

# LAW

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UNIVERZITA V BRATISLAVE  
STAVEBNÁ FAKULTA

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## INTRODUCTION

The scripts called LAW are a teaching aid for students of the Civil Engineering study program at the Faculty of Civil Engineering of the Slovak Technical University in Bratislava, or for other students of other Building Faculties in Slovakia studying in English. The authors had no ambition that this teaching aid was a scientific publication, which was not possible from the point of view of the issues and other reasons, but the intention was to provide students with an overview of the basic legal institutes of selected legal regulations, which represent a kind of supporting construction of other legal institutes contained in legal regulations regulating the legal and technical activities in the Slovak Republic.

The authors therefore set out to prepare a teaching aid, which will include both the current legal regulation of construction activities in the Slovak Republic in English and the main legal regulations of construction law.

This teaching aid is conceived in such a way that its four chapters contain the basic institutes of the legal branches, as mentioned above.

The timing of the issuance of scripts is also at an optimum level, as several amendments to legislation containing the institutes of commercial, civil and labor law have been adopted recently. Emphasis was placed on the timeliness of the presented legislation, where it can be reliably stated that all selected legal institutes of construction law are up to 30 September 2019.

Finally, we would like to thank Mgr. Renáta Zahoráková, attorney and Ing. Ján Karel, PhD., authorized expert, for their expert comments on the issues mentioned in these scripts.

In Bratislava, 18.09.2019

JUDr. Ondrej Gajniak and JUDr. Ján Florián Gajniak



## **A Selected legal institutes of Act no. 460/1992 Coll. The Constitution of the Slovak Republic, as amended**

### 1 Preamble

We, the Slovak nation, mindful of the political and cultural heritage of our forebears, and of the centuries of experience from the struggle for national existence and our own statehood, in the sense of the spiritual heritage of Cyril and Methodius and the historical legacy of the Great Moravian Empire, proceeding from the natural right of nations to self-determination, together with members of national minorities and ethnic groups living on the territory of the Slovak Republic, in the interest of lasting peaceful cooperation with other democratic states, seeking the application of the democratic form of government and the guarantees of a free life and the development of spiritual culture and economic prosperity, that is, we, citizens of the Slovak Republic, adopt through our representatives the following Constitution:

### 2 Basic Provisions

The Slovak Republic is a sovereign, democratic, and law-governed state. It is not linked to any ideology or religious belief.

State power is derived from citizens, who execute it through their elected representatives or directly.

State bodies can act only on the basis of the Constitution, within its limits, and to the extent and in a manner defined by law.

Everyone can do what is not forbidden by law and no one must be forced to do anything that is not laid down by law.

The territory of the Slovak Republic is united and indivisible. The borders of the Slovak Republic can be changed only by a constitutional law. Natural wealth, underground water, natural medicinal springs, and waterways are in the ownership of the Slovak Republic. Conditions for the acquisition and loss of the citizenship of the Slovak Republic are determined by law.

No one must be deprived of the citizenship of the Slovak Republic against his will. Slovak is the state language on the territory of the Slovak Republic.

The use of other languages in dealings with the authorities will be regulated by law. On the basis of its free decision, the Slovak Republic can enter into a state alliance with other states.

The right to secession from this alliance must not be restricted. The decision on entering into a state alliance with other states or on secession from this alliance will be made by a constitutional law and a subsequent referendum.

International treaties on human rights and basic liberties that were ratified by the Slovak Republic and promulgated in a manner determined by law take precedence over its own laws, provided that they secure a greater extent of constitutional rights and liberties.

### 3 State Symbols

The state symbols of the Slovak Republic are the state emblem, the national flag, the state seal, and the national anthem.

### 4 Capital City of the Slovak Republic

Bratislava is the capital of the Slovak Republic. The status of Bratislava as the capital of the Slovak Republic will be set out in a law.

### 5 Basic rights and liberties

People are free and equal in dignity and their rights. Basic rights and liberties are inviolable, inalienable, secured by law, and unchallengeable.

Basic rights and liberties on the territory of the Slovak Republic are guaranteed to everyone regardless of sex, race, color of skin, language, creed and religion, political or other beliefs, national or social origin, affiliation to a nation or ethnic group, property, descent, or another status. No one must be harmed, preferred, or discriminated against on these grounds.

Everyone has the right to freely decide on his nationality. Any influence on this decision and any form of pressure aimed at assimilation are forbidden.

No one must be restricted in his rights because he upholds his basic rights and liberties.

Duties can be imposed only on the basis of law, within its limits, and while complying with basic rights and liberties.

Limits to basic rights and liberties can be set only by law, under conditions laid down in this Constitution.

Legal restrictions of constitutional rights and liberties must apply equally to all cases that meet the set conditions.

When restricting constitutional rights and liberties, attention must be paid to their essence and meaning. These restrictions must not be used for any other than the set purpose.

### 6 Basic Human Rights and Liberties

Everyone is worthy of having rights. Everyone has the right to life. Human life is worthy of protection even prior to birth.

No one must be deprived of life. Capital punishment is not permitted. If someone was deprived of life as a result of an action that does not represent a criminal act, this does not constitute a violation of rights according to this article.

The inviolability of the person and its privacy is guaranteed. It can be limited only in cases defined by law. No one must be tortured or subjected to cruel, inhuman, or humiliating treatment or punishment.

Personal freedom is guaranteed. No one must be prosecuted or deprived of freedom other than for reasons and in a manner defined by law. No one must be deprived of freedom solely because of his inability to comply with a contractual obligation.

A person accused or suspected of a criminal act can be detained only in cases defined by law. The detained person must be immediately informed of the reasons for the detainment, interrogated, and either released or brought before the court within 24 hours at the latest. The judge must question the detained within 24 hours of taking over the case and decide on his or her custody or release.

An accused person may be arrested only on the basis of a written, substantiated court warrant. The arrested person must be brought before the court within 24 hours. The judge must question the arrested person within 24 hours of taking over the case and decide on his or her custody or release.

A person can be taken into custody only for reasons and for a period defined by law and on the basis of a court ruling.

The law will specify in which cases a person can be admitted to, or kept in, institutional health care without his or her consent. Such a measure must be reported within 24 hours to the court, which will then decide on this placement within five days.

The mental state of a person accused of criminal activity can be examined only on the basis of the court's written order.

No one must be subjected to forced labor or services.

The provision of above mentioned section does not apply to:

1. work assigned according to the law to persons serving a prison term or some other punishment substituting for a prison term,
2. military service or some other service assigned by law in lieu of compulsory military service,
3. services required on the basis of the law in the event of natural catastrophes, accidents, or other dangers posing a threat to life, health, or property of great value,
4. Activities laid down by law to protect life, health, or the rights of others.

Everyone has the right to the preservation of his human dignity and personal honor, and the protection of his good name.

Everyone has the right to protection against unwarranted interference in his private and family life.

Everyone has the right to protection against the unwarranted collection, publication, or other illicit use of his personal data.

Everyone has the right to own property. The ownership right of all owners has the same legal content and deserves the same protection. Inheritance of property is guaranteed.

The law will specify which property other than property listed in Article 4 that is essential to meet the needs of society, the development of the national economy, and public interest can be owned only by the state, community, or designated juridical persons. The law can also specify that certain property can be owned only by citizens or juridical persons resident in the Slovak Republic.

Ownership is binding. It must not be misused to the detriment of others or at variance with general interests protected by law. By exercising ownership, no harm must be done to human health, nature, cultural monuments, and the environment beyond limits set by law.

Expropriation or enforced restriction of the ownership right is admissible only to the extent that it is unavoidable and in the public interest, on the basis of law, and in return for adequate compensation.

A person's home is inviolable. It must not be entered without the resident's consent. A house search is admissible only in connection with criminal proceedings and only on the basis of the judge's written and substantiated order. The method of carrying out a house search will be set out in a law.

Other infringements upon the inviolability of one's home can be permitted by law only if this is inevitable in a democratic society in order to protect people's lives, health, or property, to protect the rights and liberties of others, or to ward off a serious threat to public order. If the home is used also for business or to perform some other economic activity, such infringements can be permitted by law also when this is unavoidable in meeting the tasks of public administration.

The privacy of correspondence and secrecy of mailed messages and other written documents and the protection of personal data are guaranteed. No one must violate the privacy of correspondence and the secrecy of other written documents and records, whether they are kept in privacy or sent by mail or in another way, with the exception of cases to be set out in a law. Equally guaranteed is the secrecy of messages conveyed by telephone, telegraph, or other similar means.

Freedom of movement and of abode are guaranteed. Everyone who is rightfully staying on the territory of the Slovak Republic has the right to freely leave this territory.

Freedoms according to sections 1 and 2 can be restricted by law if it is unavoidable for the security of the state, to maintain public order, protect the health and the rights and liberties of others, and, in designated areas, also for reasons of environmental protection.

Every citizen has the right to freely enter the territory of the Slovak Republic. A citizen must not be forced to leave his homeland and he must not be deported or extradited. A foreign national can be deported only in cases specified by law.

The freedoms of thought, conscience, religion, and faith are guaranteed. This right also comprises the possibility to change one's religious belief or faith. Everyone has the right to be without religious belief. Everyone has the right to publicly express his opinion.

Everyone has the right to freely express his religion or faith on his own or together with others, privately or publicly, by means of divine and religious services, by observing religious rites, or by participating in the teaching of religion.

Churches and religious communities administer their own affairs. In particular, they constitute their own bodies, inaugurate their clergymen, organize the teaching of religion, and establish religious orders and other church institutions independently of state bodies. Conditions for exercising rights according to sections 1 to 3 can be limited only by law, if such a measure is unavoidable in a democratic society to protect public order, health, morality, or the rights and liberties of others.

The defense of the Slovak Republic is a matter of honor for each citizen. No one must be forced to perform military service if this runs counter to his conscience or religious belief. The details will be specified in a law.

## 7 Political Rights

The freedom of speech and the right to information are guaranteed. Everyone has the right to express his views in word, writing, print, picture, or other means as well as the right to freely seek out, receive, and spread ideas and information without regard for state borders. The issuing of press is not subject to licensing procedures. Enterprise in the fields of radio and television may be pegged to the awarding of an authorization from the state. The conditions will be specified by law.

Censorship is banned. The freedom of speech and the right to seek out and spread information can be restricted by law if such a measure is unavoidable in a democratic society to protect the rights and liberties of others, state security, public order, or public health and morality.

State bodies and territorial self-administration bodies are under an obligation to provide information on their activities in an appropriate manner and in the state language. The conditions and manner of execution will be specified by law.

The right of petition is guaranteed. Everyone has the right, alone or with others, to address requests, proposals, and complaints to state bodies and territorial self-administration bodies in matters of public or other common interest. A petition must not be used to call for the violation of basic rights and liberties. A petition must not interfere with the independence of a court.

The right to assemble peacefully is guaranteed. Conditions for exercising this right will be set out in a law in the event of assemblies in public places, if such a measure is unavoidable in a democratic society to protect the rights-and liberties of others, public order, health and morality, property, or the security of the state. An assembly must not be made conditional on the issuance of an authorization by a state administration body.

The right to freely associate is guaranteed. Everyone has the right to associate with others in clubs, societies, or other associations. Citizens have the right to establish political parties and political movements and to associate in them. The enactment of rights according to these sections can be restricted only in cases specified by law, if this is unavoidable in a democratic society for reasons of state security, to protect public order, to forestall criminal acts, or to protect the rights and liberties of others.

Political parties and political movements, as well as clubs, societies, and other associations are separated from the state.

Citizens have the right to participate in the administration of public affairs either directly or through the free election of their representatives.

Elections must be held within deadlines that do not exceed the regular electoral period as defined by law. The right to vote is universal, equal, and direct and is exercised by means of secret ballot. Conditions for exercising the right to vote will be set out in a law. Citizens have access to elected and other public posts under equal conditions. The legal definition of all political rights and liberties and their interpretation and use must enable and protect the free competition of political forces in a democratic society.

Citizens have the right to put up resistance to anyone who would eliminate the democratic order of human rights and basic liberties listed in this Constitution, if the activity of constitutional bodies and the effective use of legal means are rendered impossible.

## 8 Economic, Social, and Cultural Rights

Everyone has the right to a free choice of profession and to training for it, as well as the right to engage in entrepreneurial or other gainful activity. Conditions and restrictions with regard to the execution of certain professions or activities can be specified by law. Citizens have the right to work. Citizens who are unable to exercise this right through no fault of their own are provided for materially by the state to an appropriate extent. The conditions will be defined by law. A different regulation of rights listed under above mentioned sections can be specified by law for foreign nationals.

Employees have the right to equitable and adequate working conditions. The law guarantees, above all

1. the right to remuneration for work done, sufficient to ensure the employee's dignified standard of living,

2. protection against arbitrary dismissal and discrimination at the place of work,
3. labor safety and the protection of health at work,
4. the longest admissible working time,
5. adequate rest after work,
6. the shortest admissible period of paid leave,
7. the right to collective bargaining.

Everyone has the right to freely associate with others in order to protect his economic and social interests. Trade union organizations are established independently of the state. It is inadmissible to limit the number of trade union organizations, in the same way as it is inadmissible to give some of them a preferential status, be it in an enterprise or a branch of the economy. The activity of trade union organizations and the founding and operation of other associations protecting economic and social interests can be restricted by law if such a measure is unavoidable in a democratic society to protect the security of the state, public order, or the rights and liberties of others. The right to strike is guaranteed. The conditions will be defined by law. This right does not extend to judges, prosecutors, members of the armed forces and armed corps, and members of the fire brigades.

Women, minors, and persons with impaired health are entitled to an enhanced protection of their health at work as well as to special working conditions. Minors and persons with impaired health are entitled to special protection in labor relations as well as to assistance in professional training. Details concerning rights listed in this sections will be set out in a law.

Citizens have the right to adequate material provision in old age, in the event of work disability, as well as after losing their provider. Everyone who is in material need is entitled to assistance necessary to ensure basic living conditions. Details concerning rights listed in this section will be set out in a law.

Everyone has a right to the protection of his health. Based on public insurance, citizens have the right to free health care and to medical supplies under conditions defined by law.

Marriage, parenthood, and the family are under the protection of the law. The special protection of children and minors is guaranteed. Special care, protection in labor relations, and adequate working conditions are guaranteed to women during the period of pregnancy. Children born in and out of wedlock enjoy equal rights. Child care and the upbringing of children are among the rights of parents; children have the right to parental care and upbringing. Parents' rights can be restricted and minors can be separated from their parents against their will only by means of a court ruling based on the law. Parents caring for children are entitled to assistance from the state. Details concerning rights listed in this sections will be set out in a law.

Everyone has the right to education. School attendance is compulsory. Its period and age limit will be defined by law. Citizens have the right to free education at primary and secondary schools, based on their abilities and society's resources, also at higher educational establishments. Schools other than state schools may be established, and instruction in them provided, only under conditions defined by law. Such schools may charge a tuition fee. A law will specify under which conditions citizens who are engaged in studies are entitled to assistance from the state.

Freedom of scientific research and in art are guaranteed. The rights to the results of creative intellectual activity are protected by law. The right of access to the cultural heritage is guaranteed under conditions defined by law.

## 9 The Right to Protection by the Court and Other Legal Protection

Everyone may claim by the established legal procedure his right to an independent and impartial court hearing and, in cases designated by law, to another body of the Slovak Republic. Anyone who claims to have been deprived of his rights by a decision of a public administration body may appeal to the court for it to reexamine the lawfulness of that decision, unless specified otherwise by law. The reexamination of decisions concerning basic rights and liberties must not, however, be excluded from the court's authority. Everyone is entitled to compensation for damage incurred as a result of an unlawful decision by a court or another state or public administration body, or as a result of an incorrect official procedure. Conditions and details concerning court and other legal protection will be set out in a law.

Everyone has the right to refuse to testify if, by doing so, he might expose himself or a person close to him to the risk of criminal prosecution. Everyone has the right to legal assistance in court proceedings or proceedings before other state or public administration bodies. He has this right from the very start of the proceedings, under conditions defined by law. All participants in proceedings according to this section are equal. Anyone who declares that he does not have a command of the language in which the proceedings according to this section are conducted has the right to an interpreter.

No one must be removed from the jurisdiction of his law-assigned judge. The jurisdiction of the court is established by law. Everyone has the right to have his case tried in public, without needless procrastination, and in his presence and to deliver his opinion on all pieces of evidence. The public can be excluded only in cases specified by law. Only the law established which conduct constitutes a criminal act and what punishment or other form of deprivation of rights or property may be inflicted upon those who committed it.

Only the court shall decide on guilt and punishment for criminal acts. Every defendant is considered innocent until the court establishes his guilt by means of a legally valid verdict.



The accused has the right to be granted the time and opportunity to prepare his defense, either himself or through a defense counsel. The defendant has the right to refuse to testify and must not be denied this right under any circumstances.

No one must be made criminally liable for a deed for which he has already been sentenced or of which he has already been acquitted in a legally valid manner. This principle does not rule out the application of extraordinary corrective means in harmony with the law. The criminal liability of a deed is assessed, and punishment is meted out, according to the law valid at the time when the offense was committed. A more recent law will be applied if it is more favorable for the perpetrator.

## 10 Territorial Self-Administration

The community is the basic element of territorial self-administration. The community is an independent territorial and administrative unit of the Slovak Republic comprising persons who are permanently resident on its territory. The self-administration of higher territorial units and their bodies will be established by law. The community is a juridical person that, under conditions set out in a law, independently manages its own property and financial resources.

The community finances its needs, first and foremost, from its own revenues, as well as from state subsidies. The law specifies which taxes and fees represent communities' revenue. State subsidies may be claimed only within the limits of the law. The community has the right to pool its resources with those of other communities in the interest of ensuring matters of common interest.

The community decides independently in matters of local self-administration. Duties and restrictions may be imposed on it only by the law. Territorial self-administration is enacted at meetings of community residents, by means of a local referendum, or through community bodies. The community may issue generally binding decrees in matters of local self-administration.

