liability company must restrict the transfer of its parts. A limited liability company may not issue an invitation to the public to subscribe for any of its parts.

Article 66. The Capital of a Limited Liability Company

1) The founders shall determine the amount of initial capital of a limited liability company, which may not be less than 1 Euro.

2) The capital of a limited liability company shall be composed of contributions received from the founders and from persons known to at least one founder and personally invited by the founders to contribute. For all additional capital contributions, the name of the new contributor and the amount of contribution shall be stated in a document with the Central Registry of the Commercial Court.

Article 67. Payment in Kind

1) A member may contribute assets as his capital contribution in exchange for parts. An appraisal is required according to the provisions of Article 51.

Article 68. Company Charter

1) The charter must include:
the name of the company;
address of its registered office and place for receiving official notices;
the general nature of the company's business activities;
a statement that the company is a limited liability company and the amount of the capital;
in so far as a board of directors is constituted, the rules governing the appointed number of board members and the procedure for appointment of the board and appointing members of the management and executive bodies, their respective powers and duties, disqualification and removal and the allocation of powers among these bodies;
rules for alteration of capital if not determined by law;
persons authorized to represent the company either jointly or individually;
the conditions set out in Article 65 above.

Article 69. Foundation of Limited Liability Company

1) The foundation agreement of a limited liability company and all other documentation required by this Law shall be transmitted to the Central Registry of the Commercial Court for registration.

2) Following the signature of the foundation agreement of a limited liability company, the founders may invite the persons referred to in paragraph 69.2 above to subscribe to become a member.

Article 70. Initial Registration

1) The following documents and particulars must be must be disclosed at the first registration of a limited liability company:
(1) the foundation agreement;
(2) the charter;
(3) a list of founders, members, officers and directors, if any, including--
(a) the first and surnames and any former names;
(b) their personal identification number, or passport number if a foreign national;
(c) their residential addresses;
(d) their citizenship;
(e) details of any other directorships, memberships in limited liability companies or partnerships, or other management positions held in

Montenegro or elsewhere and the place of registration of such companies if not in Montenegro;
(4) the name of the managing director;
(5) the address of the registered office and place for receipt of official notices, if different;
(6) persons authorized to represent the company either jointly or individually;
(7) the signed consent of the first directors to their appointments, if any;
(8) a document confirming payment of the appropriate registration fee.

2) The company shall acquire the status of a legal person upon entry of the company's name in the Central Registry of the Commercial Court by the Registrar. The issuance of a registration certificate by the Registrar is evidence of registration.

3) Disclosure of company's name and registered office, the names of directors, the managing director, as well as the existence of the foundation agreement and the charter and date of the registration shall be submitted to the Registrar of the Central Registry of the Commercial Court which will cause publication in the Official Gazette.

4) Publication of documents in the Official Gazette shall be by reference to the document in question.

5) All amendments and additions made to the foundation agreement, the charter or any other documents or particulars which a limited liability company is obliged to file by law with the Central Registry of the Commercial Court are to be submitted within 7 working days. The disclosure shall be made by the managing director of the company or a designee.

6) After every amendment of the charter or the foundation agreement, the complete text as amended shall be submitted to the Central Registry. Amendments to the charter or the foundation agreement shall be valid only when registered.

7) The documents and particulars disclosed in the Central Registry may be relied on by the company as against third parties only after publication in the Official Gazette unless the company proves that the third parties had knowledge of them. With regard to transactions taking place within sixteen days following publication, the documents and particulars shall not be relied on with respect to third parties who can prove that it was impossible for them to have knowledge of them.

8) There should be no discrepancy between what is disclosed by publication and what has been filed in the Central Registry of the Commercial Court. If there is a discrepancy the published text may not be relied on as against third parties. Third parties may, however, rely on such texts unless the company proves that they had knowledge of the text filed in the Central Registry of the Commercial Court.

