

European Private Company

Share Transfers
&
Classes of Shares

. Mirosław Cejmer
March 2008



Kubas, Kos, Gaertner - Adwokaci sp. p.
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Centrum C-Law.org

Share transfers

- The Statute should provide a set of rules on the transfer of shares. Otherwise, it would be left to national laws, what would not be a good solution in view of strong distinctions among jurisdictions.
- Consequently, the Statute should regulate the following issues:
 - transferability of shares
 - form and other requirements for the effective transfer
 - transfer restrictions
 - consequences in the event of breach of the Statute or Articles
- **[Transferability]** In the Statute it should be stated that the transfer of shares is permissible but only
 - with the consent of all remaining shareholders or
 - in compliance with the procedure provided in the Articles
- **[Effectiveness]** Requirements for the effective transfer should be:
 - written form of the transfer
 - notification to the company
 - filing a new list of shareholders with the registry court

Transfer restrictions

- The Statute should allow the transfer restrictions and leave the setting of detailed terms to the shareholders' decision made in Articles.
- Nevertheless it would be appropriate, if the Statute :
 - expressly provided an obligation to determine essential terms and conditions of the restrictions in the Articles (forms, procedures, timetable)
 - set a model specification of some standard clauses (e.g. consent, right of first refusal, right of first offer, put and call options)
- Restrictions to the transferability of shares should always be decided with the approval of a shareholder concerned.
- It would be desirable, if the Statute provided that the Articles shall determine remedy(-ies) in the event of refusal of a transfer. There could be time restrictions in this matter.
- The Statute should also address other dispositions of shares (e.g. lien, usufruct).
- Any transfer in breach of the Statute or Articles should be void.

Classes of shares and individual rights

- The Statute should allow the creation of:
 - different classes of shares and
 - different personal rights of individual shareholders
- Furthermore, the Statute should :
 - expressly provide that the *Articles* shall distinguish in detail each class of shares and all personal rights of individual shareholders
 - propose a model specification of some standard terms in respect thereto
- It would be necessary to provide rules in the Statute regarding:
 - alteration and cancellation of the rights related to the preferred shares and preferential rights of each individual shareholder
 - creation of new classes of preferred shares and preferential rights