



Simple Joint-stock Company – alternative for developing companies financing

PRESS RELEASE

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Simple joint-stock companies will be allowed to register their shares in Centrálny depozitár cenných papierov SR from May. Simple joint-stock company represents a hybrid form of company which takes over some features of a limited company and of a joint-stock company. This legal form of a business company enables to solve particularities related to investing in such companies. It was implemented to the laws of the Slovak Republic thanks to inspiration from foreign countries. The goal of the regulation is to solve financing requirements of start-ups that are not able to attain financing through banks. Even if they are innovative companies with high growth potential.

Companies in question may be newly established after corona crisis, or companies adapting their business to current situation and need to solve their relationships with investors. *“In case of investing to registered capital in this type of company a flexible regulation of investor entry, coexistence and leaving is required”,* explains Martin Wiedermann, the Managing Director and the Chairman of the Board of CDCP SR. *“This will be assured by registration of special types of rights of these companies, which can be agreed by the shareholders among each other”.*

In this connection Centrálny depozitár cenných papierov SR shall introduce new registers for simple joint-stock companies. In particular register of shareholders of simple joint-stock company, register of rights to join transfer of shares, and register of rights to demand transfer of shares. The central depository will administer also a register of shareholders of simple joint-stock company publicly available on the website of the central depository and it will be possible to require excerpt from that register as well.

“Shares of simple joint-stock company can be issued only in book-entry form and can be only of registered type”, added Peter Nagy, the Head of Operation Division of CDCP SR. *„This company may issue common shares and shares with special rights. The shareholders of simple joint-stock company may agree the right to join transfer of shares, as well as the right to demand transfer of shares as rights registered in special registries administered by*



Centrálny depozitár cenných papierov SR and accessible on the website of the central depository."

Registration of shares of simple joint-stock company as possible investor relationships arrangement is welcomed also by Andrej Krúpa, the co-founder of non-profit start-up accelerator Perry Talents. *"For five years already we co-operate with young innovative companies, we are providing them with comprehensive program for their support and development, individual monitoring, education, we are trying to connect them with investors"* says Andrej Krúpa. *"But attaining the investments is fundamental for their establishment, it is the only way how to advance on the Slovak or foreign market"*.

The corona crisis contributed to closedown of number of companies; plenty of businesses have economic problems. *"Many companies have to cope with lack of financial resources, client, with functionality of their products. But each crisis is also opportunity for innovations, searching of new solutions,"* adds Martin Wiedermann. *"I believe that registration of simple joint-stock companies will help also to restart or to create new business opportunities"*.

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