Article 71. Submission and Disclosure

1) Limited liability companies must disclose to the Central Registry of the Commercial Court and by publication in the Official Gazette the following types of documents and particulars:
   (1) any amendments to the charter or the foundation agreement, including any extension of the life of the company;
   (2) any change in the name of the company and the address of its registered office or place for receiving official notices;
   (3) the appointment, termination of office and details of persons selected as directors, managers or other designated officers where applicable. It must appear from the disclosure whether the persons authorized to represent the company may do so alone or jointly;
   (4) the appointment, termination of office and details of the persons who, either as a body or as individuals, are authorized to represent the company in dealings with third parties. It must appear from the disclosure whether the persons authorized to represent the company may do so alone or jointly;
   (5) the liquidation of the company;
   (6) any declaration of nullity of the company by the Commercial Court;
   (7) the appointment of a liquidator, his identity, qualifications and powers other than those set out in this Law or in the charter;
   (8) the amount of capital unless an increase in the capital requires an amendment of the charter;

2) Limited liability companies are required to submit financial statements annually to the Central Register of the Commercial Court. A disclosure of the existing amount of capital shall be made if not already disclosed in the financial statements.

3) These financial statements must be submitted within the period of 2 months after the end of the limited liability company's calendar year.

Article 72. Validity of Obligations

1) Completion of the disclosure formalities regarding the directors or other persons authorized to represent the company shall constitute a bar to the use of any irregularity in their appointment as a defense against third parties unless the company proves that such third parties had knowledge of the irregularity.

2) Legal acts of the company's directors other persons authorized to represent the company shall be binding on the company even if those acts are not within the scope of the company's business activity.

3) The limits of the powers of the company's directors or other persons authorized to represent the company arising under the charter or from a decision of such bodies may never be asserted as a defense against third parties, even if they have been disclosed.

4) General power of representation conferred by the charter of a company on a single person or on several persons acting jointly may be relied upon by third parties provided that all the disclosure formalities have been observed in accordance with this Law.

5) Reference shall be made to the general power of representation on letters and company's forms.

Article 73. Company Bodies

1) The general meeting is not an obligatory body of a limited liability company. The members of a limited liability company may regulate activity by means of internal regulations, and may act directly by resolution of the members holding the appropriate percentage of capital.

2) With the exception of single member limited liability companies, members personally present or represented by proxies who hold parts representing more than half the capital of the limited liability company shall constitute a quorum unless the Charted states otherwise.

3) The members of a limited liability company, either by majority vote or as indicated in the charter, shall appoint a managing director and set his compensation. A managing director is a mandatory body.

4) A limited liability company may or may not form a Board of Directors.

5) The members, or the directors if a board exists, may delegate a general power of representation to the managing director to act on their behalf.

Article 74. Transfer of Parts

1) The parts of a limited liability company may be registered and transferred only in accordance with the procedures established in the charter. These parts shall not be registered with the Securities Commission and the Central Depository Agency.

2) A part may be transferred among members without restriction in conformity with the charter.

3) Where a member proposes to transfer a part, the members of the company and the company itself have a preemptive right to purchase the part, in accordance with the charter. Where no agreement to purchase the part is reached between the transferor of the part and the members, the part shall be divided among them proportionately to their current part in the company, unless otherwise provided in the charter. Where the members and the company itself have declined to purchase the part proposed to be sold within 30 days from the date on which the stock was offered, the stock may be

transferred to a third party under terms no less favorable than offered to the company or existing members.

4) If the part is being sold by execution procedure, the court shall notify the members and the company. If the members and the company itself fail to express their wish to buy the part within 15 days from receipt of notification, such part shall be sold in accordance with the execution procedure rules.

5) In the event of death or dissolution of a member, his part shall be transferred to his heir or legal successor, unless otherwise provided by the charter. Where the charter prohibits transfer of a part, the charter shall provide that such part be bought by members of the company or the company itself. Where the members or the company itself do not buy the part, the part shall be withdrawn in conformity with the provisions of this Law relating to the reduction of the initial capital.

6) In the event of a part being transferred, the transferor and transferee shall be jointly and severally liable to the limited liability company for obligations associated with membership. A part shall be transferred by written agreement.

Article 75. Priority Rights

1) The charter of a limited liability company shall give its members the right to increase their interest in the limited liability company if the company proposes to increase its capital.

2) The size of the increase in the value of a part shall be proportionate to the relationship of the part to the total value of the limited company's capital, unless the charter states otherwise.

Article 76. Purchase of Member Interests by the Limited Liability Company

1) A limited liability company may reduce its invested capital by the purchase of one or more of its members' parts. The terms of the purchase must be authorized by parts representing at least 2/3 of total capital. A copy of the proposed contract, or a written memorandum of its terms, must be either delivered to all members at least 21 days before the decision is made.