Community bodies are

1. the community representative body
2. the mayor

The community representative body is composed of deputies to the community representative body. Elections of deputies to community representative bodies are held by secret ballot, on the basis of a general, equal, and direct right to vote. The mayor is elected by citizens of the community by secret ballot, on the basis of a general, equal, and direct right to vote. The mayor of a community constitutes the community's executive body. He executes community administration and represents the community outwardly. The prerequisites for a

community to be declared a town, and the method of doing so, will be defined by law, which will also designate the names of town bodies.

The execution of designated tasks of local state administration can be transferred by law to the community. The cost of the execution of state administration transferred in this manner will be covered by the state. In executing state administration, the community may, on the basis of the law, issue decrees that are generally binding within its area of jurisdiction, if empowered to do so by the law. The execution of state administration transferred to the community is steered by law and controlled by the Government. Details will be specified in a law.

## 11 Legislative Power

The National Council of the Slovak Republic is the sole constituent and legislative body of the Slovak Republic. The National Council of the Slovak Republic has 150 deputies who are elected for a four-year period. Deputies are representatives of citizens. They execute their mandate personally according to their conscience and conviction and are not bound by orders. Deputies are elected by secret ballot in general, equal, and direct elections. A citizen who has the right to vote, has reached the age of 21, and is permanently resident on the territory of the Slovak Republic can be elected deputy. Details concerning the election of deputies will be set out in a law.

The deputy is sworn in at the first meeting of the National Council of the Slovak Republic in which he participates, by taking the following oath: *"I promise by my honor and conscience to be faithful to the Slovak Republic. I will fulfill my duties in the interest of its citizens. I will observe the Constitution and other laws and work toward their translation into life."* Refusing to take this oath, or taking it with reservations, results in the loss of mandate. The validity of the election of deputies is verified by the National Council of the Slovak Republic.

The post of deputy is incompatible with the post of president, judge, prosecutor, member of the Police Corps, member of the Prison Guard Corps, and professional soldier. If a deputy is appointed member of the Government of the Slovak Republic, his mandate as a deputy does not cease while he executes the government post, but is just not being exercised.

A deputy cannot be made criminally liable because of his voting in the National Council of the Slovak Republic or its bodies, which applies also to the period after the expiry of his mandate. For statements made in the National Council of the Slovak Republic or its bodies while discharging the functions of a deputy, a deputy is answerable to the disciplinary powers of the National Council of the Slovak Republic. No criminal or disciplinary proceedings can be initiated against a deputy, and he cannot be taken into custody, without

the consent of the National Council of the Slovak Republic. If the National Council of the Slovak Republic denies its consent, prosecution is ruled out forever. If a deputy has been caught and detained while committing a criminal offense, the relevant authority is obliged to report this immediately to the chairman of the National Council of the Slovak Republic. Unless the Mandate and Immunity Committee of the National Council of the Slovak Republic gives its consent to the detainment, the deputy must be released immediately. A deputy may refuse to testify in matters about which he learned while discharging his office, even after he ceases to be a deputy.

A deputy may address an interpellation to the Government of the Slovak Republic, a member of the Government of the Slovak Republic, or the head of another central body of state administration concerning matters within their jurisdiction. The deputy must receive a reply within 30 days. The reply to an interpellation shall become the subject of a debate in the National Council of the Slovak Republic that may be linked with a vote of confidence.

A deputy may surrender the post of deputy. The mandate of a deputy shall expire if the deputy is sentenced in a legally valid way for a particularly grave deliberate criminal act.

The National Council of the Slovak Republic holds permanent sessions. The constituent meeting of the National Council of the Slovak Republic is called by the president of the Slovak Republic within 30 days after the announcement of election results. If he fails to do so, the National Council of the Slovak Republic convenes on the 30th day after the announcement of the election results.

The National Council of the Slovak Republic may interrupt its session by means of a resolution. The length of interruption must not exceed four months in a year. The chairman, deputy chairmen, and bodies of the National Council of the Slovak Republic perform their duties while the National Council of the Slovak Republic is in recess. While the session is interrupted, the chairman of the National Council of the Slovak Republic may call a meeting of the National Council of the Slovak Republic even prior to the set date. He will call a meeting whenever requested to do so by the Government of the Slovak Republic or at least one-fifth of the deputies.

The session of the National Council of the Slovak Republic ends with the expiration of the electoral term or with its dissolution. Meetings of the National Council of the Slovak Republic are called by its chairman. The chairman of the National Council of the Slovak Republic shall call a meeting of the National Council of the Slovak Republic also when requested to do so by at least one-fifth of its deputies. In that case he will call a meeting within seven days.

Meetings of the National Council of the Slovak Republic are public. Non-public meetings can be held only in cases specified by law or on the basis of a decision by three-fifths of all deputies of the National Council of the Slovak Republic.

The National Council of the Slovak Republic has a quorum if more than one-half of all its deputies are present. For a resolution of the National Council of the Slovak Republic to be valid, it must be passed by more than one-half of the deputies present, unless specified otherwise by this Constitution.

The agreement of at least a three-fifths majority of all deputies is required to pass and amend the Constitution and constitutional laws, to elect and recall the president, and to declare war on another state.

At the request of the National Council of the Slovak Republic or its body, a member of the Government of the Slovak Republic or head of another body of state administration must participate in its meeting or in the meeting of its body.

The jurisdiction of the National Council of the Slovak Republic comprises, above all:

1. deciding upon the Constitution and constitutional and other laws and controlling compliance with them,
2. electing and recalling the president of the Slovak Republic by secret ballot,
3. approving by means of a constitutional law a treaty on the Slovak Republic's entering into an alliance with other states and on its abrogation of such a treaty,
4. deciding on proposals to call a referendum,
5. voicing consent, prior to ratification, with the conclusion of international political treaties, international economic treaties of a general nature, as well as with international treaties whose execution requires the passing of a law,
6. establishing ministries and other state administration bodies by means of law,
7. discussing the policy statement of the Government of the Slovak Republic, controlling the Government's activity, and passing a vote of confidence in the Government or its members,
8. approving the state budget, checking on its fulfillment, and approving the state closing account,
9. discussing basic domestic, international, economic, social, and other political issues,
10. electing judges, the chairman and deputy chairman of the Supreme Court of the Slovak Republic, the chairman and deputy chairman of the Constitutional Court of the Slovak Republic, and the chairman and deputy chairman of the Supreme Control Office of the Slovak Republic.
11. deciding on the declaration of war if the Slovak Republic is attacked or as a result of commitments arising from international treaties on common defense against aggression,
12. expressing consent to sending armed forces outside the territory of the Slovak Republic.

Bills can be tabled by committees of the National Council of the Slovak Republic,

deputies, and the Government of the Slovak Republic. Laws of the National Council of the Slovak Republic are signed by the chairman of the National Council of the Slovak Republic, the president of the Slovak Republic, and the prime minister of the Slovak Republic. If the president of the Slovak Republic returns a constitutional or other law with comments, the National Council of the Slovak Republic will discuss the constitutional or other law again and, in the event of its approval, such a law must be promulgated.

The president of the Slovak Republic will return a law with comments whenever requested to do so by the Government of the Slovak Republic. A law becomes valid with its promulgation. Details will be set out in a law.

The motion to pass a vote of no-confidence in the Government of the Slovak Republic or a member of it will be discussed by the National Council of the Slovak Republic if requested by at least one-fifth of its deputies. The consent of more than 50 percent of all deputies is required to pass a vote of no-confidence in the Government of the Slovak Republic or a member of it.

The chairman of the National Council of the Slovak Republic is elected and recalled by the National Council of the Slovak Republic by secret ballot, by more than 50 percent of the votes of all deputies. The chairman is accountable only to the National Council of the Slovak Republic.

The chairman of the National Council of the Slovak Republic

1. calls and chairs meetings of the National Council of the Slovak Republic,
2. signs the Constitution, constitutional laws, and other laws,
3. takes the oath from deputies of the National Council of the Slovak Republic,
4. takes the oath from the president of the Slovak Republic,
5. takes the oath from judges, the chairman of the Supreme Court of the Slovak Republic, and the chairman of the Constitutional Court of the Slovak Republic,
6. calls elections to the National Council of the Slovak Republic.

The chairman of the National Council of the Slovak Republic remains in office after the electoral period expires, until the National Council of the Slovak Republic elects a new chairman.

The deputy chairman of the National Council of the Slovak Republic act as substitutes for the chairman. They are elected and recalled by secret ballot by the National Council of the Slovak Republic, by the votes of more than 50 percent of all deputies. The deputy chairman of the National Council of the Slovak Republic is accountable to the National Council of the Slovak Republic. The provision of Article 89 section 3 applies also to the deputy chairman of the National Council of the Slovak Republic.

The activity of the National Council of the Slovak Republic is steered and organized by the chairman and deputy chairmen. The National Council of the Slovak Republic establishes from the ranks of deputies committees as its bodies having an initiating and

control role and it elects their chairmen by secret ballot. The deliberations of the National Council of the Slovak Republic and its committees are regulated by law.

A referendum will be used to confirm a constitutional law on entering into an alliance with other states or on withdrawing from that alliance. A referendum can be used to decide also on other important issues of public interest. Basic rights and liberties, taxes, levies, and the state budget cannot be the subject of a referendum. Every citizen of the Slovak Republic who has the right to vote in elections of the National Council of the Slovak Republic is entitled to participate in the referendum.

The referendum is called by the president of the Slovak Republic if requested by a petition signed by a minimum of 350,000 citizens or on the basis of a resolution of the National Council of the Slovak Republic, within 30 days after the receipt of the citizens' petition or the resolution of the National Council of the Slovak Republic. The motion to pass a resolution of the National Council of the Slovak Republic on calling a referendum can be tabled by deputies of the National Council of the Slovak Republic or by the Government of the Slovak Republic. The referendum will be held within 90 days after it is called by the president of the Slovak Republic.

A referendum must not be held within 90 days prior to elections to the National Council of the Slovak Republic. A referendum may be held on the day of elections to the National Council of the Slovak Republic. The results of the referendum are valid if more than 50 percent of eligible voters participated in it and if the decision was endorsed by more than 50 percent of the participants in the referendum. The proposals adopted in the referendum will be promulgated by the National Council of the Slovak Republic in the same way as it promulgates laws.

## 12 The Executive Power

### 12.1 The President

The president is the head of state of the Slovak Republic. The president of the Slovak Republic is elected by Citizens for a period of five years.

The president:

1. represents the Slovak Republic outwardly and concludes and ratifies international treaties. He may delegate to the Government of the Slovak Republic or, with the Government's consent, to individual members of the Slovak Republic, the conclusion of international treaties that do not require approval by the National Council of the Slovak Republic,
2. receives and accredits ambassadors,

3. calls the constituent meeting of the National Council of the Slovak Republic,
4. may dissolve the National Council of the Slovak Republic if the policy statement of the Government of the Slovak Republic is not approved three times within six months after the elections. Prior to dissolving the National Council of the Slovak Republic, the president is obliged to hear the standpoint of the chairman of the National Council of the Slovak Republic. New elections will be called by the chairman of the National Council of the Slovak Republic within 30 days,
5. signs laws,
6. appoints and recalls the prime minister and other members of the Government of the Slovak Republic, entrusts them with the management of ministries, and accepts their resignation. Recalls the prime minister and other members of the Government in the cases listed in Articles 115 and 116,
7. appoints and recalls the heads of central bodies and higher- level state officials in cases specified by law, appoints university professors and rectors, appoints and promotes generals,
8. awards distinctions, unless he empowers another body to perform this task,
9. grants amnesty and pardon, lowers punishments meted out by criminal courts, issues orders not to initiate or not to continue criminal proceedings, and nullifies punishments,
10. acts as supreme commander of the armed forces,
11. declares martial law at the recommendation of the Government of the Slovak Republic and declares war on the basis of a decision of the National Council of the Slovak Republic, if the Slovak Republic is attacked or as a result of commitments arising from international treaties on common defense against aggression,
12. declares a state of emergency on the basis of a constitutional law,
13. calls referendums,
14. can return to the National Council of the Slovak Republic constitutional and other laws with comments. He can do so within 15 days after their approval,
15. presents to the National Council of the Slovak Republic reports on the state of the Slovak Republic and on important political issues, submits to it draft laws and proposals for other measures.
16. has the right to be present at meetings of the National Council of the Slovak Republic,
17. has the right to be present at meetings of the Government of the Slovak Republic, to chair them, and to demand reports from the Government or its members.

Any citizen of the Slovak Republic who is eligible to vote and has reached the age of 35 can be elected president. The same person can be elected president in two consecutive electoral periods at the most.

The president is sworn in by the chairman of the National Council of the Slovak Republic, before the National Council of the Slovak Republic, by taking the following oath: *"I promise on my honor and conscience to be faithful to the Slovak Republic. I will attend to the well-being of the Slovak nation and the national minorities and ethnic groups living in the Slovak Republic. I will discharge my duties in the interest of citizens and will uphold and defend the Constitution and other laws."* Refusing to take this oath, or taking it with reservations, results in the invalidity of the election of the president. If the president is unable to perform his function for more than one year, the National Council of the Slovak Republic will recall him from office and will elect a new president for a regular term of office.

The National Council of the Slovak Republic can recall the president from his post if the president is engaged in activity directed against the sovereignty and territorial integrity of the Slovak Republic or in activity aimed at eliminating the Slovak Republic's democratic constitutional system. In such cases, the motion to recall the president may be tabled by more than one-half of all deputies. The consent of at least a three-fifths majority of all deputies is required for the president to be recalled. The president can be prosecuted only on charges of high treason. The indictment against the president is filed by the National Council of the Slovak Republic. The Constitutional Court of the Slovak Republic decides on the indictment.

## 12.2 The Government

The Government shall consist of the Prime Minister, Deputy Prime Ministers and Ministers. The Prime Minister shall be appointed and recalled by the President of the Slovak Republic. Any citizen of the Slovak Republic eligible for election to the Slovak National Council may be appointed Prime Minister.

On a proposal of the Prime Minister of the Government, the President of the Slovak Republic shall appoint and recall other members of the Government and empower them with the administration of Ministries. As Vice-Prime Minister of the Government may be appointed a citizen who is eligible for election a Member of Parliament.

The Government has a quorum if more than half of its members is present. Adoption of a resolution by the Government shall require the consent of an absolute majority of all members of the Government.

The Government shall decide as a body:

- a) on draft laws,
- b) on government regulations,
- c) on the Government Programme and its implementation,
- d) on principal measures to be taken to guarantee the economic and social programmes of the Slovak Republic,



- e) on draft state budget and final state budgetary account,
- f) on international treaties entered into by the Slovak Republic whose negotiation the President of the Slovak Republic has delegated to the Government,
- g) on the consent with delegation of negotiation of international treaties
- h) on submitting to the Constitutional Court of the Slovak Republic a proposal to decide on the conformity with the Constitution and constitutional law of a negotiated international treaty for which the approval of the National Council of the Slovak Republic is necessary,
- i) on fundamental issues of internal and foreign policy,
- j) on submitting a draft law or a draft of other binding measure for public discussion,
- k) on submitting request for a vote of confidence,
- l) on granting amnesty in cases of offences,
- m) on the appointment and recall of other state officials in cases laid down by a law and three members of the Judicial Council of the Slovak Republic,
- n) on a proposal for declaring a state of war, on proposal for ordering a mobilization of the military forces, on proposal for declaring an exceptional state and on a proposal for their termination, on declaring and on termination of a state of emergency,
- o) on despatching the military forces outside of the territory of the Slovak Republic for the purpose of humanitarian aid, military exercises or peace observing missions, on the consent with the presence of foreign military forces on the territory of the Slovak Republic for the purpose of humanitarian aid, military exercises or peace observer missions, on consent with the passing of the territory of the Slovak Republic by foreign military forces,
- p) on despatching the military forces outside of the territory of the Slovak Republic if it regards performance of obligations resulting from international treaties on joint defence against attack for a maximum period of 60 days; the Government shall announce this decision without undue delay to the National Council of the Slovak Republic,
- r) on other issues if the law provides so.

## 13 Judicial Power

### 13.1 The Constitutional Court of the Slovak Republic

The Constitutional Court shall decide on the conformity of:

- a) laws with the Constitution, constitutional laws and international treaties to which the National Council of the Slovak Republic has expressed its assent and which were ratified and promulgated in the manner laid down by a law,
- b) government regulations, generally binding legal regulations of Ministries and other central state administration bodies with the Constitution, with constitutional laws, with international treaties to which the National Council of the Slovak Republic has expressed its assent and which were ratified and promulgated in the manner laid down by a law and with laws,

c) generally binding regulations with the Constitution, with constitutional laws and with international treaties to which the National Council of the Slovak Republic has expressed its assent and which were ratified and promulgated in the manner laid down by a law, save another court shall decide on them,

d) generally binding legal regulations of the local bodies of state administration and generally binding regulations of the bodies of territorial self-administration with the Constitution, with constitutional laws, with international treaties promulgated in the manner laid down by a law, with laws, with government regulations and with generally binding legal regulations of Ministries and other central state administration bodies, save another court shall decide on them.

The Constitutional Court shall decide on whether the subject of a referendum to be declared upon a petition of citizens or a resolution of the National Council of the Slovak Republic is in conformity with the Constitution or constitutional law.

The Constitutional Court shall decide disputes over competency between the central state administration bodies save a law provides, that these disputes are to be decided by another state authority.

The Constitutional Court shall decide on complaints of natural persons or legal persons if they are pleading the infringement of their fundamental rights or freedoms, or human rights and fundamental freedoms resulting from the international treaty which has been ratified by the Slovak Republic and promulgated in the manner laid down by a law, save another court shall decide on protection of these rights and freedoms.

The Constitutional Court shall decide on complaints of the bodies of territorial self-administration against unconstitutional or unlawful decision or against other unconstitutional or unlawful action into the matters of self-administration, save another court shall decide on its protection.

