



Nearly a half of the simple joint-stock companies is not compliant with its obligations

Press Release

Bratislava, 10 October 2022

On the present, in Slovakia is registered about 440 simple joint-stock companies. Approximately half of these companies didn't register their shares in Centrálny depozitár cenných papierov SR, a.s. (CDCP SR). This implies not only violation of the applicable act, but this situation actually endangers rights of shareholders of non-registered companies.

A simple joint-stock company (SJC) 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 is implemented to our laws from January 2017. According to SJC regulation in the Commercial Code, the shares of the company can be issued only in book-entry form and can be only of registered type. Compared to the joint-stock company, one of the differences is value of the registered capital. The simple joint-stock company can have registered capital lower than 25,000.00 euro. Besides, the shareholders may agree also other special types of rights. This form of a company is common for start-ups or other types of companies beginning their business.

„We would like to draw attention, namely of owners of the SJC shares, to existing situation where the issuers do not register the SJC shares in CDCP SR,“ says Ľubomír Demčák, the Head of the Issues Department of CDCP SR. „When shares of SJC are not registered, some rights of the owners of such shares may be endangered. For example, they are not allowed to realize a transfer of shares as the shares in principle do not exist, and they are not able to legally declare participation and to vote in a general meeting. Moreover, in case of legal disputes, declaration of ownership is complicated and less transparent, what might be an aggravation.“

The issuers of non-registered SJC shares violate the Act on Securities and Investment Services, which stipulates in the paragraph 107d that the register of SJC shareholders is maintained by the central depository. „There are no penalties stipulated right in the act, but there is a risk that owners of non-registered SJC shares might demand their rights from the issuer by legal action.

So, this also is a reason why the statutory bodies of simple joint-stock companies should meet their statutory obligation," specifies Ľubomír Demčák.

Reasons why almost half of the simple joint-stock companies are not compliant with their obligations are not known. CDCP SR assumes that it is caused by the ignorance of law. However, this is no excuse for the board of directors of the companies. The management of the companies and the owners of shares may obtain all necessary information on registration of simple joint-stock companies shares directly in Centrálny depozitár cenných papierov SR, a.s. at the Issues Department.

Media contact:

Ms Dagmar Kopuncová

PR manager

CDCP SR, a.s.

tel.: +421 259 395 125

e-mail: dagmar.kopuncova@cdcp.sk