2) A limited liability company may not, directly or indirectly, provide financial assistance of any kind for the purchase of part of the company except upon unanimous agreement of its members.

Article 77. Single Member Limited Liability Companies

1) A limited liability company may have a sole member when it is formed and also when all its parts come to be held by a single person. This shall be

called a “single member limited liability company." The sole member of a single member limited liability company may be a natural or legal person.

2) Where a limited liability company becomes a single member limited liability company this fact shall be registered in the Central Registry and in the company's records.

3) The sole member shall exercise the powers of the general meeting of the company. Decisions, taken by the sole member shall, be recorded in minutes or drawn up in writing. Contracts, other than current operations concluded under normal conditions, between the sole member and his company as represented by him shall be recorded in minutes or drawn up in writing.

4) The liability of a single member company shall remain limited.

5) The founder or sole member of a single-member limited liability company may be its managing director or may appoint a managing director.

Article 78. Restructuring of a Limited Liability Company into a Joint-Stock Company

1) A limited liability company may be restructured into a joint-stock company under the following conditions:
   (1) the share capital must not be less than 25,000 Euros;
   (2) the share capital must be paid in full;
   (3) all requirements for the formation of a joint stock company specified in this Law shall be complied with;
   (4) the general meeting must pass a special resolution to be restructured as a joint-stock company;
   (5) the charter must be amended to provide that it is a joint-stock company;
   (6) the charter must conform to the requirements for a joint-stock company and any provisions only appropriate to a limited liability company must be deleted;
   (7) the expression of the members’ investments as “parts” shall be cancelled and shares shall be issued to the members in the proportion of their existing ownership, unless otherwise agreed to by all affected shareholders;
   (8) the joint-stock company’s shares shall be registered in accordance with the Law on Securities of the Republic of Montenegro.

2) Upon completion of all conditions for the restructuring of a limited liability company into a joint-stock company, the company shall be deemed a joint stock company from the day of registration.

Article 79. Application of Other Sections of this Law to Limited Liability Companies

1) Except for the matters contained in this Part specifically governing limited liability companies, provisions of this Law relating to joint stock companies shall accordingly apply to limited liability companies. Relevant references to 'shares' shall be construed as references to 'parts' where appropriate. Where a contradiction exists between provisions in this Part and the provisions relating to joint stock companies, this Part shall prevail in relation to limited liability companies.

PART VII FOREIGN COMPANY BRANCH

Article 80. Foreign Company Branches

1) A "foreign company branch" is a branch of a company established and registered outside the Republic of Montenegro which establish a business operation within the Republic of Montenegro. A foreign company branch exits and operates only to the extent permitted by this and other laws of Montenegro.

2) Any foreign company operating a branch within the Republic of Montenegro is required to comply with the relevant provisions of this law and all other relevant laws of the Republic of Montenegro.

3) Foreign companies which establish a Foreign Company Branch within the Republic of Montenegro shall, within 30 days of the establishment of the first place of business deliver to the Central Registry of the Commercial Court for registration the following:
   (1) the address of the branch;
   (2) the activities of the branch;
   (3) the name and legal form of the foreign company and the name of the foreign company branch if it is different from the name of the company;
   (4) an authenticated copy of the charter of the foreign company and a translation of the charter in the Serbian language duly certified as a true and correct translation;
   (5) a copy of the foreign company's registration certificate or a corresponding duly authenticated document confirming the legal registration of the company in its home state;
   (6) the names and addresses of the person or persons who are authorized to represent the company in dealings with third parties and in legal proceedings:
   a) as a company body constituted pursuant to law or as members of any such body;
   b) as permanent representatives of the company for the activities of the branch, and the extent that the persons are authorized to represent the company, whether they may do so alone or jointly.

(7) the names and addresses of one or more persons resident in the Republic of Montenegro authorized to accept on behalf of the company service of legal process and any notice required to be served on the company;
(8) the most recent balance sheet and profit and loss statement or similar financial documents required under the law where the company is registered.

4) Foreign companies with Foreign Company Branches within the Republic of Montenegro shall update the information submitted with the Central Registry of the Commercial Court in paragraph 80.3 within 20 days of the change in circumstance, and, in addition, register the following when applicable:
(1) notice of closing or liquidating the company, the appointment of liquidators, particulars concerning them, insolvency proceedings or any other arrangements or analogous proceedings to which the company is subject;
(2) the closure of the branch.