The Constitutional Court shall give an interpretation of the Constitution or constitutional law if the matter is disputable. The judgement of the Constitutional Court on the interpretation of the Constitution or constitutional law shall be promulgated in the manner laid down for the promulgation of laws. The interpretation is generally binding from the date of its promulgation.

The Constitutional Court shall decide on a complaint against decision verifying or rejecting verification of the mandate of a Member of Parliament.

The Constitutional Court shall decide whether the election of the President of the Slovak Republic, the elections to the National Council of the Slovak Republic, and the elections to local self-administration bodies have been held in conformity with the Constitution and the law.

The Constitutional Court shall decide on complaints against the result of a referendum and complaint against the result of a plebiscite on the recall of President of the Slovak Republic.

The Constitutional Court shall decide whether a decision dissolving a political party or movement or suspending political activities thereof is in conformity with the constitutional laws and other laws.

The Constitutional Court shall decide on a prosecution by the National Council of the Slovak Republic against the President of the Slovak Republic in matters of wilful infringement of the Constitution or treason.

The Constitutional Court shall decide on whether a decision on declaring an exceptional state or an emergency state and other decisions connected to this decision were issued in conformity with the Constitution and constitutional law.

The Constitutional Court shall be composed of thirteen judges. The judges of the Constitutional Court shall be appointed by the President of the Slovak Republic for a twelve-year term on a proposal of the National Council of the Slovak Republic. The National Council of the Slovak Republic shall propose double the number of candidates for judges that shall be appointed by the President of the Slovak Republic. A judge of the Constitutional Court must be a citizen of the Slovak Republic, eligible to be elected to the National Council of the Slovak Republic, not younger than forty years and a law-school graduate with fifteen years of experience in the legal profession. The same person cannot be re-appointed as a judge of the Constitutional Court again.

### 13.2 The Courts of the Slovak Republic

The judiciary in the Slovak Republic shall be administered by independent and impartial courts. The judiciary shall be independent of other state authorities at all levels. The courts shall rule on civil and criminal matters and also review the legitimacy of decisions made by bodies of public administration and legality of decisions, measures or other actions of bodies of public authority, if laid down by a law. The courts shall decide in panels, except the cases where a single judge shall decide on the matter. Judgements shall be announced in the name of the Slovak Republic and always publicly.

The judicial system shall be composed of the Supreme Court of the Slovak Republic and other courts. Further details of the judicial system, jurisdiction of the courts, their structure, and procedural rules shall be laid down by a law.

The President of the Slovak Republic shall appoint and recall judges on the basis of a proposal of the Judiciary Council of the Slovak Republic; they are appointed without time restrictions. A citizen of the Slovak Republic who is eligible for election to the National Council of the Slovak Republic, has attained the age of 30 years and has a university education in law may be appointed a judge. A law shall lay down other conditions for appointment a judge and his or her promotion and also on the scope of immunity of judges.

The President of the Slovak Republic, on a proposal of the Judicial Council of the Slovak Republic shall recall a judge on the basis of a final condemning judgement for a wilful criminal offence, or if he or she was lawfully convicted of a criminal offence and the court did not decide in his or her case on probationary suspension of serving of the imprisonment sentence, on the basis of a decision by a disciplinary senate for an activity which is incompatible with the discharge of the function of judge, or if his or her eligibility for election to the National Council of the Slovak Republic has terminated. The President of the Slovak Republic, on a proposal of the Judicial Council of the Slovak Republic may recall a judge:

- a) if his long-term health condition does not, for at least one year, allow him to perform his duties as a judge,
- b) if he has attained the age of 65 years.

## 14 The Office of the Public Prosecutor of the Slovak Republic and the Public Defender of Rights

### 14.1 The Office of the Public Prosecutor of the Slovak Republic

Public prosecution shall protect rights and interests protected by law of natural and legal persons and of the State. The Office of the public prosecution shall be headed by the Attorney General who shall be appointed and recalled by the President of the Slovak Republic on the proposal of the National Council of the Slovak Republic. Further details of the appointment, recall, powers and duties of public prosecutors, as well as the structure of the public prosecution shall be laid down by a law.

### 14.2 The Public Defender of Rights

The Public Defender of Rights is an independent body which in the scope and in manner laid down by a law shall participate in the protection of the fundamental rights and freedoms of natural persons and legal persons in the proceedings, decision making or inactivity of public administration bodies, if their proceedings, decision making or inactivity is inconsistent with legal order or with principles of a democratic state and rule of law.

The Public Defender of Rights shall be elected by the National Council of the Slovak Republic from among candidates proposed by at least 15 Members of Parliament for a term of five years. As Public Defender of Rights may be elected any citizen of the Slovak Republic, who is eligible for election as a Member of Parliament and has attained the age of 35 by the date of election. A Public Defender of Rights cannot be a member of a political party or a political movement.

## **B Selected Legal institutes of Act no. 40/1964 Coll. Civil Code, as amended**

### 1 Civil Law Relations and their protection

The Civil Code governs the property relations of natural persons and legal entities, property relations between these persons and the state, and the relations arising from the right to the protection of persons, unless these civil law relations are regulated by other Acts. The Civil Code also governs legal relations from intellectual property, unless such relations are regulated by other Acts.

The participants of civil law relations may regulate their mutual rights and obligations by agreement by derogating from the law if the law does not expressly prohibit doing so and if it does not follow from the nature of the provisions of the law that no such derogation from the provisions is possible

Execution of rights and obligations arising from civil law relations must not interfere with the rights and legitimate interests of other persons without legal grounds and must not be in conflict with good morals.

### 2 Participants in Civil Legal Relations

#### 2.1 Natural Persons

The capacity of a natural person to have rights and obligations arises at birth. This capacity is also possessed by a conceived child if it is born alive. Such capacity ceases to exist at death. If death may not be proven in the prescribed manner, the court shall declare a natural person dead if it ascertains his death otherwise. The court shall also declare a missing natural person dead if it is possible to infer from all the given circumstances that the person is no longer alive.

The capacity of a natural person to acquire rights and incur obligations through his own legal acts (the capacity to enter into legal acts) to the full extent arises upon attaining legal majority. Legal majority is attained upon reaching the eighteenth year of age. Before this age, legal majority may only be attained by entering into marriage. Legal majority attained in such a manner shall not cease to exist even if the marriage is terminated or declared annulled. Minors only have the capacity to enter into legal acts that correspond in their nature to the rational and volitional maturity of their age.

If a natural person is entirely unable to enter into legal acts due to a mental deficiency then the court shall incapacitate him. If a natural person is only able to enter into certain legal acts due to a mental deficiency which is not only temporary, or due to the excessive consumption of alcohol, narcotics or toxins, the court shall limit his capacity to enter into legal acts and state the scope of the limitation in its decision. The court shall alter or cancel incapacitation or the limitation of capacity if the reasons that led to it change or cease to exist.

## 2.2 Legal entities

Legal entities also possess the capacity to have rights and obligations.

Legal entities are:

- a) associations of natural persons or legal entities;
- b) special purpose property associations;
- c) municipal authorities;
- d) other entities designated as such by law.

The establishment of a legal entity requires a written agreement or a deed of association, unless otherwise provided by special Act. Legal entities are established on the day they are entered into the Commercial Register or another register determined by law, except as provided by special Act.

The capacity of a legal entity to acquire rights and obligations may only be limited by law. Legal entities subject to registration in the Commercial Register or another register set out by law may acquire rights and obligations from the effective date of the registration in the register unless otherwise provided by special Act.

A legal entity shall have a name which shall be determined upon its establishment. In the event of the unlawful use of the name of a legal entity it is possible to seek an injunction to prevent such use and the rectification of the detrimental situation by the unauthorised user; it is also possible to claim reasonable compensation which may also be monetary. When establishing a legal entity, its registered office shall be determined.

Legal acts of legal entities in all matters are made by the persons so authorised by virtue of the agreement to establish the legal person, the deed of association or by law (the statutory bodies). Legal acts may be also made on behalf of a legal entity by its other employees or members, provided that this possibility is stipulated in the internal regulations of the legal entity or if it is customary with regard to their position. If these persons exceed their powers, rights and obligations shall ensue to the legal entity only if the legal act relates to the legal entity's scope of business and only if the other party could not have been aware of the exceeding.

A legal entity is dissolved by agreement, expiry of the fixed period or the attainment of the purpose for which it was established, unless otherwise provided by special Act. A legal entity registered in the Commercial Register or another register determined by law shall cease to exist on the day it is stricken off from the register, unless otherwise provided by special Acts.

Before a legal entity ceases to exist it shall be liquidated, unless its legal successor acquires all of the assets of the legal entity or unless otherwise provided by special Act.

### 3 Representation

A representative is a person who is authorised to act for another person on that person's behalf. The rights and obligations from a representation shall ensue to the represented person. A person may not be represented by another person who lacks capacity to enter into a given legal act or by a person whose interests are in conflict with the interests of the represented person.

Representation is established by law or by a decision of a state authority (statutory representation) or under a power of attorney.

A representative shall act in person; a representative may authorise another representative only if so provided under law or if it is agreed by the parties. Rights and obligations from legal acts made by the other representative shall also ensue directly to the represented person.

If natural persons lack capacity to enter into legal acts then their statutory representatives shall act on their behalf. The Family Act regulates who is the statutory representative of a minor child. The guardian appointed by the court shall be the statutory representative of a natural person that was incapacitated under a court decision or whose capacity to enter into legal acts was limited by a court decision. If a relative or another person who fulfils the requirements for being appointed the guardian of a natural person may not be appointed as the guardian, then the court shall appoint as the guardian the local authority or its establishment provided it is competent to act on its own behalf .

If statutory representatives are also obliged to administer the property of the persons that they represent and if they are to handle a matter that is not routine, then any such handling of property shall require court approval.

### 4 Contracts

When regulating contractual relations parties shall ensure that all that could result in conflicts is eliminated.

#### 4.1 Offer to Conclude a Contract

An act of volition aimed at the conclusion of a contract that is addressed to one or several specific persons is an offer to conclude a contract (hereinafter referred to as "offer") if it is sufficiently clear and the offeror's will to be bound by the offer in the event of its acceptance follows from the offer.

An offer becomes effective the moment it is delivered to the person to whom it is addressed. An offer, even if irrevocable, may be revoked by the offeror if the notice of revocation is delivered to the person to whom it is addressed prior to or at the same time as the offer.

An offer may be revoked before the contract is made if the notice of revocation is delivered to the person to whom it is addressed before the person sends the notice of the acceptance of the offer.

An offer may not be revoked:

- a) during the period set out in the offer for the acceptance thereof, unless the right to revoke the offer even before the expiry of the period follows from the content of the offer; or
- b) if its irrevocability is stated in the offer.

An oral offer shall cease to exist if it is not accepted immediately, unless it follows otherwise from the content thereof.

#### 4.2. Offer Acceptance

The acceptance of an offer is the timely declaration made by the person to whom the offer is addressed or another timely act of that person from which the offeree's consent may be inferred.

The timely acceptance of an offer shall become effective the moment when the acceptance of the content of the offer is delivered to the offeror. An acceptance may be revoked if the notice of the revocation of the acceptance is delivered to the offeror no later than the notice of the acceptance of the offer.

Late acceptance has the effects of a timely acceptance if the offeror notifies without undue delay the offeree thereof either orally or by sending a notice.

If it follows from a letter or another document expressing the acceptance of the offer that they were sent under such circumstances that they would have been delivered to the offeror in time if their transport had been duly carried out, the late acceptance shall have the same effect as timely acceptance, unless the offeror informs the offeree orally and without undue delay that the offeror deems the offer to have expired or sends him notification of such.

A contract is concluded when the acceptance of an offer to conclude a contract becomes effective. Silence or failure to act shall not mean the acceptance of an offer.

An acceptance of an offer that contains amendments, reservations, limitations or other changes is a rejection of the offer and constitutes a new offer. An acceptance that is a response that states the contents of the offered contract in other words is an acceptance of the offer provided that no changes to the content of the offered contract result from the response.

Where an offer is addressed to two or more persons and it follows from its content that the offeror's intent is for all the persons to whom the offer is addressed to become a party to the contract, the contract is concluded if all such persons accept the offer.

Contracts for the transfer of real estates shall be in writing; other contracts shall also be in writing if so required by law or by the agreement of the parties.



A contract shall be deemed to be concluded in writing if an offer is both made and accepted in writing. Where a contract for the transfer of real estates is concerned, the act of volition of the parties shall be contained in the same document.

If the law stipulates that a contract requires the decision of a certain authority, the contract is effective upon such a decision.

## 5 Things and Rights

The subjects of civil-law relationships are items, live animals and, if their nature so allows, rights or other assets. The subject of civil law relationships may also be flats and non-residential premises.

Things are either movable or immovable. Real estates are plots of land and structures connected to the ground by a solid base.

A part of a thing is anything that appertains to the thing according to the nature thereof and that may not be separated without depreciating the thing. Structures, water flows, and ground waters are not part of a plot of land.

Appurtenances of things are the things that belong to the owner of the principal thing and which are intended by the owner to be used together with the principal thing on a permanent basis.

Appurtenances of a flat are the adjacent rooms and premises intended to be used together with the flat.

Accessory rights to a receivable are interest, interest on late payment, default charges and the costs associated with claiming the receivable.

## 6 Ownership right

An owner is entitled to possess, use and dispose of the subject of his ownership and to enjoy the fruits and benefits thereof within the limits of the law. All owners shall have the same rights and obligations and enjoy the same legal protection.

The ownership of flats and non-residential premises is governed by a special Act. A special Act stipulates which things may only be the subject of ownership by the state or certain legal entities.

An owner is entitled to protection against a person that interferes with the owner's ownership right. The owner may, in particular, demand that the person who wrongfully possesses the owner's thing return the thing. A person entitled to possess a thing shall have the same right to protection.

## 7 Neighborhood Rights

An owner of a thing shall refrain from everything that disturbs another person above a degree commensurate to the circumstances or that seriously endangers the exercise of another

person's rights. Therefore, he shall not, in particular, endanger his neighbour's structure or land by making alterations to the land or to the structure built on the land without taking sufficient measures to secure the structure or the land. He shall not annoy his neighbours with noise, dust, ash, smoke, gases, vapours, odours, solid and liquid waste, light, shading and vibrations above the degree commensurate to the circumstances, nor shall he let his domestic animals enter adjacent land, and shall not remove roots of trees from his land or the branches of trees that protrude on the neighbour's land without exercising due care and in the wrong season.

When required and provided it does not hinder the rational use of the adjacent lands and structures, the court may, having ascertained the opinion of the competent building authority, decide that the owner of the land must fence the land.

For the necessary time and to the necessary extent, the owners of adjacent lands are obliged to allow access to their lands or to the structures standing on them if the maintenance and management of the adjacent lands and structures so requires. If this results in damage to the land or to the structure, the person that caused the damage is obliged to compensate such damage; he may not be released from this obligation.

## 8 Possession

A possessor is a person that disposes of a thing as his own or that exercises the right to his benefit. Possession may concern not only things but also rights that allow the permanent or repeated exercise thereof.

If, all circumstances considered, a possessor is in good faith that the thing or right belongs to him, then he is the legitimate possessor. When in doubt, it is deemed that the possession is legitimate.

Unless the law stipulates otherwise, a legitimate possessor shall have the same rights as the owner, including, in particular, the right to the fruits and the benefits from the thing for the duration of the legitimate possession.

A legitimate possessor shall be entitled to compensation from the owner in respect of the expenses reasonably incurred by him in relation to the thing for the duration of the legitimate possession to the extent that corresponds to the appreciation of the thing on the day that it is returned. The common expenses associated with maintenance and operation shall not be compensated.

A wrongful possessor is always obliged to return the thing to the owner together with any fruits and benefits thereof and to compensate the damage caused by the wrongful possession. He may deduct any necessary costs of maintenance and operation of the thing.

A wrongful possessor may separate what value he added to the thing to appreciate it at his own expense provided that it is possible to do so without impairing the substance of the thing.

A legitimate possessor shall become an owner of a thing if he has the thing in his possession continuously for three years where a movable is concerned and for ten years with regard to real estates.

The period shall include the period in which the thing was in the legitimate possession of a legal predecessor.

## 9 „Black Building“

If a person builds a structure on another person's land without being entitled to do so, the court may decide on the application of the land owner that the structure shall be removed at the expense of the person who built the structure (hereinafter referred to as the "owner of the structure").

If the removal of the structure would not be practical, the court shall order that the structure shall belong to the land owner subject to compensation provided that the land owner agrees.

The court may also settle the relations between the land owner and the owner of the structure in another manner. It may, in particular, establish an easement on the basis of compensation and to the extent required for the exercise of the ownership right to the structure.

## 10 Joint Ownership

A thing may be in the joint ownership of several owners. Joint ownership is the co-ownership or a tenancy in common. A tenancy in common may only be created between spouses.

### 10.1 Co - Ownership

A share reflects the degree to which the co-owners participate in the rights and the obligations arising from the joint ownership of a joint thing. Unless the law stipulates or the parties agree otherwise, the shares of all co-owners are equal.

The co-owners shall incur rights and obligations from legal acts relating to the joint thing jointly and severally.

The co-owners shall decide on the management of the joint thing by the majority of votes calculated on the basis of the size of their shares. In the event of equal votes or the failure to obtain a majority or to reach an agreement the decision shall be rendered by a court on the application of any of the co-owners. If an important change to the joint thing is concerned, the outvoted co-owners may request the court to decide on the change.

If a co-ownership share is to be transferred, the co-owners shall have the right of pre-emption except where a transfer to a close person is concerned. If the co-owners fail to reach

an agreement on the exercise of the pre-emption right, they shall have the right to buy the share proportionately to the size of their shares.

Co-owners may agree on the cancellation of the joint ownership and on the mutual settlement. If the subject of the joint ownership is a real estate the agreement must be in writing. Each co-owner is obliged to provide upon request the other co-owners with a written confirmation of the manner of settlement, unless the agreement on the cancellation of the joint ownership and on the mutual settlement is in writing.

