

Anti-raiderism focused amendments have been made to the Commercial law



On 2nd May 2013 new amendments to Commercial Law of Republic of Latvia were adopted. **Amendments became effective on 1 July 2013.**

Notarization of signatures

Amendments provide for significantly larger amount of cases where signatures on corporate documents must be notarized, e.g. on applications regarding procuration, on shareholders meeting's and council meeting's protocols on change of the board, on company's protocols on amendments to the statutes, etc.

Additionally, company will be entitled to provide in its statutes that signatures on all of its applications to the Register of Enterprises, protocols of shareholders and council meetings should be notarized.

Shareholders' register

Maintenance of shareholders register has been changed. Amendments provide that shareholders' register will consist of sections. Section will be added to the shareholders' register whenever shareholders of the company or share distribution between them changes. All limited liability companies registered in Latvia will have to update their shareholders' registers according to the amendments and submit them to the Register of Enterprises by 30 June 2015.

Payment of dividends

Dividends from retained earnings can be paid more than once a year contrary to the previous regulation that allowed payment of dividends only once per annum.

Transfer of shares

There are several significant changes to the transfer of the shares:

- Amendments provide that buyer or seller of shares have an obligation to notify other shareholders and company's board on the sale and attach to such notification the purchase agreement (or copy of such) therefore sale of the shares can only be done by concluding a written agreement.
- Company will have more freedom to include in the statutes provisions on share sale that differ from the law, e.g. company may provide in the statutes that shareholder is entitled to exchange his shares without consent from other shareholders as it was previously.
- Shareholder of the company will have an obligation to notify other shareholders in case he intends to sell the shares. In such case other shareholders shall have the rights of first refusal. Prior to the amendments board of the company had an obligation to make such notification.
- If rights of first refusal are not observed wronged shareholder will have a right to purchase the shares from the buyer and the buyer will have an obligation to sell.

Liability of board members

Board of the company will have an obligation to ensure that change of the shareholders is carried out as prescribed by law and statutes of the company and that the change of share ownership is visible from the submitted documentation. Otherwise board of the company may refuse the registration of the shareholders change. Amendments specifically provide that board members of the company may be held liable for losses incurred by the shareholders in case the board members have not observed their abovementioned obligation.

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