5) A foreign company branch shall state in business letters and other business documents:
(1) Name in the CRPS;
(2) Registration number of the company from the CRPS;
(3) name, legal form and head office of a foreign company and name of a foreign company branch, if different from the foreign company name;
(4) head office of the foreign company branch;
(5) note that a foreign company is under liquidation, if that is the case.

Part VIII REGISTRATION

Article 81. General Provisions

1) This Part on business registration governs:
(1) the procedure by which legal entities and individuals engaged in business (hereinafter "businesses") shall register required documents defined under this law;
(2) the submission process required for business registration;
(3) the purpose and effect of such registration; and
(4) the powers and duties of the Central Registry of the Commercial Court to conduct such registration.

2) The following entities are subject to this section: joint stock companies, limited liability companies, limited partnerships, general partnerships; individual entrepreneurs, and foreign company branches.

Article 82. Definitions

In this Part, the following terms shall have the meanings given to them below:

1) "Central Registry" refers to the division of the Central Registry of the Commercial Court which registers businesses.
2) "Registrar" refers to the person in charge of the Central Registry within the Commercial Court.
3) "Submission" is the act of presentation, physically or electronically, of an application or document to the Central Registry of the Commercial Court or Authorized Registry Agent which the Registry is empowered to register pursuant to this section.
4) "Memoranda of Organization" refers to any and all founding documents required for establishing any of the various forms of enterprises governed by this law. They must be registered with the Central Registry in order to permit a business to lawfully conduct business in Montenegro.
5) "Applicant" is the natural or legal persons submitting documents seeking registration with the Central Registry.
6) "Authorized Registry Agent" shall be a regional court, physical or legal person specifically authorized to accept documents and applications for registration.
7) "Registration" means the official act of the Central Registry of entering the information into the official records of the Registry.
8) "Time of Registration" shall be the time of submission of an application or document to the Central Registry of the Commercial Court or Authorized Registry Agent.
9) "Notice of Continuance" is a document that effects the continuing registration of a previously registered document submitted to the Central Registry. A Notice of Continuance shall be completed by the Registrant and contain the following information: the names and addresses of the officers, in the case of a joint-stock company or a limited liability company, or the general and limited partners, in the case of a limited partnership.
10) "Registration Certificate" is a document bearing the seal of the Registrar of the Central Registry evidencing that the enterprise or entrepreneur has been registered.
11) "Certificate of Non-Existence" is a document bearing the seal of the Registrar of the Central Registry certifying either (a) that the registration of a legal entity has lapsed; or (b) that there exists in the Central Registry no records for a given purported business.
12) "Abstract" is a document issued by the Central Registry which sets forth the documents filed with the Central Registry for a particular registrant.

Article 83. Central Registry of the Commercial Court

1) The Central Registry is located in Podgorica and shall be the sole repository for all submissions required by this section.

2) The regional courts operating in Montenegro are hereby deprived of their authority to register businesses. However, the Registrar may issue a written decision empowering the regional courts or other specifically authorized private businesses, known as "Authorized Registry Agents," to accept documents and applications for registration. The authorized regional court or Authorized Registry Agents must deliver any such documents to the Central Registry within three business days.

3) The Central Registry is a part of the Commercial Court. However, the Central Registry shall be separate from the Commercial Court for budgetary and income retention purposes to the extent provided for in this section.

4) The Registrar shall authorize Authorized Registry Agents in accordance with criteria set for by special instructions issued by the Ministry of Justice.

5) The information and documentation received through this section shall be maintained by the Central Registry in a single, computerized database with appropriate safeguards for information preservation.

6) The Central Registry shall permit public inspection of the information in the database, the index, and the documents. The Central Registry shall be open to the public for at least six hours per day on each day that is not a Saturday, a Sunday, a public holiday, or a day on which the Commercial Court is not permitted to be open in accordance with law.

7) During the public inspection period, any person may view, transcribe, and copy the abstract of business and the documents archived in the Central Registry.

8) During the public inspection period, the Central Registry must make trained personnel available to the public to issue Abstracts, Registration Certificates, and Certificates of Non-Existence. Such personnel shall also receive and preliminary index Memoranda of Organization and Notices of Continuance, plus any other documents that may be registered pursuant to this section.