If no agreement is reached, the joint ownership shall be cancelled and the settlement made by the court on the application of any of the co-owners. While doing so, the court shall take into account the size of the shares and the rational use of the thing. If the division of the thing is not possible, subject to adequate compensation the court shall assign the thing to one or more co-owners. When doing so, the court shall take into account the rational use of the thing and the violent behaviour of a co-owner against the other co-owners. If none of the co-owners wants the thing, the court shall order its sale and divide the proceeds according to the ownership shares.

In cases worthy of special consideration, the court shall not cancel and settle the co-ownership by assigning the thing, subject to compensation, or by selling the thing and dividing the proceeds thereof.

Where joint ownership is cancelled and settled by the division of the thing, the court may establish an easement to the newly created real estate in favour of the owner of another newly created real estate. Cancellation and settlement of joint ownership may not be to the detriment of the persons who have rights attached to the real estate.

## 10.2 Tenancy by Entirety

Tenancy by the entirety comprises all property that may be owned and acquired by any of the spouses during the marriage, except for property acquired by inheritance or donation as well as things whose nature indicates that such serve the personal needs, or the exercise of a profession of only one of the spouses, and things returned within the scope of the regulations governing property restitution to the ownership of one of the spouses who had the thing in his ownership prior to entering into the marriage or to whom the thing was returned as a legal successor of the original owner. Spouses may extend or reduce the scope of the tenancy in common by means of an agreement. In the same way, they may agree on joint property administration.

The spouses may also agree to limit the existence of the tenancy in common by the date of the termination of the marriage. The agreement requires the form of a notarial record. The spouses may refer to this agreement in relation to a third party only if the agreement is known to such a party.

Things in the tenancy in common shall be used jointly by both spouses; they will also jointly bear the costs of the things or costs connected with their use and maintenance.

The ordinary matters regarding the common property may be arranged by each of the spouses. Other require the consent of both spouses, otherwise the legal act is invalid.

The spouses shall incur rights and obligations from the legal acts relating to the common property jointly and severally.

If a dispute about the rights and obligations ensuing from the tenancy by the entirety arises between the spouses, a decision shall be rendered by the court upon the petition of any of the spouses.

If further common dwelling has become unbearable due to physical or psychological violence, or threats of violence in relation to the spouse or a close person dwelling in the joint house or flat, the court may upon the petition of any of the spouses, limit or completely exclude the other spouse's right to use the house or flat within the tenancy by the entirety.

A receivable of a creditor of only one of the spouses that was created during the marriage may also be settled from the property within the tenancy by the entirety of spouses in the execution of a decision.

The tenancy by the entirety shall cease to exist upon the termination of the marriage. For serious reasons, particularly if the further existence of the tenancy in common would be inconsistent with good morals, the court may cancel the tenancy upon the petition of any of the spouses, even in the course of the marriage.

Property held in tenancy by the entirety may be used by one of the spouses for entrepreneurial activity only with the consent of the other spouse. The consent of the other spouse is not required for subsequent legal acts connected with the entrepreneurial activity.

The court shall cancel the tenancy by the entirety upon petition if one of the spouses has acquired a licence to undertake entrepreneurial activities. The spouse who did not acquire the licence to undertake entrepreneurial activities may file the petition. If both spouses have the licence, either spouse may file an application.

If the entrepreneurial activity is performed following the cancellation of the tenancy by the entirety by an entrepreneur jointly or with the help of the spouse who is not an entrepreneur, the income from entrepreneurial activities shall be divided in a proportion stipulated in a written contract; if such contract has not been concluded, the income shall be divided in equal shares.

If settlement is made by agreement, the spouses shall issue each other with a written certificate specifying the manner of settlement.

If a settlement is not agreed, it shall be made by the court on the application of one of the spouses.

If within three years of the day the tenancy by the entirety ceased to exist, neither such settlement is agreed nor the settlement is made by a court decision based on an application

filed within three years of the cessation, it shall apply in respect of the movables that the spouses have made the settlement according to the extent that each has used the property held in tenancy in common for his own needs and the needs of his family and household exclusively as the owner. With regard to other movables and immovable assets, it shall apply that such are held in joint ownership and that the shares of both co-owners are equal. The same shall apply accordingly to other property rights that are common to both the spouses.

If property that was not included in the settlement shall appear after the settlement of tenancy in common of spouses by court decision or agreement, the presumption stated in Subsection 4 shall apply for such property.

The property shall be settled under the assumption that the shares of both spouses are equal. Each spouse is entitled to demand compensation for that expended from own property on the joint property, and each is obliged to compensate that expended from the joint property on their other property. Furthermore, account shall be taken, in particular, of the needs of the minor children, of the care that each of the spouses devoted to the family, and of the role each played in the acquisition and maintenance of the tenancy in common. When determining the degree of the contribution, account shall also be taken of care for the children and the maintenance of the common household.

If the tenancy in common ceases to exist during the marriage, it may be restored only by the decision of a court rendered on the application of one of the spouses.

## 11 Rights in Property of Another

### 11.1 Lien

The lien serves for securing a receivable and its civil fruits by entitling the pledgee to satisfy his claim or seek satisfaction of the receivable from the pledged property (hereinafter referred to as "pledge") if the receivable is not fulfilled duly and timely

The lien shall be established by a written contract, approved agreement of heirs to settle inheritance, court or administration authority decision, or by law. A contract to create a lien of a movable asset does not have to be made in writing, if the lien is created by returning the asset under this Act.

The contract to create a lien shall specify the receivable to be secured by the lien as well as the pledge.

The contract to create a lien shall specify the highest value of the principal to secure the receivable, unless the contract to create a lien specifies the value of the secured receivable.

The pledge may be specified in the contract to create a lien individually as regards the quantity and type, or in another manner so that the pledge may be determined at any time during the lien.

A lien may secure a pecuniary receivable as well as a non-pecuniary receivable, the value of which is or may be defined at any time during the lien. A lien may also secure a receivable to be created in the future, or the creation of which depends on the fulfilment of a condition. The lien shall pass to the acquirer of the receivable upon assignment or transfer of the receivable secured by a lien. This shall also apply if there is another change in the entitled person under the secured receivable.

A pledge may be a thing, right, another property value, flat and non-residential premises that are transferable, unless otherwise provided by Act.<sup>3a)</sup> A pledge may be a set of things, rights or other property values, an enterprise or a part thereof, or another agglomerated thing.

The lien applies to the pledge, its components, fruits, benefits and interests, unless the contract to create a lien specifies otherwise or an Act provides otherwise. The lien shall apply to the fruits and benefits until they are severed from the pledge, unless the contract to create a lien specifies otherwise.

A lien may be established on a thing, flat and non-residential premises owned by the pledger, or in respect of a right or another property value belonging to the pledger.

A lien may also be established on a thing, right, another property value, flat or non-residential premises that the pledger acquires in the future, even if the thing, right, another property value, flat and non-residential premises are created in the future, or the creation of which depends on the fulfilment of a condition.

A receivable may also be secured by a lien made on several separate pledges. Any agreement forbidding the creation of a lien is ineffective in respect of third parties.

The creation of a lien requires the lien being registered in the Central Notary Register of Pledges (hereinafter referred to as the "Register of Pledges") established under special Act, unless otherwise provided by this Act or a special Act. A lien on real estate, flats and non-residential premises shall be created by registration in the land registry, unless otherwise provided by special Act. A lien on certain things, rights or other property values as provided by special Act shall be created by its registration in a special register, unless otherwise provided by special Act. A lien on a movable asset shall be created by the rendering thereof to the pledgee or a third party's custody, if the pledger and the pledgee have agreed to do so. The lien created in this manner may be registered in the Register of Pledges at any time during the lien; if the contract to create a lien has not been made in writing, a written certificate of the contents of the contract signed by the pledger and the pledgee shall be required.

The creation of a lien on a set of things, rights or other property values, a whole enterprise or a part thereof requires registration in the Register of Pledges. The creation of a lien on individual parts of the pledge, as provided under this or a special Act, also requires registration in a special register.

A lien on a thing, flat, non-residential premises, right or another property value that the pledger acquires in the future, that are created in the future or the creation of which depends on the fulfilment of a condition, shall be created by acquiring the ownership right to the thing, flat or non-residential premises, or by acquiring another right or another property value by the pledger; this shall not apply if the lien, the creation of which requires its registration in the Register of Pledges, has not been registered prior to the acquiring of the ownership right to the thing, another right or another property value by the pledger.

A lien on a thing, flat, non-residential premises, right or another property value that the pledger acquires in the future, that are created in the future or the creation of which depends on the fulfilment of a condition, the creation of which requires its registration in a special register under this or a special Act, shall be registered in this register as of the day of acquiring the ownership right to the thing, flat or non-residential premises, or acquiring another right or another property value by the pledger.

The application for lien registration in the Register of Pledges or the application for registration in a special register, if the creation of the lien requires registration in a special register under this or a special Act, shall be filed by the pledger, if the lien is created based on a written contract, and by the pledgee in other cases, unless otherwise provided by a special Act. If the lien is created by a court or administrative authority decision, the registration shall be made based on the decision of the competent court or the administration authority that created the lien.

If there are changes in the information concerning a lien, the person with such statutory obligation, in other cases the person affected by the change in the information, shall apply for a change of an entry in the Register of Pledges or a special register. If the person affected by the change in the information can not be determined, the pledger shall have this obligation, unless otherwise provided by the Act.

The legally bound person shall fulfil the obligation under Subsection 2 without undue delay from the day the fact resulting in the change of the information about the lien occurred. If more than one person is bound to file a petition for registration of a change in the information, this obligation shall be deemed fulfilled if so fulfilled by either of them, unless the Act stipulates that the petition for registration of a change in the information must be filed jointly by these persons.

A person who breaches the obligations under Subsection 2 and 3 shall be responsible for damage thereby caused.

When a pledge is assigned or transferred, the lien shall be binding on the acquirer of the pledge, unless the contract to create a lien stipulates that the pledger may transfer the pledge or a part thereof without the burden of lien, or unless otherwise provided by this or a special Act.



All rights and obligations of the pledger under the contract to create a lien shall pass to the acquirer of the pledge bound by the lien when the assignment or transfer becomes effective. The acquirer of the pledge bound by the lien is obliged to suffer the exercise of the lien, and is subject to the rights and obligations of a pledger.

A lien shall not be binding on the acquirer of a pledge if the pledger transferred the pledge in normal commercial relations as part of the scope of business activities. A lien shall also not be binding on the acquirer of a pledge if the acquirer acted in good faith at the time of assignment or transfer of the pledge, even when exercising due care, that he acquired a pledge unbound by a lien. If a lien is registered in the Register of Pledges it shall be deemed that the acquirer of the pledge does not believe in good faith, unless he shall prove the contrary.

The pledger and the acquirer of the pledge are obliged to register a change of the pledger in the Register of Pledges or a special register if the creation of the lien requires registration in a special register under this or a special Act; they shall be jointly and severally liable for any damage caused by breaching this obligation.

Enforcement proceedings or execution proceedings in respect of the pledge may only be conducted if the pledgee is an entitled person, or if the pledgee agrees with the enforcement or execution.

The pledger may use the pledge in the usual manner; but he is obliged to refrain from anything that decreases the value of the pledge except for normal wear and tear, unless otherwise set out by the contract to create a lien.

If a pledge is a movable asset and the pledge was handed over to the pledgee, the pledgee shall protect the entrusted pledge against damage, loss and destruction; the pledgee may use the entrusted pledge only with the pledger's consent, unless otherwise provided by a special Act.

If the pledgee incurs costs as a result of fulfilling the obligations under Subsection 2, the pledgee is entitled to the compensation of necessary and reasonable costs from the pledger.

If a receivable secured by a lien is not fulfilled duly and timely, the pledgee may start to exercise the lien. When exercising the lien, the pledgee may satisfy his claim in the manner defined in the contract or by selling the pledge by auction under a special Act,<sup>3e)</sup> or seek satisfaction by selling the pledge under special Acts,<sup>3f)</sup> unless otherwise provided by this or a special Act.

If a receivable secured by a lien is not fulfilled duly and timely, the pledgee may satisfy his claim or seek satisfaction from the pledge even if the secured receivable is statute-barred.

Any agreement made before the maturity of a receivable secured by the lien, based on which the pledgee may satisfy his claim by acquiring the ownership right to a thing, flat or non-residential premises, or another right or another property value under a lien, is invalid unless otherwise provided by the Act.

If a lien on more than one separate pledge is created to secure the same receivable, the pledgee may satisfy his claim or seek the satisfaction of the receivable by using any one of the pledges sufficient to satisfy the receivable, and failing that, using all of the pledges.

If the pledge is an enterprise or a part thereof, the pledgee may satisfy his claim or seek satisfaction using the enterprise or a part thereof, only if the lien is created on all parts of the enterprise or a part thereof.

The pledgee is obliged to inform the pledger and the debtor in writing, unless the debtor is the same as the pledger, about starting to exercise the lien, and if the liens are registered in the Register of Pledges, also register the start to exercise the lien in this Register, unless provided otherwise by this or a special Act. In the written notice of starting to exercise the lien, the pledgee shall specify the manner of satisfaction or the manner of seeking satisfaction from the pledge.

Following the notice of starting to exercise the lien, the pledger is not allowed to transfer the pledge without the consent of the pledgee. Any breach of this prohibition shall not be effective in respect of persons who acquired the pledge from the pledger in normal commercial relations as part of the scope of business activities except for the case when the acquirer knew or could have known in respect of all circumstances that the exercise of the lien has started.

From the pledger the pledgee is entitled to seek compensation of necessary and reasonable costs incurred in connection with the exercise of the lien.

If the lien is registered in the land registry, the pledgee shall send one copy of the notice of starting to exercise the lien to the competent district office, which shall indicate that the exercise of the lien started in the land registry.

A pledgee who started to exercise the lien in order to satisfy his receivable in the manner agreed in the contract to create a lien may change the manner of exercising the lien and hand over the pledge at an auction, or seek satisfaction by selling the pledge under special Acts at any time during the exercise of the lien. The pledgee shall inform the pledger about the change in the manner of exercising the lien.

The pledger is obliged to suffer the exercise of the lien and provide the pledgee with the assistance necessary for the exercise of the lien. In particular, he is obliged to surrender the pledge and documents required for the acceptance, transfer and use of the pledge to the pledgee, and provide any other assistance set out in the contract to create a lien. A third party in possession of the pledge or documents required for the acceptance, transfer and use of the pledge shall have the same obligation.

A person who is in possession of the pledge during the exercise of the lien shall refrain from anything that might decrease the value of the pledge except for normal wear and tear. When exercising the lien, the pledgee shall act on behalf of the pledger.

The pledgee shall inform the pledger about the course of the exercise of lien, namely all the facts that may affect the price of the pledge when sold.

If it is agreed in the contract to create a lien that the pledgee may hand over the pledge in a manner other than at an auction, the pledgee shall act during the sale of the pledge with due diligence in order to sell the pledge for a price at which the same or comparable asset is usually sold, under comparable conditions at the time and place of the sale of the pledge.

The pledgee shall submit to the pledger a written account of the exercise of the lien without undue delay after the pledge is sold, stating, in particular, information about the sale of the pledge, proceeds from the sale of the pledge, costs expended for the exercise of the lien and the use of proceeds from the sale of the pledge. The pledgee shall prove the costs expended in connection with the exercise of the lien.

If the proceeds from the sale of the lien exceed the secured receivable, the pledgee shall hand over to the pledger the proceeds from the sale that exceed the secured receivable without undue delay, after deducting the necessary and reasonable costs connected with the exercise of the lien.

If more than one lien is created on the pledge the pledgee shall also notify the other pledgees, who are before the pledgee exercising the lien in the order decisive for the satisfaction of liens, in writing about starting to exercise the lien. In the notice of the start of the exercise of the lien, the pledgee shall specify the manner of the satisfaction or the manner of seeking satisfaction from the pledge.

When exercising the lien by the pledgee, whose lien is registered as the first in the order decisive for the satisfaction of liens (hereinafter referred to as "preferred pledgee"), the pledge shall be transferred unbound by the liens of other pledgees. If the proceeds from the sale of the pledge exceed the receivable secured in favour of the preferred pledgee, the other pledgees are entitled to the satisfaction of their respective receivables secured by the lien on the transferred pledge from the proceeds from the sale of the pledge after deducting the necessary and reasonable costs of the preferred pledgees in connection with the exercise of the lien in the order decisive for the satisfaction of liens.

The proceeds from the sale of the pledge exceeding the secured receivables shall be delivered to the pledger after deducting the necessary and reasonable costs in connection with the exercise of the lien.

## 11.2 Easements

Easements restrict the owner of an immovable in favour of another person to the extent that the owner is obliged to tolerate, to refrain from or to do something. The rights corresponding to easements are either connected with the ownership of a certain real estate or belong to a certain person. The easements connected with the ownership of a real estate shall pass together with the ownership of the property to the acquirer.

Unless the parties agree otherwise, the person who is entitled to use the property of another on the basis of the right corresponding to an easement is obliged to bear the reasonable costs of the maintenance and the repairs of the property. If the property is also used by the owner, the person is obliged to bear the costs according to the proportion of the joint use.

Easements are established by a written contract, on the basis of a will in connection with the outcome of inheritance proceedings, by an approved agreement of the heirs, by a decision of a competent authority or by law. A right corresponding to an easement may be also acquired through the exercise of a right (positive prescription). Acquisition of a right corresponding to an easement is subject to registration in the Land Register. An easement may be established by a contract by the owner of the real estate, unless special Act confers this right also to other persons.

If the owner of a structure that is not also the owner of the adjacent land, and the owner's access to the structure may not be secured otherwise, the court may upon the petition of the owner of the structure establish an easement in favour of the owner of the structure, which consists of the right of way across the adjacent land.

Easements shall cease to exist by a decision of a competent authority or by law. The termination of a right corresponding to an easement by means of a contract is subject to registration in the Land Register. An easement shall cease to exist if such permanent changes arise that the property may no longer serve the needs of the entitled person or no longer enables the beneficial use of the real estate. A temporary inability to exercise the right shall not result in the termination of the easement.