9) There must also be made available during the public inspection period, procedures for the collection of fees and provision or receipts therefore.

10) The Central Registry shall also make publicly available the information in its database through electronic means including a web site established over the internet.

Article 84. The Registrar

1) The Registrar of the Central Registry shall be an officer of the Commercial Court who may or may not be a judge, and who in his or her capacity as Registrar shall act without judicial powers. The duties of the Registrar shall be administrative only, and none of his activities shall be construed as being judgments or other judicial act.

2) The administrative duties of the Registrar shall be the supervision of the registration of businesses, the issuing of Registration Certificates, Certificates of Non-Existence, and Abstracts. Moreover, the Registrar shall return properly rejected documents to the proffering parties.

3) The Chairman of the Commercial Court shall nominate the Registrar. The Chairman of the Commercial Court, may, however, appoint an individual to

serve as the Interim Registrar for not more than a 90-day period in the aggregate.

4) The Registrar may be assigned additional duties by the Chairman of the Commercial Court related to registration.

5) The Registrar shall serve a term of five years; and, may be re-nominated and re-approved for a second and final term.

6) The Registrar shall ensure that the Central Registry maintains:

(1) an alphabetical index of the names of the Registrants; and

(2) the date of registration of each document filed by a Registrant for the period starting with the initial registration of the Memorandum of Organization and continuing until 15 years following the liquidation or other form of dissolution of the Registrant.

7) The Registrar shall also maintain an original, an electronic, or a microfilm copy of each Registrant's Memorandum of Organization, any Notice of Continuance, and evidence of the payment of fees paid by or on behalf of the Registrant.

8) If a presented Memorandum of Organization or a Notice of Continuance purports to contain the information required by this section, the Registrar, shall, upon payment of the fee assign the submission a consecutive number, register the business, and furnish the submitting party with the file number for the Registrant and a receipt indicating the total fee paid.

9) The Registrar is not authorized to refuse a submission if the document, application, or notice of continuance presented contains all the particulars required by this law and related regulations. The Registrar is not authorized to investigate the authenticity of the information on the documents submitted.

10) The Registrar shall charge such fees as are provided for herein. Such fees shall not exceed a reasonable amount required for administrative cost. The fees collected herein shall be remitted to the Commercial Court.

11) The Registrar shall take all actions reasonably necessary for the Central Registry to perform all the functions required by this section and to carry out his or her duties under this Law.

Article 85. Submission of Documentation and Information

1) With respect to a Memorandum of Organization or a Notice of Continuance, any officer or owner of the business, or an authorized designee, may cause a Memorandum of Organization or Notice of Continuance to be filed with the Central Registry.

2) With respect to enterprises, only authorized persons may submit any notices that may be registered thereunder.

3) With respect to bankruptcy, only persons authorized by the enterprise insolvency law or authorized designees may submit any notices that may be filed.

4) Only persons authorized by another law to submit for registration or any notices thereunder may do so pursuant to that given law.

5) Bankruptcy administrators are empowered to make submissions under this section.

6) Liquidators of joint stock companies, limited liability companies, limited partnerships, and general partnerships are empowered to make submissions under this section.

7) Where appropriate, officers of the court, or the government, and of other appropriate authorities may make submissions hereunder if otherwise permitted by applicable law or section.

8) The Authorized Registering Agent or, authorized regional court upon receiving a submission shall issue to the applicant written evidence in the form of a receipt indicating the time of submission, and shall attach a copy of the receipt to the application or documents being forwarded to the Registrar.

Article 86. Procedure for Re-Registration

1) Upon submission of an application or other documents for registration to the Registry Agent or authorized regional court, a receipt must be issued to the applicant evidencing such submission and time the submission is made. The Authorized Registry Agent or authorized regional court must deliver the submitted documents to the Central Registry within three business days.

2) The Registrar is obliged to register all relevant documents submitted except where there are grounds for rejection due to an obvious failure to furnish the full information required by this law, the name submitted is not unique, where any law of the Republic of Montenegro has obviously been on its face violated, or where documents have not be completed in the format or the manner required.

3) Where grounds for rejection of a registration exist, such rejection must take place within four business days.

4) Documents submitted to the Central Registry which have not been rejected within four business days shall be deemed to be validly registered whether or not a certificate has been issued. In such cases, the Registrar is obliged to register the submitted documents.

5) The time of registration shall relate back to the time the application and documents were initially submitted to the Central Registry, the authorized regional court, or the Authorized Registry Agent where the documents are ultimately entered into the registry kept by the Registrar, except in the case enumerated in Article 86.3.

6) In the case of a joint stock company and limited liability company, the moment of attainment of the status of a legal person is the time of registration.

7) By issuing a registration certificate, the Registrar:
   (1) acknowledges that on its face, the business is of the type described in its Memorandum of Organization, unless, at the time of the submission of the said Memorandum of Organization or thereafter, there exists any non-cured defect regarding the entity's formation or its maintenance of its existence;
   (2) indicates that the business is recognized as registered in Montenegro with particulars and information on file with the Central Registry available for public inspection;
   (3) acknowledges as to registration of a notice of voluntary liquidation, that the requisite decisions have been made by the bodies empowered by law to do so, and that the entity being liquidated has received all requisite permission or certificates from taxation or other budgetary authorities;
   (4) as to Registration Certificates, confirms that the business entity named thereon is duly registered and has paid the fee for the year in which the Certificate is issued;
   (5) confirms as to Abstracts, that the entries appearing on the abstract document represent all entries made with regard to a registered business for the given period, and the names of the officers of that business as they appear on the Abstract are the same as those on the Memoranda of Organization;
   (6) confirms that, in the case of joint stock companies, limited liability companies, general partnerships, limited partnerships and certain individual entrepreneurs conducting business under a trade name other than his own, that the trade name of the registrant is unique and that the registrant enjoys priority as to that trade name over all other non-registered or subsequently registered users thereof.

8) Joint stock companies, limited liability companies, and limited partnership registrations shall be effective for one year following the registration of a Memorandum of Organization or of a Notice of Continuance.

9) The registration of a joint stock company, limited liability company, and limited partnership lapses at midnight on the 365th day following its registration.

10) For enterprises that have failed to register a Notice of Continuance for period of over 14 months beyond the expiration period, the Registrar shall de-register the enterprise and issue a notice of de-registration, upon the implemented procedure of court liquidation.

11) The Registrar may, upon a showing by the business of exigent circumstances, extend the period of effectiveness of any registration for not more than 30 days.

12) Acts of the registrar shall be final and administrative dispute may be initiated against them.

Article 87. Fees and Funding of the Registry

1) The Central Registry shall be permitted, for the fifteen months after it receives its first submission, to retain all revenue that it collects for operational purposes.

2) The Central Registry shall use such revenue to hire and train necessary personnel, purchase a computer and basic software including a database, and otherwise to enable it to operate efficiently under this section.

3) The Commercial Court shall audit the Central Registry every six months for 18 months to ensure the accurate receipt, recording, and disbursement of revenues of the Central Registry.

4) At the end of the fifteen month period, the Ministry of Justice may allocate the revenues generated by the Central Registry between the Central Registry and the other operational divisions of the Commercial Court, with the Central Registry receiving no less than one-half of all such revenues.

5) The Central Registry shall charge the following fees:
   (1) for registration of a joint stock company: 50 Euros;
   (2) for individual entrepreneurs, general partnerships, limited partnerships, and limited liability companies: 10 Euros;
   (3) for registration of a Notice of Continuance: 1 Euro;
   (4)
   (5) for the issuance of an additional authenticated Registration Certificate or a Certificate of Non-Existence: 5 Euros;
   (6) for the submission of any other notice, including a notice of de-registration: 5 Euros. and,
   (7) for any required submission to the Official Gazette made by the Registry pursuant to this Law based on actual publication costs..

Article 88. Liabilities

1) The Central Registry shall ensure that the information contained in the index and the other information archived in the registry is the same as that provided to it for registration; and the public may rely thereon to that extent. However, a registration pursuant to this section is only a certification that the Memorandum of Organization or the Notice of Continuance which formed the basis of that registration contained the information required by the section. Such registration is not an attestation as to the truth of the information contained in the said Memorandum of Organization or Notice of Continuance.

Persons and legal entities engaging in transactions with registered legal entities bear the responsibility to verify, to their own satisfaction and for their own purposes, the information contained in the registration information.