If a change in circumstances results in a gross disproportion between the easement and the benefit of the entitled person, the court may decide that the easement shall be limited or terminated subject to adequate compensation. If, due to a change in the circumstances, it is not possible to fairly insist on material performance, the court may decide that monetary consideration shall be granted instead of material performance. If a right corresponding to an easement belongs to a specific person, such an easement shall cease to exist at the latest upon the person's death or dissolution.

## 12 Contractual relationship, Establishment and the termination of the Commitments, Content of Obligations

A contractual relationship is a legal relationship from which the right to performance (receivable) from the debtor ensues to the creditor and the obligation to fulfil an obligation ensues to the debtor.

Obligations shall ensue from legal acts, in particular, from contracts, from damage caused, from unjust enrichment and from other circumstances stated in law.

A valid obligation binds the debtor to provide something, to do something, to refrain from doing something or to tolerate something while the creditor is entitled to require the debtor to do so. The validity of an obligation shall not be affected if the grounds on which the debtor is obliged to perform are not specified. The creditor is obliged to prove the grounds of the obligation, except for securities issued collectively or other securities for which the law stipulates that the creditor has no such obligation.

As regards consumer contracts, an agreement on properties, purpose and quality shall also be a performance that the consumer showed interest in and that corresponds to a description provided by the supplier, manufacturer, or their representative in any generally accessible form, especially by advertising, promoting and labelling the product.

If the quality is not expressly agreed, the debtor is obliged to supply a particular quantity of items of average medium quality.

## 13 Purchase Contract

The obligation to hand over the subject of the purchase to the purchaser shall arise to the seller, and the obligation to take over the subject of the purchase and to pay the seller the agreed price shall arise to the purchaser from a purchase contract.

Unless agreed otherwise, the risk of incidental destruction and impairment of the subject of the purchase, including the proceeds thereof, shall pass to the purchaser simultaneously with the acquisition of ownership. If the purchaser acquires the ownership prior to the handover of the subject of the purchase, the seller shall have the rights and the obligations of a depositary until the handover.

Unless the parties agree otherwise and unless it is common, the parties are obliged to perform without undue delay. The seller is entitled to refuse to hand over the subject of the purchase if the purchaser fails to pay the price in time. If the subject of the purchase is to be sent to the place of performance or to the place of destination, the purchaser is not obliged to pay the price until he has an opportunity to inspect the subject of the purchase.

If the purchaser defaults in the takeover, the seller may deposit the subject of the purchase in a public warehouse or with another depositary at the purchaser's expense or he may, with prior notice, sell it on the purchaser's account. If a perishable item is concerned and there is no time for such a notice, then such notice is not necessary.

Unless agreed otherwise, the costs connected with the handover of the subject of the purchase, in particular the costs of measuring, weighing and packing, shall be born by the seller while the costs connected with the takeover shall be born by the purchaser. If the property is to be sent to a place which is not the place of performance, the costs of dispatch shall be born by the purchaser.

If the seller is to send the subject of the purchase to the place of performance or to the place of destination, it shall apply that the property shall be deemed to be handed over at the time it is handed over for the transport, unless agreed otherwise.

A person that purchases future proceeds of any property in the aggregate or with the prospect of uncertain future proceeds shall be entitled to all proceeds duly gained. He shall bear the loss if his expectations are frustrated.

If the property has any defects of which the seller is aware, he is obliged to inform the purchaser of them during the negotiation of the purchase contract.

If any defect of which the seller failed to inform the purchaser comes out subsequently, the purchaser is entitled to a reasonable deduction from the agreed price that corresponds to the nature and the scope of the defect. Where a defect that makes the property unusable is concerned, he shall also have the right of withdrawal from the contract.

The purchaser shall also have the right of withdrawal from the contract if the seller assured him that the property had certain qualities, in particular, those stipulated by the purchaser or that it had no defects and such assurances proved to be false.

The purchaser shall have the right to the reimbursement of necessary expenses he incurred in connection with the exercise of rights from liability for defects.

Any complaints about defects shall be made by the purchaser with the seller without undue delay. The purchaser may only demand the rights from liability for defects before the court if he complained about the defects no later than twenty-four months of the takeover of the property.

The exercise of the rights from liability for defects shall not affect the right to damages.

#### 14 Donation Deed

By a deed of donation the donor either conveys or promises something free of charge to the donee who accepts such a donation or promise.

A deed of donation shall be made in writing if the subject of the donation is real estate or if the movable concerned is not handed over and taken over at the moment of the donation.

A deed of donation is void if the performance under the deed is to be provided only after the donor's death.

When offering a gift, the donor is obliged to state any defects of which he is aware. If the property has any defects which the donor failed to state, the donee is entitled to return the property.

The donor may demand the return of the gift if the donee behaves towards him or towards the members of his family in a manner grossly inconsistent with good morals.

## **C Selected legal institutes of Act no. 513/1991 Coll of the Commercial Code as ammnded**

### **1 Scope of Act**

This Act regulates the status of entrepreneurs, commercial obligations and some other relations relating to entrepreneurial activity.

The legal relations specified in above provision are regulated by the provisions of Commercial code. Should it prove impossible to resolve certain issues according to the provisions of Commercial code, such issues shall be resolved in accordance with civil law. Should it prove impossible to resolve such issues in accordance with civil law provisions, they shall be assessed based on commercial practice and, in the absence of such, then on the principles upon which Commercial code is based.

### **2 Entrepreneurial Activity, Business name,**

Entrepreneurial activity means continuous activities independently conducted by an entrepreneur in their own name and on their own account for the purpose of making a profit or in order to achieve a measurable positive social impact when it concerns the economic activity of a registered social enterprise under a special regulation.

Under the Commercial Code, an entrepreneur means:

- a) a person registered in the Commercial Register,
- b) a person conducting entrepreneurial activity based on a trade licence,
- c) a person conducting entrepreneurial activity based on an authorisation other than a trade licence under special regulations,
- d) a natural person undertaking agricultural production who is registered in the respective register under a special regulation.

The registered office of a legal entity and the place of business of a natural person is the address of the registered office or place of business entered in the Commercial Register or the Trade Register or in another register set out under a special Act. A legal entity or a natural person shall prove that, in respect of the real estate or part thereof whose address is entered as their registered office or place of business in the Commercial Register or Trade Register or another register set out under a special Act, they have the ownership right or a right of use that does not exclude the use of the real estate or part thereof as the registered office or place of business, or that they have obtained the consent of the owner of the real estate or part thereof to the entry of the real estate or part thereof as the registered office or place of business in the Commercial Register, Trade Register or another register set out under a special Act.



An address refers to the name of the municipality together with its post code, the name of the street or other public area, and orientation number, or if appropriate, registration number if the municipality is not structured into streets. The address of a natural person is the address of his/her permanent residence under a special regulation.

The validity of a legal act shall not be affected by the fact that the person involved is prohibited from conducting entrepreneurial activity or lacks authorisation to conduct entrepreneurial activity. A person that undertakes such activity without any authorisation to conduct entrepreneurial activity and any persons undertaking such activity in such person's name and on such person's account shall be liable for any damage thus caused. This shall not affect their liability under special regulations.

Each entrepreneur is obliged to state in their written or electronic business letters and orders (hereinafter referred to as "business documents") their business name, registered office or place of business as well as the legal form of a legal entity and its identification number, if allocated. Entrepreneurs registered in the Commercial Register or other register of entrepreneurs shall also state the designation of the register that registered the entrepreneur and the registration number. If an entrepreneur states the amount of their registered capital in their business documents, they shall also state the extent to which the capital has been paid up. The data mentioned above shall also be stated by an entrepreneur in written official communication. The data mentioned above shall also be stated by an entrepreneur on their website, if they have one established.

A business name means the name under which an entrepreneur undertakes legal acts in the course of their entrepreneurial activity.

The business name of a natural person is the person's first name and surname (hereinafter referred to as "name"). The business name of a natural person may include a suffix to distinguish the person of the entrepreneur or the type of entrepreneurial activity.

The business name of companies and cooperatives is the name under which they are registered in the Commercial Register. The same shall apply to legal entities that are subject to registration in the Commercial Register under a special Act. The business name of a legal entity shall also include a suffix designating its legal form.

The business name of a legal entity that is not subject to registration in the Commercial Register is the name under which it was established.

An entrepreneur is obliged to state their business name together with the suffix designating their current legal status, in particular, with the suffixes "in liquidation" (v likvidácii), "in bankruptcy" (v konkurze) or "under restructuring" (v reštrukturalizácii).

A business name may not be such as to be confused with the business name of another entrepreneur and may not give rise to any misleading idea of the entrepreneur or their subject of entrepreneurial activity.

The business names of several legal entities may express the common capital interest of the shareholders/members provided the names are distinguishable one from another.

A different designation of legal form is not sufficient to differentiate the business name of a legal entity. For natural persons, stating another place of business shall suffice for differentiation. Natural persons who are entrepreneurs and have identical first names and surnames and conduct entrepreneurial activity in the same place shall distinguish their business names by an additional suffix that relates to the name or the type of entrepreneurial activity so that their business names could be distinguished one from another.

Any person whose rights have been affected or endangered by the unauthorised use of their business name may demand that the unauthorised user refrains from any further use of their business name and remedies the defective condition; they may also demand:

- a) the destruction of any goods made without authorisation that violate the right to the business name, or the recall of such goods from circulation, or
- b) the destruction of any materials and tools used in violating the right to the business name or in the threat of violating the right to the business name, or their recall from circulation,
- c) information on the origin and distribution of the goods or service violating the right to the business name, including
  1. data on the owner, producer, distributor, supplier or seller of goods violating the right to the business name, or data on the provider of the service violating the right to the business name,
  2. data on the quantity produced, supplied, provided, received or ordered, or data on the price of the goods or service violating the right to the business name.

In its judgment the court may award the winning participant in the trial the right to have the court's judgment published at the losing participant's expense, and, depending on the circumstances, the court may also determine the extent, form and manner of publication.

### 3 Entrepreneurial Conduct

If an entrepreneur is a natural person, he/she shall act either in person or through his/her representative. A legal entity shall act through its statutory body or its representative.

The provisions of Commercial Code governing the various forms of companies and cooperatives set out the statutory body whose acts are deemed to be the acts of the entrepreneur.

An entrepreneur shall be bound by the conduct of persons exercising the authority of the statutory body even if by their conduct they exceed the scope of the subject of

entrepreneurial activity, except when such conduct exceeds the authority of the statutory body granted by law or which may be granted by law to the statutory body.

Any limitation of the statutory body's authorisation to act shall not be enforceable in relation to third parties even if published.

The head of a branch of an enterprise or the head of a foreign person's enterprise who is entered in the Commercial Register is entitled to undertake any legal acts relating to such branch or enterprise on the entrepreneur's behalf.

#### 4 Procuration

By means of a procuration, an entrepreneur entitles the proxy to perform all legal acts involved in operating the enterprise, even though a special power of attorney might otherwise be required to perform such acts. Procuration may only be granted to a natural person.

The procuration does not authorise the proxy to alienate real estates or encumber them, unless such authorisation is expressly granted by the procuration.

Limiting the scope of procuration by means of internal instructions has no legal consequences in relation to third parties.

Procuration may be conferred on more than one person, in which case either each proxy is entitled to represent and sign for the entrepreneur independently, or else all, or at least two, of the authorised signatories shall express their collective intent on the matter concerned.

When a proxy signs documents, he/she shall state the business name of the entrepreneur on whose behalf they are acting and in an addendum they shall indicate their procuration and affix their signature.

Procuration becomes effective when it is entered into the Commercial Register. The application for the entry of the procuration in the Commercial Register shall specify the name and residential address of the proxy and the method of signing on behalf of the entrepreneur. If conferred on more than one individual, the application shall specify whether each proxy may act independently or, when applicable, how many authorised signatories must act jointly.

Any person entrusted with performance of a certain activity in the operation of an enterprise is entitled to undertake all acts usually involved in the course of such activity.

If a person exceeds the powers conferred on him/her under Subsection 1 above, the entrepreneur shall only be bound by such conduct if a third party was not aware that such person had exceeded his/her powers and, in the light of all the circumstances of the case, could not have been aware that such person had exceeded his/her powers.

The entrepreneur is also bound by the conduct of other persons in the entrepreneur's business premises, provided that a third party involved could not have been aware that the said person was not entitled to conduct him/herself in such a manner.

## 5 Entrepreneurial activities of foreign Persons and Foreign Persons Capital Interests in Slovak Legal Entities

Foreign persons may conduct entrepreneurial activity in the territory of the Slovak Republic under the same conditions and to the same extent as Slovak persons, unless stipulated otherwise by law.

For the purposes of Commercial Code, a foreign person shall mean a natural person whose residence is outside the territory of the Slovak Republic, or a legal entity which has its registered office outside the territory of the Slovak Republic. For the purposes of this Act, a legal entity which has its registered office in the territory of the Slovak Republic is deemed to be a Slovak legal entity.

For the purposes of Commercial Code, entrepreneurial activity by a foreign person in the territory of the Slovak Republic means entrepreneurial activity by a foreign person that has an enterprise or a branch located in the territory of the Slovak Republic.

A foreign person's authorisation to conduct entrepreneurial activity in the territory of the Slovak Republic takes effect on the day as of which that person, or that person's branch, is entered in the Commercial Register; such foreign person may conduct entrepreneurial activity within the scope of the subject of entrepreneurial activity entered in the Commercial Register. The application for registration is filed by the foreign person.

The authorisation of a foreign person to conduct entrepreneurial activity in the territory of the Slovak Republic shall cease to exist on the day when the person's enterprise or branch is deleted from the Commercial Register. The application for deletion is filed by the foreign person.

The provision of Subsection above shall not apply to natural persons who are subject to registration in the Commercial Register, have their residence in any of the Member States of the European Union or a Member State of the Organisation for Economic Co-operation and Development, and who conduct entrepreneurial activity in the territory of the Slovak Republic.

Commercial documents relating to the enterprise or branch of a foreign person shall contain the designation of the foreign commercial register or other register in which the foreign person is registered, and the details of the registration of the foreign person in such register provided the law of the State governing the foreign person stipulates the obligation of registration in such commercial or other register.

A foreign person other than a foreign natural person has the same legal capacity under Slovak law as under the law under which such person was established. The law under which such person was established also governs the foreign person's internal legal relations and their members' or shareholders' liability for the person's obligations. Foreign persons having the right to conduct entrepreneurial activity abroad are considered to be entrepreneurs under this Act.

Under the provisions of Commercial Code, a foreign person may participate in the founding of a Slovak legal entity or become a shareholder or member of an already existing Slovak legal entity for the purpose of conducting entrepreneurial activity. A foreign person may be the single founder of a Slovak legal entity or become the single shareholder/member in a Slovak legal entity, provided that Commercial Code permits a single founder or a single shareholder/member.

A Slovak legal entity may only be established under Slovak law, unless the law or the law of the European Union stipulates otherwise. Foreign persons enjoy the same rights and have the same obligations as Slovak persons in the matters stated in this Subsection.

## 6 Business companies

A company (hereinafter referred to as “company”) is a legal entity established for the purpose of conducting entrepreneurial activity. The term company refers to an unlimited company, a limited partnership, a limited liability company, a joint stock company and a simple joint stock company. A limited liability company and a joint stock company may also be established for another purpose, unless prohibited by a special Act. Legal entities established under the law of the European Union have a position similar to the position of companies.

Natural persons and legal entities may be founders of a company and participate in its entrepreneurial activity, unless the law stipulates otherwise.

An activity that under special regulations may only be carried out by natural persons may only be carried out by a company through the persons qualified to do so under special regulations. The liability of such persons under special regulations shall not be thereby affected.

A natural person or legal entity may become a member with unlimited liability in one company only.

The provisions on individual forms of companies stipulate the extent of the shareholders'/members' liability for their company's obligations. The provisions on liability shall apply accordingly to their liability, unless provided otherwise by other provisions of Commercial Code. If bankruptcy is declared against the property of a company, the shareholders/members are liable for the company's obligations only to the extent to which creditors that have applied for their receivables in time have not been satisfied in the bankruptcy proceedings.

After the dissolution of a company, its shareholders/members shall be liable for such company's obligations to the extent of their share in the liquidation balance, but at least to the same extent to which they were liable while the company was in existence. The shareholders/members shall settle among themselves the same way as when they were liable during the existence of the company.

Misuse of a shareholder's/member's rights, in particular misuse of a majority or a minority of votes in a company is prohibited.

Any conduct which is intended to place some of the company's shareholders/members at a disadvantage by means of malpractice is prohibited.

## 6.1 Foundation of the Company

Unless provided otherwise by other provisions of Commercial Code, a company is founded under an agreement of association signed by all its founders. The founders' signatures must be officially verified.

The agreement of association may also be made by an authorised representative having a power of attorney for such purpose. The power of attorney with the officially verified signature of the grantor of the power of attorney shall be attached to the agreement of association. In cases where Commercial Code permits the foundation of a company by a single founder, the agreement of association shall be replaced by a deed of association. The deed of association shall contain the same essential information as the agreement of association or memorandum of association.

## 6.2 Registered Capital

The registered capital of a company means the total of all its shareholders'/members' monetary and non-monetary investment contributions to the company, as expressed in money. It is mandatory for a limited liability company, a joint stock company and a simple joint stock company to create registered capital. Its amount is subject to entry in the Commercial Register.

A shareholder's/member's investment contribution shall be the aggregate of funds (hereinafter referred to as "monetary contribution") and other assets that may be expressed in monetary terms (hereinafter referred to as "non-monetary contribution") which such shareholder/member invests in the company and through which they participate in the result of the company's entrepreneurial activity.