2) If an individual or a legal entity suffers material damages as a result of negligence or other malfeasance of the Central Registry, that individual or legal entity is entitled to recover its direct but not any consequential damages from the Commercial Court.

PART IX PENALTY PROVISIONS

Article 89 Deleted

Article 90 Deleted

Article 91 Deleted

Article 92: Offences

1) An enterprise or other business shall be fined of an amount not exceeding 15,000 Euros for the offences listed in paragraph 3 of this Article.

2) Any person within an enterprise or business who is responsible for any of the offences listed in paragraph 3 of this Article, shall also be fined in an amount not exceeding 1,000 Euros.

3) An enterprise, other business, or responsible person commits an offence in the following circumstances:
   (1) If it conducts a business activity without a special approval for performing that business activity, if such an approval is envisaged by a special regulation. (Article 1 paragraph 3);
   (2) If in conducting its business, it does not use the name of its firm as it is entered in the register (Article 6 paragraph 6, Article12 paragraph 1 sub. (1), Article 21 paragraph 1 sub. (11), Article 70 paragraph 1 sub. (5), Article 80 paragraph 3 sub. (3);
   (3) If a member or shareholder misuses the enterprise with the intent to achieve a prohibited objective, improperly treating the enterprise assets as the shareholder or member's own personal assets, misappropriates, disposes of assets for the member or shareholder's own benefit or the benefit of some other person. (Article 4);
   (4) If it operates without having invested the minimum initial capital required by law. (Article 17 paragraph 6);

(5) If it pays out dividends, distributes profits, returns capital, issues additional shares, or parts in violation of this law, its charter, its memorandum of association, or other founding or governing documents. (Article 62);
(6) If it fails to elect or appoint required bodies, officers or an auditor within the appropriate timeframes under the law. (Article 34, Article 73 paragraph 3);
(7) If it interferes with the work of an auditor or attempts to improperly influence the work of the auditor. (Article 45 paragraph 1);
(8) If a company director, member, officer or manager of the company or enterprise concerned violates a duty required under the law, or enters into a transaction with the company or enterprise concerned without first obtaining the appropriate approvals and procedures required under this law. (Article 35 paragraph 2 item 10) and paragraph 3; Article 40 paragraph 4; Article 44; Article 48 paragraph 3, Article 60 paragraph 4, Article 79, paragraph 1);
(9) If it provides loan, guarantee or other type of financial assistance to individual for the purpose of purchasing the company's shares in violation of this law. (Article 60 paragraph 12, Article 79 paragraph 1);
(10) If it makes a public call for subscription and payment for shares in a prospectus or other public document which includes a false statement, false particulars or does not include the particulars required under the law and does not meet the conditions set by law. (Article 28, Article 52 paragraph 2);
(11) If as a person in his or her own name purchases shares for the control or benefit of a joint-stock company, and fails to disclose or transfer shares to the joint-stock company on whose account it has acquired or controls the shares. (Article 60 paragraph 5);
(12) if it fails to keep the book of decisions in the manner determined by this Law (Article 18a, paragraph 4 and Article 77, paragraph 3);
(13) if it fails to make a report on relationship with the parent company and companies in which its parent company has the status of the parent company or subsidiary (Article 35, paragraph 3).

Article 93

1) An enterprise or other business shall be fined of an amount not exceeding 10,000 Euros for the offences listed in paragraph 3 of this Article.

2) Any person within an enterprise or business who is responsible for any of the offences listed in paragraph 3 of this Article, shall also be fined in an amount not exceeding 500 Euros.

3) An enterprise, other business, or responsible person commits a breach in the following circumstances:
   (1) If it fails to properly submit a written memorandum of association, charter or other required foundational document in compliance with this law, or if it omits to include in that document any data which is required to be included. (Articles 14 and 71);
   (2) If it fails to timely submit for registration any particulars prescribed by this Law, or of any changes of such particulars where required. (Article 6 paragraph 6, Articles 12, 13, 21, 28, 70, 71, 80 paragraph 3);