A non-monetary contribution may only be property with an economic value which can be determined. It is prohibited to make investment contributions in the form of commitments to perform work or supply services. A non-monetary contribution must be paid up before the amount of registered capital is entered in the Commercial Register. Should the company not acquire ownership right to such a particular object of non-monetary contribution, the shareholder/member who undertook to provide such contribution must pay its value in money and the company must return such object of non-monetary contribution to the shareholder/member. The company shall demand in writing that the shareholder/member pay the value of the non-monetary contribution to which the company has not acquired

ownership right, and the shareholder/member is obliged to fulfil such obligation within 90 days of the day when the demand was delivered.

The non-monetary contribution to the company and the value of the monetary sum in which a non-monetary contribution is included in the shareholder's/member's investment contribution shall be stated in the agreement of association, memorandum of association or deed of association, unless this Act stipulates otherwise. The value of the non-monetary contribution shall be determined on the basis of an expert opinion which shall include a description of the non-monetary contribution, the method of valuation applied, and information whether the value of the contribution corresponds to the issue rate of the shares subscribed that are being paid up through such contribution or to the value of an accepted obligation to pay an investment contribution to the company.

If a contribution is in the form of an enterprise or a part thereof, the provisions governing a contract on sale of an enterprise shall apply accordingly in relation to the transfer of rights and obligations.

If an investment contribution or part thereof to a company is in the form of assigning a receivable, the provisions on assigning receivables shall apply accordingly. A shareholder/member that assigns a receivable to a company as their investment contribution is liable for the recoverability of such receivable up to the amount of their contribution. A non-monetary contribution may also be a receivable towards the company.

If at the time when the amount of registered capital is entered into the Commercial Register the value of the non-monetary contribution does not reach the sum determined upon accepting the obligation to make an investment contribution, the shareholder/member that undertook to make such non-monetary contribution to the company is obliged to pay the company the difference in money.

If a company acquires property on the basis of a contract concluded with a founder or a shareholder/member of the company for a consideration amounting to at least 10% of the registered capital's value, the value of the subject of the contract shall be determined by expert opinion. Such contract shall not become effective before it is deposited together with the expert opinion in the Collection of Documents. If the contract must be entered into a special register under a special Act before coming into effect, such contract shall be deposited together with the expert opinion in the Collection of Documents prior to entry in the special register.

### 6.3 Business Share

A business share means the level of a particular shareholder's/member's participation in the company's net worth.

Upon termination of a shareholder's/member's participation in a company during such company's existence, the shareholder/member becomes entitled to payment of their share (hereinafter referred to as a "settlement share"). The amount of a settlement share shall be determined on the basis of individual annual financial statements for the accounting period preceding the accounting period in which the shareholder's/member's participation in the company is terminated, unless the agreement of association stipulates otherwise. A settlement share shall be paid in money, unless the law or the agreement of association or the articles of association stipulate another manner of share settlement.

Unless the agreement of association or the articles of association stipulate otherwise, the right to payment of a settlement share shall be due upon the lapse of three months after the approval of individual annual financial statements for the accounting period preceding the accounting period in which the shareholder's/member's participation in the company terminated, or if no such individual annual financial statements were approved, upon the lapse of three months after the day upon which such financial statements should have been approved.

If a company's winding-up involves liquidation, a shareholder/member is entitled to a share in the property remainder resulting from the liquidation (a share in the liquidation balance).

#### 6.4 Company Incorporation

A company enters into existence upon the day it is registered into the Commercial Register. An application for registration in the Commercial Register must be filed within 90 days of the company's foundation, or from the date of delivery of a document establishing a trade licence or other entrepreneurial license.

Unless it is expressly stated upon the company's foundation that the company is founded for a limited period, it is deemed that the company has been founded for an unlimited period.

Legal acts related to the foundation, incorporation, change, winding-up or dissolution of a company must be made in writing; the law stipulates which legal acts shall be made in the form of a notarial deed.

#### 6.5 An unlimited Company

An unlimited company is a company in which at least two persons conduct entrepreneurial activity under their common business name and hold joint and several liability for the company's obligations with their entire property.

The business name must contain the designation "verejná obchodná spoločnosť" (unlimited company) that may be replaced with abbreviation "ver. obch. spol." or "v.o.s." If



the business name contains the surname of at least one of the members, it is sufficient to add “a spol.”

An agreement of association must contain:

- a) the business name and registered office of the company,
- b) identification of the members by stating the business name and registered office of a legal entity or the name and residential address of a natural person,
- c) the company’s subject of entrepreneurial activity.

An application for registration of the company in the Commercial Register shall be filed and signed by all members.

#### 6.5.1 Rights and Obligations of Members

The rights and obligations of members are governed by the agreement of association. The consent of all members is required for any change of the agreement of association, unless this Act or the agreement of association stipulates otherwise.

The monetary and non-monetary contributions of members shall become the company’s property. A member is obliged to pay up their investment contribution within the period determined in the agreement of association or without undue delay after the company’s incorporation.

In the event of late payment of a monetary contribution, a member is obliged to pay default interest amounting to 20% of the sum due, unless the agreement of association stipulates otherwise.

A member has no obligation to increase their investment contribution above the value determined in the agreement of association, neither have they any obligation to supplement such value in the event of losses, unless the agreement of association stipulates otherwise.

Each member is entitled to manage the business of the company within the scope of the principles agreed upon by the members.

Should one or more members be authorised by the other members to manage the business of the company wholly or in part under the agreement of association, the remaining members shall lose this authority to such extent. The authorised member is obliged to follow members’ decisions made by a majority of votes. Unless the agreement of association stipulates otherwise, each member shall have one vote.

Unless the agreement of association stipulates otherwise, authorisation of a member may be withdrawn if so agreed by the other members. If the authorised member substantially breaches their obligations, the court shall revoke such authorisation upon the petition of any member, even if the authorisation is irrevocable under the agreement.

The member authorised to manage the business of the company is obliged, upon request, to inform the other members on all of the company's affairs. Each member is entitled to inspect all of the company's documents.

Profit intended for distribution shall be distributed among/between the members in equal proportions. The share of profits, as determined on the basis of the annual financial statements, is payable within three months of their approval. Any loss ascertained from the annual financial statements shall be borne by members in equal proportions. These provisions shall apply, unless the agreement of association stipulates otherwise.

Based on a change of the agreement of association, another member may join the company or an existing member may leave the company, provided that at least two members remain in the company.

## 7 Legal Relations to Third Parties

The statutory body of an unlimited company is each of the members, unless the agreement of association stipulates that they shall act jointly. If the agreement of association authorises only certain members to act in the name of the company in all company matters, only such members shall be the statutory body of the company.

## 8 Member's Liability

An unlimited company is liable for its obligations with its entire property. The members shall hold joint and several liability for the company's obligations with their entire property.

A member that joins a company shall also be liable for those of the company's obligations which arose before they joined the company. However, should this member render fulfilment of such obligations, they may demand compensation from other members and reimbursement of the related costs.

If a member terminates their participation while the company is in existence, they are only liable for the obligations which arose prior to the day their participation was terminated.

## 9 Limited Partnership

A limited partnership is a partnership in which one or more members are liable for the partnership's obligations up to the amount of the unpaid parts of their investment contributions as entered in the Commercial Register (limited partners), and one or more members are liable for the partnership's obligations with their entire property (general partners).

Unless hereinafter stipulated otherwise, the provisions of Commercial Code on

unlimited companies shall apply accordingly to limited partnerships, and the provisions on limited liability companies shall apply accordingly to the legal status of limited partners.

A limited partner is obliged to make an investment contribution to the limited partnership in the amount determined in the agreement of association, but such amount shall not be less than EUR 250. The investment contribution shall be paid up within the period determined in the agreement of association, otherwise without undue delay after the limited partnership's incorporation or after such limited partner's participation in the limited partnership originates. The company shall not return investment contributions to general partners.

The agreement of association must contain:

- a) the business name and registered office of the partnership,
- b) identification of the members by the business name and registered office of a legal entity or the name and residential address of a natural person,
- c) the subject of entrepreneurial activity,
- d) designation of which members are general partners and which are limited partners; for persons that are general partners, the information provided shall also include their birth registration number, if they are a natural person, or the identification number, if they are a legal entity, provided that such number was allocated; for a foreign natural person, his/her date of birth shall be provided if no birth registration number was allocated,
- e) the amount of each limited partner's investment contribution.

The business name of a limited partnership must contain the designation "komanditná spoločnosť" (limited partnership) but the abbreviation "kom. spol." or "k. s." is sufficient. If the business name of a limited partnership contains the name of a limited partner, such limited partner shall be liable for the partnership's obligations as a general partner.

An application for the registration of a limited partnership in the Commercial Register shall be filed and signed by all of its members.

## 9.1 Rights and Obligations of Members

Only the general partner(s) are entitled to manage the business of the limited partnership.

Other matters shall be decided jointly by the general partners and limited partners by a majority of votes, unless the agreement of association stipulates otherwise.

Each member shall have one vote in voting, unless the agreement of association stipulates a different number of votes.

The consent of all members is required for any change of the agreement of association, unless the law stipulates otherwise. The agreement of association may stipulate that the transfer of a limited partner's share to another person does not require the consent of the other members.

A limited partner is entitled to inspect the accounting books and accounting documents of the limited partnership and has the right to receive a counterpart of the annual financial statements.

Profit shall be distributed into a part due to the limited partners and a part due to the general partners in the proportion designated in the agreement of association; otherwise it shall be distributed into two halves between them.

Unless the agreement of association stipulates otherwise, the part of profit due to the general partners shall be distributed among/between them in equal proportions, whereas the part of profit due to the limited partners shall be distributed in proportion to their paid-up investment contributions.

## 9.2 Legal Relations to Third Parties

The general partners shall form the statutory body of a limited partnership. Unless the agreement of association stipulates otherwise, each general partner is entitled to act independently on behalf of the limited partnership.

If a limited partner concludes a contract in the name of the limited partnership without being entitled thereto, they are liable for the obligations ensuing from the contract to the same extent as a general partner.

## 10 Limited Liability Company

A limited liability company is a company whose registered capital is made up of its shareholders' previously determined investment contributions.

A company may be founded by one person. A company may have a maximum of 50 shareholders.

A single-shareholder company may not be the single founder or single shareholder of another company. A natural person may be a single shareholder of not more than three companies.

A limited liability company may not be founded by a person who is listed in the list of tax debtors under a special regulation or in the list of debtors of the Social Insurance Agency; this shall not apply if the competent tax administrator, which is the tax authority or customs authority, or the Social Insurance Agency grants such a person the consent to found the company. The consent shall be enclosed with the application for registration in the 10 10 10

## 11 Commercial Register.

A company is liable for breaches of its obligations with its entire property. A shareholder is liable for the company's obligations up to the amount of the unpaid proportion of their investment contribution entered in the Commercial Register.

The business name of a company must contain the designation "spoločnosť s ručením obmedzeným" (limited liability company) but the abbreviation "spol. s r. o." or "s. r. o." is sufficient.

The value of the registered capital of a company must be at least EUR 5,000. The value of a shareholder's investment contribution must be at least EUR 750.

If a shareholder commits themselves to making a non-monetary contribution to the company, the agreement of association must designate the object of such non-monetary contribution and the financial sum in which the non-monetary contribution is to be included in the shareholder's investment contribution to which they have committed.

An agreement of association must contain:

- a) the business name and registered office of the company,
- b) identification of the shareholders by stating the business name and registered office of a legal entity or the name and residential address of a natural person,
- c) the subject of entrepreneurial activity (business objects),
- d) the amount of registered capital and the amount of investment contribution of each shareholder and the amount of investment contributions paid up upon the company's incorporation, including the method and period for paying up such investment contributions, and in the case of non-monetary contributions, also their object and the financial sum in which the non-monetary contribution shall be included in the shareholder's investment contribution to which they have committed,
- e) the names, residential addresses and birth registration numbers of the company's first executive officers and the method by which they will act in the name of the company; for a foreign natural person, his/her date of birth shall be stated, if no birth registration number was allocated,
- f) the names, residential addresses and birth registration numbers of members of the first supervisory board, if a supervisory board is established; for a foreign natural person, his/her date of birth shall be stated, if no birth identification number was allocated,
- g) identification of the contributions administrator
- h) the amount of reserve fund, if the company creates a reserve fund upon its incorporation, and the amount up to which the company is obliged to supplement the reserve fund, and the method of such supplementation,

- i) benefits provided to persons participating in the company's incorporation or in any activities aimed at obtaining a licence to conduct its activity,
- j) the estimated amount of the company's costs connected with its foundation and incorporation,
- k) further data, if stipulated by law.

The agreement of association may determine that the company shall issue articles of association to regulate its internal organisation and provide more detailed regulations relating to particular matters included in the agreement of association.

Before filing an application for registration of a company in the Commercial Register, at least 30% of each monetary contribution must be paid up. The total value of paid-up monetary contributions increased by the value of provided non-monetary contributions must amount to at least 50% of the minimum amount of registered capital as stipulated by law. If a company was founded by a single founder, the company may only be registered in the Commercial Register if its registered capital has been fully paid up.

An application for the registration of a company in the Commercial Register shall be filed and signed by all its executive officers.

## 12 Rights and Obligations of Shareholders

A shareholder is obliged to pay up their investment contribution under the conditions and within the period stipulated by law or determined in the agreement of association, but not later than within five years after the company's incorporation or after the shareholder's entry into the company or after a commitment by the shareholder to make a new investment contribution. No shareholder may be relieved of this duty. The executive officers shall, without undue delay, notify the registration court when the investment contribution of each shareholder has been fully paid up.

A business share represents the shareholder's rights and obligations and their corresponding participation in the company. The amount of the business share is determined by the proportion of a particular shareholder's investment contribution to the company's registered capital, unless the agreement of association stipulates otherwise.

Each shareholder may have only one business share. If a shareholder makes an additional investment contribution, their business share shall be increased in proportion to the amount of their additional investment contribution.

A single business share may be held by several persons. Such persons may exercise their rights from the said business share only through a joint representative, and they shall hold joint and several liability for paying up the investment contribution. If a single business share is held by several persons, the information to be entered into the Commercial Register is the amount of investment contribution to which such business share relates, the extent to which it has been paid up, as well as the information on the joint representative and individual persons that hold the business share, namely the business name or name and registered office of a legal entity, and name, surname and residential address of a natural person.

With the consent of the general meeting, a shareholder may transfer their business share to another shareholder, unless the agreement of association stipulates otherwise. A shareholder may transfer their business share to another person if the agreement of association so permits. The agreement of association may stipulate that the transfer of a business share to another person requires the consent of the general meeting.

## 13 Company Bodies

### 13.1 General Meeting

The general meeting of shareholders is the supreme body of a company. Its powers include:

- a) the approval of the conduct of persons acting in the name of the company before its incorporation,
- b) the approval of individual annual financial statements and individual extraordinary financial statements, and decisions on the distribution of profit or payment of losses,
- c) the approval of the articles of association and changes thereto, unless the law stipulates otherwise,
- d) decisions on changing the agreement of association provided that such decisions are entrusted to the powers of the general meeting by the law or agreement of association,
- e) decisions on increasing or reducing the registered capital, and decisions on non-monetary contributions,
- f) the appointment, removal and remuneration of executive officers,
- g) the appointment, removal and remuneration of members of the supervisory board,
- h) the expulsion of a shareholder
- i) decisions on winding up the company or changing its legal form, if permitted by the agreement of association,
- j) decisions on the approval of a contract on sale of an enterprise or a contract on sale of a part of an enterprise,

k) other issues entrusted to the powers of the general meeting by the law, agreement of association or articles of association of the company.

The general meeting may reserve decision-making rights in matters which would otherwise fall within the powers of other bodies of the company.

The shareholder shall participate in the general meeting in person or through an authorised representative based on written power of attorney. An authorised representative must not be any of the company's executive officers or members of the supervisory board.

The general meeting has a quorum if shareholders are present who hold at least one half of all votes, unless the agreement of association stipulates otherwise. The number of votes of each shareholder shall be determined by the proportion of the value of their investment contribution to the amount of the company's registered capital, unless the agreement of association determines a different number of votes. The general meeting shall decide by a simple majority of votes of shareholders present, unless the law or the agreement of association requires a higher number of votes.

### 13.2 Executive Officers

The company's statutory body consists of one or more executive officers. If there are several executive officers, each of them is entitled to act in the name of the company independently, unless the agreement of association stipulates otherwise. A company's executive officer may only be a natural person. Executive powers may be limited only by the agreement of association or general meeting. However, such limitation is ineffective with respect to third parties. Executive officers are appointed by the general meeting from among shareholders or other natural persons.

Decisions falling within the powers of executive officers on the company's business management require the consent of a majority of executive officers, unless the agreement of association stipulates a higher number of votes.

Executive officers are obliged to ensure due administration of the prescribed records and accounting, to keep a list of shareholders and inform shareholders about the company's affairs.

Executive officers are obliged to exercise their powers with professional care and in accordance with the interests of the company and all of its shareholders. In particular, they are obliged to obtain and take into account in their decision-making all available information relating to the subject of their decision, to keep in confidence confidential information and facts whose disclosure to third parties could cause harm to the company or endanger its interests or the interests of the company's shareholders, and while exercising their powers, must not give priority to their own interests, the interests of only certain shareholders or the interests of third parties over the company's interests.



Executive officers who breach their obligations while exercising their powers are obliged to jointly and severally compensate the damage thus caused to the company.

An executive officer shall not bear liability for damage if they can prove that they proceeded in exercising their powers with professional care and in good faith that they were acting in the company's interest. Executive officers shall not bear liability for any damage caused to the company by their conduct in executing a decision of the general meeting; this shall not apply if the general meeting's decision is contrary to legal regulations, the agreement of association or articles of association or if it concerns the obligation to file the petition in bankruptcy. If the company has established a supervisory board, approval of the executive officers' conduct by the supervisory board shall not relieve them of liability.

Agreements between the company and its executive officer that exclude or limit the executive officer's liability are prohibited.

### 13.3 Supervisory Board

The agreement of association shall determine whether or not to establish a supervisory board.