(3) If it refuses to give information or answers that are required pursuant to this law, its charter, articles of association or other founding document to a member or shareholder, if it provides false information, or prevents them from exercising their rights to access information, if it fails to make public information required to be disclosed by law, if it fails to issue notices in the manner required by law, or if it makes any false public statement or other public notice or announcement. (Articles 32, 48 and 71);
(4) In the event of a failed subscription to shares, if it or the founders, fails to refund to the subscribers the amounts paid in within the term set by this law. (Article 20 paragraph 6);
(5) If it fails in the capacity of founder, board member or officer to convene the statutory general meeting, general meeting, or extraordinary general meeting in a timely manner when required under the law or fails to follow appropriate procedures in calling the meeting. (Article 36);
(6) If it fails to organize itself and adjust its charter or other governing documents to the provisions of this Law within the time-limit set, unless otherwise provided by this Law. (Article 96 paragraph 3);
(7) If it fails to state the prescribed data in business letters and other business documents (Article 27, paragraph 2 and Article 80, paragraph 5).

Article 94: Offences by an Individual Entrepreneur

1) Any individual entrepreneur who conducts business under a name other than his own without registering the trade name with the Central Registry shall be fined an amount not to exceed 5,000 Euros (Article 5 paragraph 4).

Article 95: Failure to Register

1) Any person or group of persons carrying on a business which has been in operation for more than one month claiming to have limited liability without validly registering as a joint-stock company, limited liability company, or limited partnership shall be fined an amount not to exceed 1,000 Euros.

2) A pecuniary fine in the amount of 10,000 Euro shall be imposed on a joint stock company that fails to register a notice of continuance with the CRPS, whereas a pecuniary fine in the amount of 1,000 Euroshall be imposed on a limited liability company and limited partnership for the same offence.

3) For any limited partnership that fails to submit information required in Article 13 paragraph 1 of this law, each of the general partners shall be liable to pay a fine not exceeding 1,000 Euros.

PART X TRANSITIONAL AND OTHER CONCLUDING PROVISIONS

Article 96. Transitional Provisions

1) Existing enterprises and other forms of organizations pursuing economic activities, as well as entrepreneurs, shall continue to operate on the effective date of this Law in the manner and under the conditions which were valid at the time of their registration.

2) The Central Registry shall submit initial implementing instructions and forms to the Ministry of Justice within 60 days of the effective date of this Law.

3) The Ministry of Justice shall issue implementing instructions within 30 days of their receipt form the Central Registry.

4) The Commercial Court shall bring the Central Registry into complete operational capability and compliance with this law within 90 days of the issuance of the aforesaid instructions by the Ministry of Justice.

5) Enterprises and other forms of organization as well as entrepreneurs from the paragraph 1 of this Article shall bring their respective registration in line with the provisions of this Law within 180 days of the effective date of this law, unless otherwise provided by this law.

6) All joint sock companies in existence prior to effective date of this law shall within 180 days submit a current balance sheet for the last accounting period which indicates that the company has equivalent or greater than 25,000 Euro in invested monetary or non-monetary capital.

7) Existing joint stock companies which fail to act in conformity with paragraph 6 of this Article shall cease to operate and the court shall delete them from the register after carried out liquidation procedure.

8) This law authorizes the promulgation of implementing instructions and forms by the Ministry of Justice.

9) Documents submitted for registration or registration that is in progress at the time of the effective date of this law, prior to the enactment of implementing instructions and forms referred to in paragraph 3 of this article shall be registered under the existing registration rules.

Article 97. Termination of Validity of the Existing Laws

1) After the enactment of this Law the following shall not be applied:
The Montenegrin Law on Entrepreneurs, as well as provisions of other laws that are conflicting with this law.

Article 98. Effective Date of Law

1) This Law shall come into force on the eighth day upon its publication in the Official Gazette of the Republic of Montenegro.

Notes:
Following provisions of Articles 66, 67 and 68 of the Law on changes and additions to this Law (Official Gazette of Montenegro number 17/07 dated 31st December 2007) were not entered in the cleaned text of the Law:

Transitional Provisions

Article 66

Restructuring procedures initiated before the effective day of this Law shall be terminated in accordance with the regulations effective until the effective day of this Law.

The existing joint stock companies shall be obliged to harmonize their acts with provisions of this Law, at the latest until the 30th June 2008.

Article 67

The Board for Constitutional Issues and Legislation of the Parliament of Montenegro shall be authorized to determine a clear text of this Law.

Effective Date
Article 67

This Law shall come into effect on the eight day upon its publication in the Official Gazette of Montenegro.