The supervisory board:

- a) supervises the activities of executive officers,
- b) inspects the business and accounting books as well as other documents and checks the data contained therein,
- c) reviews the financial statements which the company is obliged to draw up under a special regulation as well as proposals for the distribution of profit or payment of losses, and submits its opinion to the general meeting,
- d) submits reports to the general meeting within the period determined by the agreement of association, otherwise once a year.

Members of the supervisory board have the right to demand that executive officers provide them with information and explanations on all company matters, and to inspect all business and accounting books and other documents of the company.

Members of the supervisory board are elected by the general meeting. A company's executive officer may not be a member of the supervisory board. The supervisory board must have at least three members. Members of the supervisory board attend the general meeting. They must be given the floor whenever they request it.

### 14 Joint Stock Company

A joint stock company is a company whose registered capital is distributed into a certain number of shares with a certain nominal value. The company is liable for breaches of

its obligations with its entire property. A shareholder is not liable for the company's liabilities.

The company's business name must contain the designation "akciová spoločnosť" (joint stock company) or the abbreviation "akc. spol." or the abbreviation "a.s."

A joint stock company may be a private joint stock company or a public joint stock company. A public joint stock company is deemed a company all or some of whose shares have been accepted for trading on a regulated market situated or operated in any of the State Parties to the Agreement on the European Economic Area.

At its general meeting, a public joint stock company may decide, with the consent of a two-third majority vote of shareholders present, to stop trading its shares on the regulated market and to become a private joint stock company. The decision that the company stops trading its shares on the regulated market shall be deposited in the Collection of Documents and the company is obliged to publish a notice of its adoption of such decision in a national periodical publishing exchange reports. If, after the adoption of such decision, an exchange accepts the company's shares for trading on the regulated market, the company again becomes a public joint stock company. The provisions of this Subsection shall not affect the obligations under special regulations regulating securities and regulated markets that relate to changing a public joint stock company to a private joint stock company or that relate to a company stopping trading its shares on the regulated market.

A public call to subscribe shares is a public offer of securities under a special regulation.

A share represents the rights of a shareholder, under the law and company's articles of association, to participate in a company's management, its profit and in its liquidation balance after the winding-up of the company with liquidation; these rights are attached to the share as a security, unless the law stipulates otherwise.

A share may be issued in the form of a certificated security (hereinafter referred to as "certificated share") or in the form of a book-entered security (hereinafter referred to as "book-entered share"), unless the law stipulates otherwise. If a company issues several types of shares, they must contain a designation of the type of share they are. Shares to which no special rights are attached (hereinafter referred to as "common share") need not contain any type designation. Issuing any types of shares other than those stipulated by this Act is prohibited.

Shares may be registered or bearer shares. The articles of association may establish the shareholders' right to exchange registered shares for bearer shares and vice versa. A registered share may be issued as a certificated or book-entered share. A bearer share may

only be issued as a book-entered share. Book-entered shares are transferred under a special Act.

Certificated registered shares are transferred by an endorsement and handover of the share. The endorsement shall state the business name or name, registered office and identification number of the legal entity, if allocated, or the name, residential address and birth registration number of the natural person that is the acquirer of the share, the signature of the shareholder that transfers the registered share, and the transfer date of the registered share. If a shareholder is a foreign natural person, his/her date of birth shall be stated if no birth registration number was allocated. Otherwise, the provisions of a special Act regulating bills of exchange shall apply accordingly to the endorsement.

## 15 Foundation and Incorporation of the Company

A company may be founded by a single shareholder, provided the founder is a legal entity; otherwise by two or more founders.

If the company is founded by two or more founders, they shall enter into a memorandum of association. If the company is founded by a single shareholder, a deed of association is drawn up instead of a memorandum of association. The memorandum of association or deed of association must be drawn up in the form of a notarial deed on a legal act. The memorandum of association or deed of association shall include the draft articles of association. The value of the registered capital of a company must be at least EUR 25,000.

### 15.1 Memorandum of Association

The memorandum of association or deed of association must contain:

- a) the business name, registered office and subject of entrepreneurial activity (business objects),
- b) the proposed registered capital,
- c) the number of shares and their nominal value, form and format; if shares of various types are to be issued, their name and a description of the rights attached to them.; if registered shares with limited transferability are to be issued, information about the limitation on the transferability of such shares,
- d) the issue price for which the company issues the shares,
- e) the number of shares subscribed by individual founders,
- f) designation of the object of the non-monetary contribution and determination of the financial sum in which the non-monetary contribution is to be included in the payment for the issue price of the shares subscribed by the founder if the founder commits themselves to making a non-monetary contribution to the company,
- g) designation of the contributions administrator

h) the estimated amount of the company's costs connected with its foundation and incorporation.

If a company is to be founded based on a call to subscribe shares, the memorandum of association or deed of association must also contain:

- a) the time and place for subscribing shares,
- b) the procedure for subscribing shares exceeding the proposed registered capital; in particular, a determination whether the founders will permit subscription of additional shares once the proposed registered capital has been subscribed; if subscription of shares exceeding the proposed registered capital is permitted, a determination whether the amount of the proposed registered capital will be increased by the subscribed shares exceeding the proposed registered capital, or whether the number of subscribed shares will be curtailed for individual subscribers in the proportion in which they subscribed shares, while either maintaining the proposed amount of registered capital or partially increasing the proposed registered capital; the memorandum of association may also determine a different procedure for subscribing shares exceeding the proposed registered capital;
- c) the place and time for paying up a part of the subscribed shares and its amount,
- d) the manner of convening the founding general meeting of subscribers.

## 15.2 Founding General Meeting

The founding general meeting may be held only if shares were subscribed to the value of the proposed registered capital, unless this Act stipulates otherwise, and only if at least 30% of the nominal value of the monetary contributions has been paid.

The founding general meeting:

- a) decides on the foundation of the company,
- b) approves the company's articles of association,
- c) elects the company's bodies which the general meeting is entitled to elect according to the articles of association.

## 15.3 Foundation of a Company without a Call to Subscribe Shares

If the founders agree in the memorandum of association that, in a certain proportion, they shall pay up the entire registered capital of the company, then no call to subscribe shares or convening of a founding general meeting is required.

If a company is founded without a call to subscribe shares, the memorandum of association must contain the founders' decisions. The notarial deed in which the memorandum of association is drawn up shall also contain the approved articles of association.

#### 15.4 Articles of Association

The articles of association must contain:

- a) the business name and registered office of the company,
- b) the subject of entrepreneurial activity (business objects),
- c) the amount of registered capital and the manner of paying up the shares; if applicable, the conditional amount of registered capital, if the general meeting has decided on the conditional increase of registered capital or the approved amount of registered capital, if the general meeting has entrusted the board of directors to increase registered capital,
- d) the number of shares and their nominal value and format, as well as designating whether the shares are registered or bearer shares, and if the company issues shares in both forms, the number of bearer shares and the number of registered shares, and a statement regarding any limitation of the transferability of registered shares, if applicable,
- e) the manner of convening the general meeting, its powers and manner of decision-making,
- f) the number of members of the board of directors, supervisory board or other bodies, as well as a definition of their powers and manner of decision-making,
- g) the amount of the initial reserve fund and the amount the company is obliged to supplement it with, and the manner of supplementation,
- h) the manner of distributing profit,
- i) the consequences of breaching the obligation to pay subscribed shares in time,
- j) the manner of increasing and reducing registered capital, and
- k) the procedure for amending and changing the articles of association,
- l) other information, if stipulated by law.

#### 15.5 Company Incorporation

Prior to company incorporation, the entire value of registered capital must be subscribed and at least 30% of monetary contributions must be paid up;

Rights and Obligations of Shareholders:

Upon registration of a joint stock company in the Commercial Register, the subscriber of shares acquires the rights of a shareholder of the joint stock company corresponding to the shares they have subscribed.

The shareholder is obliged to pay the issue price of shares they have subscribed at the time determined in the articles of association, at the latest within one year from the company's incorporation.

The shareholder is entitled to a share in the company's profit (dividend) which the general meeting has determined for distribution according to the operating results. Unless it follows otherwise from the provisions of the articles of association concerning shares with a different entitlement to a share in profit, the share in profit shall be determined by the proportion of the nominal value of the shareholder's shares to the nominal value of the shares of all shareholders.

## 15.6 Bodies of the Company

### 15.6.1 General Meeting

The general meeting is the supreme body of a company. The shareholder shall attend the general meeting in person or through a representative based on a written power of attorney (hereinafter referred to as an "attending shareholder"). If the shareholder grants a power of attorney to several authorised representatives in order for them to exercise the voting rights attached to the same shares at a single general meeting, the company shall allow voting by the authorised representative who first entered his/her name in the attendance list at the general meeting. The authorised representative of a shareholder may not be a member of the company's supervisory board, unless Commercial Code stipulates otherwise. If several shareholders have granted a written power of attorney for representation to a single authorised representative, such representative may independently vote for each of the shareholders thus represented at the general meeting.

The general meeting shall be held at least once a year within the period determined by the articles of association and shall be convened by the board of directors, unless the law stipulates otherwise, in the manner and within the periods determined by the articles of association. If the law stipulates an obligation to convene a general meeting and the board of directors has failed to decide on convening the general meeting without undue delay, or it has not had a quorum for an extended period, then any member of the board of directors is entitled to convene the general meeting.

### 15.6.2 Board of Directors

The board of directors is the statutory body of the company which manages the company's activity and acts in its name. The board of directors decides on all company matters, provided these are not reserved by Commercial code or the articles of association to the powers of the general meeting or supervisory board. Unless the articles of association determine otherwise, each member of the board of directors is entitled to act in the name of the company. The members of the board of directors who act in the name of the company and the manner in which they do so are entered in the Commercial Register.

The articles of association, decisions of a general meeting or the supervisory board may limit the board of directors' right to act in the name of the company, but these limitations are not effective with respect to third parties.

The board of directors ensures the proper administration of the company's accounting, the deposition of the annual report in the Collection of Documents, the drawing up and deposition of consolidated financial statements and the consolidated annual report of the company in the Collection of Documents, if the company has such obligation, and submits to the general meeting for approval the individual annual financial statements and individual extraordinary financial statements that the company is obliged to draw up under a special regulation, as well as the proposal for the distribution of profit or payment of losses in accordance with the articles of association.

The board of directors submits an annual report drawn up under a special regulation together the individual annual financial statements or individual extraordinary financial statements for discussion at the general meeting. Within the periods determined by the articles of association, but at least once a year, as part of the annual report the board of directors shall submit a report on the company's entrepreneurial activity and the balance of assets to be discussed by the general meeting.

Members of the board of directors are elected and removed by the general meeting from the shareholders or other persons for a period determined in the articles of association, which must not exceed five years. The articles of association may determine that members of the board of directors are elected and removed by the supervisory board in the manner stated therein.

### 15.6.3 Supervisory Board

The supervisory board supervises the performance of the board of directors' powers and the operation of the company's entrepreneurial activity.

Members of the supervisory board are entitled to inspect all documents and records concerning the company's activities and check whether accounting records are being duly administered in accordance with the actual facts and whether the company's entrepreneurial

activity is conducted in accordance with legal regulations, the articles of association and the instructions of the general meeting.

The supervisory board reviews the financial statements that the company is obliged to draw up under a special regulation, and the proposal for the distribution of profit or payment of losses, and submits its opinion to the general meeting.

The supervisory board must have at least three members. Two thirds of supervisory board members are elected and removed by the general meeting and one third by the company's employees, provided the company has more than 50 full-time employees at the time of the election. The articles of association may determine a higher number of supervisory board members elected by employees, but this number must not be higher than the number of members elected by the general meeting; they may also determine that employees shall elect a part of supervisory board members even if the number of company employees is lower.

## 16 Simple joint stock Company

A simple joint stock company is a company whose registered capital is distributed into a certain number of shares with a certain nominal value. The company is liable for breaches of its obligations with its entire property. A shareholder is not liable for the company's liabilities.

The business name of the company must contain the designation "jednoduchá spoločnosť na akcie" (i.e. simple joint stock company) or the abbreviation "j. s. a.".

### 16.1 Special Provisions on Shares of Companies

The shares of a company may only have book-entered form and may only be registered. The rights attached to a company's shares are the shareholder's rights to participate, in accordance with the law and the articles of association, in the company's management and profit, as well as the liquidation balance after the company is wound up with liquidation.

The company's deed of association, memorandum of association or articles of association may determine that the nominal value of the shares shall be expressed in eurocents or in a combination of euros and eurocents.

The company may issue common shares and shares with special rights. The special rights may consist especially in their determining

a) the extent of the entitlement to a share in the profit or liquidation balance other than as the proportion of the nominal value of the shares to the nominal value of the shares of all



shareholders; the extent of the entitlement may be determined especially as fixed, priority or subordinate,

b) the number of the shareholder's votes other than as the proportion of the nominal value of the shares to the amount of the registered capital,

c) the extent of the right to the provision of information about the company.

If the company issues shares with special rights, such shares must contain a designation of their type, their number and a reference to the provision of the articles of association that regulates the special rights. Shares to which the same special rights are attached constitute one type of share. Various special rights may be attached to shares with the same nominal value.

The company may issue shares to which no voting rights are attached only if a voting right is attached to at least one share of the company.

The court shall wind up a company and order its liquidation even without a petition if the company does not have at least one shareholder that owns a share to which voting rights are attached, or if voting rights cannot be exercised in the company.

If under Commercial Code a certain matter discussed at the general meeting requires voting according to the type of shares, an owner of shares without a voting right shall have a right to vote on the matter at the general meeting.

A company may be founded by one person or several persons. The value of the registered capital of a company must be at least EUR 1. A company may not be founded upon a call to subscribe shares. Before incorporation of the company, the entire value of the registered capital must be subscribed and all contributions must be paid up. The memorandum of association or deed of association must be drawn up in the form of a notarial deed on a legal act.

## 16.2 Memorandum of Association

The memorandum of association or deed of association must contain

a) the business name, registered office and subject of entrepreneurial activity (business objects),

b) the proposed registered capital,

c) the number of shares and their nominal value; where shares of various types are to be issued, their name,

d) the issue price for which the company issues the shares,

e) the number of shares subscribed by individual founders,

f) designation of the subject-matter of the non-monetary contribution and determination of the financial sum in which the non-monetary contribution is to be included in the payment for

the issue price of the shares subscribed by the founder, if the founder commits themselves to making a non-monetary contribution to the company,

g) designation of the contributions administrator

h) decision on the foundation of the company,

i) decision on the approval of the articles of association of the company,

j) decision on the members of the company's bodies which the general meeting is entitled to elect according to the articles of association.

The memorandum of association or deed of association shall include the articles of association.

A simple joint stock company may change its legal form only to a joint stock company. A company or cooperative may not change their legal form to a simple joint stock company.

## 17 Cooperative

A cooperative is an association of an unrestricted number of parties that is founded for the purpose of entrepreneurial activity or securing the economic, social or other needs of its members.

The business name of a cooperative must contain the designation “družstvo” (cooperative).

A cooperative must have at least five members; this shall not apply if at least two of its members are legal entities. The joining of additional members or the termination of membership of existing members shall not affect the existence of the cooperative, provided the cooperative fulfils the conditions of the previous sentence.

A cooperative is a legal entity. It is liable for the breach of its obligations with its entire property.

The members are not liable for the cooperative's obligations. The articles of association may determine that based on a decision of the members' meeting, the cooperative members or some of them have payment obligations towards the cooperative up to a certain amount that exceeds the membership contribution to cover the cooperative's losses.

The cooperative's registered capital consists of the aggregate of membership contributions which members of the cooperative have committed to pay.

The membership share constitutes the extent of member's participation in the cooperative. Its amount is determined based on the proportion of the membership contribution to the cooperative's registered capital, unless the articles of association determine otherwise. Each member may have only one membership share in the cooperative. The amount of membership contribution may be determined differently for individual members, but each such amount must be expressed with a positive integral number, unless

the law stipulates otherwise. The sum total of nominal values of membership contributions to the cooperative must equal the nominal value of the cooperative's registered capital.

The articles of association determine the amount of the cooperative's registered capital, which is entered into the Commercial Register (entered registered capital). The entered registered capital must be at least EUR 1,250.

#### 17.1 Foundation of a Cooperative

A founding meeting of the cooperative must be held in order to found the cooperative. The founding meeting of the cooperative:

- a) determines the entered registered capital,
- b) approves the articles of association,
- c) elects the board of directors and controlling committee.

The founding meeting of the cooperative shall elect and adopt decisions by a majority of persons present. A membership applicant may retract their application immediately after voting on the articles of association, if they voted against their adoption.

The founding meeting of the cooperative shall lead to the foundation thereof, provided the membership applicants have committed themselves at the meeting to membership contributions attaining the determined sum of entered registered capital. The basic membership contribution or entry contribution must be paid within 15 days from the day when the founding meeting of the cooperative was held to the designated member of the board of directors in the manner determined by the members' meeting.

The course of the founding meeting of the cooperative is certified by a notarial deed which also contains the list of members and the amount of individual membership contributions to which members committed themselves at the cooperative's meeting. An annex to the deed is the articles of association in the approved wording.

The cooperative's articles of association must contain:

- a) the business name and registered office of the cooperative,
- b) the subject of entrepreneurial activity (business objects),
- c) the establishment and termination of membership, the rights and obligations of members towards the cooperative and the cooperative towards its members,
- d) the amount of the basic membership contribution, and the amount of the entry contribution, if applicable, the manner of paying membership contributions and settling the membership share upon termination of membership,

- e) the cooperative's bodies and the number of their members, the duration of their terms of office, the manner of appointment, powers, the manner of their convening and holding discussions,
- f) the manner in which profit shall be used and any potential loss paid,
- g) the creation and use of the indivisible fund,
- h) other provisions, if arising from this Commercial Code.

The members of a cooperative may be natural persons and legal entities. If, under the articles of association, membership is conditional upon an employment relationship with the cooperative, a natural person who has completed mandatory school attendance and attained 15 years of age may become a member.

Upon fulfilment of the conditions arising from the law and articles of association, membership is established:

- a) during the foundation of the cooperative, on the day when the cooperative is established,
- b) during the existence of the cooperative, by accepting a member based on a written membership application,
- c) by transfer of membership or
- d) in another manner stipulated by law.

Membership shall not be established before payment of the entry contribution.

Membership, its establishment and termination are regulated in more detail in the articles of association.

## 17.2 Bodies of a Cooperative

The bodies of a cooperative are:

- a) the member's meeting,
- b) the board of directors,
- c) the controlling committee,
- d) other bodies of the cooperative under the articles of association.

Only the cooperative's members who are above 18 years of age and representatives of the legal entities that are the cooperative's members may be elected to the bodies of the cooperative.

If a legal entity is a member of the cooperative, it is obliged to entitle a natural person to act on its behalf on the company's body.

### 17.2.1 Members' Meeting

The supreme body of a cooperative is the meeting of the cooperative members (hereinafter referred to as the "members' meeting").

The members' meeting meets within the periods determined by the articles of association, but at least once a year. A convening of the members' meeting must be announced to the members in the manner determined by the articles of association.

The powers of the members' meeting include:

- a) changing the articles of association, unless the law stipulates otherwise,
- b) electing and removing members of the board of directors and controlling committee,
- c) approving individual annual financial statements and individual extraordinary financial statements,
- d) deciding on the distribution and use of profit, or the manner of paying a loss, if applicable,
- e) deciding on the increase or reduction of the entered registered capital,
- f) deciding on basic issues of the cooperative's development policy,
- g) deciding on an amalgamation, merger, split-up or other means of winding-up the cooperative or on a change of the legal form.

### 17.2.2 Controlling Committee

The controlling committee is entitled to control all of the cooperative's activity, and discusses complaints from its members. It answers only to the members' meeting and is independent of the other bodies of the cooperative. The controlling committee has at least three members.

The controlling committee comments on the financial statements that the cooperative is obliged to draw up under a special regulation and on the proposal for distribution of profit or proposal for payment of loss of the cooperative.

The controlling committee informs the board of directors of any deficiencies found and requires that such deficiencies be remedied.

The controlling committee meets as required, but at least once every three months.

## 18 Business contractual relations

Commercial Code regulates the contractual relations between entrepreneurs, if it is obvious during their establishment, with respect to all the circumstances, that they concern their entrepreneurial activity.

Commercial Code also governs the contractual relations between an entity governed by public law, if they concern the securing of public needs or its own operation, and

entrepreneurs during their entrepreneurial activity. For these purposes an entity governed by public law is:

- a) a State authority,
- b) a municipality,
- c) a higher-level territorial unit,
- d) a legal entity founded or established for the purpose of fulfilling public interest needs that do not have an industrial or commercial character, and
- e) an association of legal entities a member of which is at least one of the entities governed by public law.

Parties may agree that their contractual relationship which does not come under the relations stipulated in above mentioned Section shall be governed by Commercial Code. Such an Agreement must be made in writing.

Parties may deviate from the provisions of this Part of the Act or exclude its individual provisions, with the exception of the provisions of Section 261 and Section 262 Subsection 2, Section 263 through 272, Section 273 Subsection 1, Section 276 through 289, Section 301, 303, 304, Section 306 Subsection 2 and 3, Section 308, Section 311 Subsection 1, Section 312, 313, Section 321 Subsection 4, Section 324, 340a, 340b, 341, 365, 369-369d, 370, 371, 376, 382, 384, 386 through 408, 408a, 444, 458, 459, 477, 478, Section 479 Subsection 2, Section 480, 481, Section 483 Subsection 3, Section 488, 493, 499, Section 509 Subsection 1, Section 592, 597, Section 655 Subsection 1, Section 655a, Section 660 Subsection 2 through 4, Section 668 Subsection 3, Section 668a, 669, 669a, 672a, 675, Section 676 Subsection 1 and 2, 711, 720, 725, 729, 743 and 771c Commercial Code.

Parties may not deviate from the basic provisions stated in this Part for individual contractual types or from the provisions that stipulate the mandatory written form of the legal act.

When determining the rights and obligations from a contractual relationship, the commercial practices generally maintained in the respective business sector shall be taken into account, provided they are not contrary to the content of the contract or the law.

Commercial practices that are to be taken into account under the contract shall take precedence over those provisions of Commercial Code that are not coercive in nature.

Exercise of a right that is contrary to the principles of honest business relations shall not enjoy legal protection.

## 19 Discussions on Concluding a Contract

The provisions regulating the individual types of contracts in Commercial Code shall apply only to contracts whose content as agreed by the parties includes the fundamental parts of a contract that are stipulated in the basic provision for each of such contracts.

The parties may also conclude a contract that is not regulated as a type of contract. However, if the parties do not determine the subject of their obligations sufficiently, the contract shall not be concluded.

The agreement when concluding a contract that a certain minor part of the contract shall be agreed between the parties subsequently after its conclusion shall be deemed a condition for the validity of the agreed part of the contract, unless the parties have clearly expressed before its conclusion that failure to reach any subsequent agreement on supplementing the content of the contract shall not affect the validity of the concluded contract. In case of doubt, the condition has suspensive effects.

The contract must be made in writing in order to be valid only in the cases stipulated by law or if at least one party expresses the intent during discussions on concluding the contract to conclude it in writing.

A part of the content of the contract may also be determined by reference to the general business terms drawn up by expert or public interest organisations or by reference to other business terms which are known to the parties concluding the contract or are attached to the draft.

The contractual forms used in business relations may be used to conclude the contract. With respect to the content of the offer to conclude a contract or in consequence of the practice established between the parties, or with respect to the decisive practices under Commercial Code, the party to which the offer is addressed may express their consent to the offer by undertaking a certain act (e.g. by sending the goods or paying the purchase price) without notifying the offerer. In this case, acceptance of the offer is effective at the moment when this act was undertaken, provided it occurred before the expiry of the period decisive for acceptance of the offer.

## 20 Contract for Work

### 20.1 Basic Provisions

Under a contract for work, the contractor undertakes to execute certain work and the client undertakes to pay a price for its execution.

Work means the production of a certain item, unless it falls within the scope of a purchase contract, the assembly of a certain item and its maintenance, the execution of an agreed repair or modification of a certain item, or the materially expressed result of some

other activity. The production, assembly, maintenance, repair or modification of a structure or its part shall always be deemed to be work.

The price must be agreed in the contract, or the contract must at least designate the manner of determining the price, unless in the contract the parties express the intent to conclude it without such determination.

## 20.2 Execution of the Work

The contractor is obliged to execute the work at their expense and own risk at the agreed time, otherwise at a reasonable time with respect to the nature of the work. Unless it follows otherwise from the contract or the nature of the work, the contractor may execute the work before the agreed time.

The client is obliged to take over the executed work. In executing the work, the contractor proceeds independently and is not obliged to follow the client's instructions concerning the manner of executing the work, unless they expressly undertook to follow them.

The contractor executing the work may entrust another party with execution of the work, unless it follows otherwise from the contract or the nature of the work. When the work is executed by another party, the contractor shall be liable as if they executed the work themselves.

## 20.3 Items Determined for Execution of the Work

The client is obliged to hand over the items which they are required to provide under the contract to the contractor for execution of the work at the time determined in the contract, otherwise without undue delay after concluding the contract. In case of doubt, it shall be deemed that the price for execution of the work shall not be reduced by the price of these items.

If the client fails to provide these items in time, the contractor may grant them a reasonable period in which to do so; after the expiry of this period with no effect, the contractor may provide such items themselves at the client's expense after notifying the client thereof. The client is obliged to pay the price of such items and reasonable costs related thereto without undue delay after being requested to do so by the contractor.

Items which are required for execution of the work and which the client is not obliged to provide under the contract shall be provided by the contractor.

The client bears the risk of damage to the items which they provided for execution of the work and remains their owner until the time when they become a part of the subject of the work as a result of processing.



The contractor is liable in the same manner as a warehouse keeper for an item taken over from the client and placed into the contractor's care for the purpose of its processing during execution of the work or for the purpose of its repair or modification.

After completion of the work or the expiry of the obligation to execute the work, the contractor is obliged without undue delay to return items taken over from the client that were not processed during the execution of the work.

The contractor has the status of a seller with respect to items which they have provided for executing the work, unless it follows otherwise from the provisions regulating the contract for work. In case of doubt, it shall be deemed that the purchase price of such items is included in the price for execution of the work.

#### 20.4 Ownership Right to the Produced Item and Risk of Damage to the Item

If the contractor produces an item on the client's premises, on their land or on land provided by the client, the client bears the risk of damage to the item being produced and is the owner thereof, unless the contract determines otherwise.

In cases to which above mentioned Subsection does not apply, the contractor bears the risk of damage to the item being produced and is the owner thereof. The provisions on the transfer of risk of damage to goods from a seller to a buyer shall apply accordingly to determining the transfer of the risk of damage to an item being produced from a contractor to a client.

Neither the risk of damage nor ownership right to an item that is the subject of maintenance, repair or modification shall be transferred to the contractor.

If the contractor has the ownership right to the produced item and the obligation to execute the work expires for a reason for which the client is not liable, the client is entitled to demand payment of the price for the items taken over from them by the contractor, which the contractor processed in executing the work or which may not be returned. This shall not affect the client's claim to compensation of damage.

If the obligation to execute the work expired for a reason for which the client is liable, the client is entitled to demand reimbursement of the amount by which the contractor enriched themselves.

If the client has the ownership right to the item being produced and, given its nature, the item may not be returned or handed over to the contractor, the client is obliged to pay the contractor the amount by which the client enriched themselves from the production of the item, provided the obligation expired for a reason for which the client is not liable.

## 20.5 Price for the Work

The client is obliged to pay to the contractor the price agreed in the contract or determined in the manner designated in the contract. If the price is not agreed or determinable in this manner and the contract is nevertheless valid, the client is obliged to pay the price which is usually paid for comparable work at the time of concluding the contract under similar business terms.

The amount of the price shall not be affected by the fact that the price was determined on the basis of a budget which is a part of the contract or of which the client was notified by the contractor before conclusion of the contract.

However, if the price was determined on the basis of a budget with respect to which it follows from the contract that its completeness is not guaranteed, the contractor may demand an appropriate increase of the price if it becomes necessary during execution of the work to perform activities not included in the budget, provided these activities were not foreseeable at the time of concluding the contract.

If the price was determined on the basis of a budget which is not deemed binding under the contract, the contractor may demand that the price be increased by the amount by which the costs reasonably incurred by the contractor necessarily exceed the costs included in the budget.

If the client disagrees with the price increase, the increase shall be determined by the court upon the contractor's petition.

The client may withdraw from the contract without undue delay if the contractor demands an increase of the price by a sum exceeding the price determined on the basis of the budget by more than 10%. In this case, the client is obliged to pay the contractor the part of the price corresponding to the scope of partial execution of the work under the budget.

The client is obliged to pay the price to the contractor at the time determined in the contract. Unless it follows otherwise from the contract or this Act, the entitlement to the price shall arise upon completion of the work.

## 20.6 Manner of Executing the Work

The client is entitled to inspect the execution of the work. If the client ascertains that the contractor is executing the work in a manner contrary to their obligations, the client is entitled to demand that the contractor eliminates any defects resulting from defective execution and executes the work properly. If the contractor executing the work fails to do so even within a reasonable period granted to them for this purpose, and the contractor's conduct would undoubtedly lead to a fundamental breach of the contract, the client is entitled to withdraw from the contract.

The contractor is obliged to notify the client without undue delay of the unsuitable nature of items taken over from the client or the unsuitability of the client's instructions for executing the work, if the contractor could ascertain their unsuitability by exercising professional care. If such unsuitable items or instructions obstruct the proper execution of the work, the contractor is obliged to suspend execution of the work to the necessary extent until the time when the client's items are replaced or instructions changed, or until they have obtained a written notice that the client insists on execution of the work using the handed over items and instructions provided. The period determined for completion of the work shall be extended by the time during which it was necessary to suspend execution of the work. The contractor is also entitled to reimbursement of costs related to the suspension of the execution of work or to the use of unsuitable items until the time when it was possible to ascertain their unsuitability.

A contractor that has fulfilled the obligation stated in above mentioned Subsection is not liable for the impossibility of completing the work or for defects of the completed work caused by unsuitable items or instructions if the client insisted in writing on their use in execution of the work. If the work is not completed, the contractor is entitled to the price reduced by the amount they saved by not executing the work to the full extent.

A contractor that has not fulfilled the obligation stated in above mentioned Subsection is liable for defects of the work caused either by the use of unsuitable items handed over by the client or by following the client's instructions.

If, during execution of the work, the contractor ascertains hidden obstacles relating to an item to be repaired or modified, or relating to the place where the work is to be executed, and these obstacles prevent execution of the work in the agreed manner, the contractor is obliged to notify the client thereof without undue delay and to propose to them a change to the work. Until an agreement is reached regarding a change to the work, the contractor is entitled to suspend execution of the work. If the parties fail to agree on a change to the contract within a reasonable period, either of the parties may withdraw from the contract.

If the contractor has not breached their obligation to ascertain any obstacles before commencing execution of the work, neither of the parties is entitled to compensation of damage; the contractor is entitled to the price for the part of the work that had been executed by the time they were able to detect the obstacles by exercising professional care.

If the contract determines that the client is entitled to inspect the subject of work at a certain stage of its execution, the contractor is obliged to invite the client in time to conduct such inspection.

If the contractor fails to fulfil the obligation stated in above mentioned Subsection, they are obliged to allow the client to conduct a subsequent inspection, and are obliged to bear the related costs.

If the client failed to attend an inspection to which they had been duly invited or which should have been conducted in accordance with an agreed schedule, the contractor may continue with execution of the work. However, if the client's attendance at the inspection was prevented by an obstacle which they were unable to avert, the client may demand, without undue delay, the conducting of a subsequent inspection; however, they are obliged to reimburse the contractor for any costs caused by the delayed inspection.

#### 20.7 Execution of the Work

The contractor fulfils their obligation to execute the work by due completion thereof and by handing over the subject of the work to the client at the agreed place, otherwise at the place set out by Commercial code.

If such place has not been agreed and the contract includes the contractor's obligation to send the subject of the work, the handover of the subject of the work takes place by handing it over to the first carrier that is to transport it to the destination. The contractor shall allow the client to exercise the rights from the contract of carriage, unless the client already has these rights on the basis of this contract.

If the contract determines neither the place of handover nor the contractor's obligation to send the subject of the work, the handover is performed at the place in which the work was to be executed under the contract; if such place is not determined in the contract, handover is performed at the place which the client knew or must have known at the time of concluding the contract as the place where the contractor would execute the work.

Upon the handover of the produced item, the client acquires the ownership right to it, if the contractor had the ownership right until then, and the risk of damage to the produced item is transferred to the client, if it was borne by the contractor until then.

If requested by either party, a protocol on the handover of the subject of the work shall be drawn up and signed by both parties.

If the contract does not include the contractor's obligation to send the subject of the work, the contractor fulfils their obligation to execute the work if they allow the client to dispose of the subject of the duly executed work at the place set out in Commercial code. If the contractor's obligation includes assembling an item they have manufactured, repaired or modified, the obligation is fulfilled upon due completion of such assembly.

If, under the contract, due execution of the work is to be proved by performing agreed tests, execution of the work shall be deemed completed only after the successful performance of such tests. The contractor is obliged to invite the client in time to attend these tests.

The client's failure to attend the tests to which they have been invited in time shall not prevent the performance of tests.

The result of the tests shall be recorded in a protocol signed by both parties. If the client is not present, a reliable and impartial person who attended the tests shall sign the protocol instead of the client.

If the work involves the result of an activity other than the production of an item, or its assembly, maintenance, repair or modification, the contractor is obliged to proceed during such activity within the scope determined by the contract, with professional care so as to attain the materially expressed result of the activity determined in the contract. The contractor is obliged to hand over the materially expressed result to the client.

If the subject of the work is the result of an activity which is protected by an industrial or other intellectual property right, the client is entitled to use the result of the work only for the purpose arising from the concluded contract for work. The client is entitled to use the result of the work for other purposes only with the contractor's consent. The contractor is liable for breach of a third-party right from industrial or other intellectual property as a result of using the subject of the work, if such breach occurs under the Slovak law or under the law of the state in which the subject of the work is to be used, and the contractor knew of such breach at the time of concluding the contract.

## 20.8 Defects of the Work

Work has defects if its execution does not correspond to the result determined in the contract.

The contractor is liable for defects the work has at the time of its handover; however, if the risk of damage to the produced item is transferred to the client later, the time of such transfer shall be decisive. The contractor is liable for defects of the work to which the quality warranty applies within the scope of such warranty.

The contractor is liable for defects of the work which arise after the time stated in above mentioned Subsection, if such defects have been caused by a breach of their obligations.

The contractor is not liable for defects of the work if these defects have been caused by the use of items handed over to them by the client in order to process them, provided the contractor, despite exercising professional care, was either unable to ascertain the unsuitability of such items or notified the client of their unsuitability and the latter insisted on their use. Likewise, the contractor is not liable for defects caused by observance of unsuitable instructions given to them by the client, provided the contractor notified the client of their unsuitability and the client insisted on their observance, or if the contractor was unable to ascertain their unsuitability.

The client is obliged to inspect the subject of the work, or arrange for its inspection as soon as possible after the subject of the work has been handed over.

A right arising from defects of the work shall not be granted to the client by the court if the client fails to inform the contractor of defects of the work:

- a) without undue delay after the client ascertains them,
- b) without undue delay after the client should have ascertained them by exercising professional care during an inspection,
- c) without undue delay after the defects could have been ascertained subsequently by exercising professional care, but no later than within two years, and for construction work within five years from the handover of the subject of the work. For defects to which a warranty applies, the warranty period shall apply instead of this period.

The warranty period applying to the work begins to run when the work is handed over.

## **D Selected legal institutes of Act no. 311/2001 Coll. Of the Labor Code, as amended**

### **1 Scope of Application of the Labour Code**

This Act regulates individual employment relationships in connection with the carrying out by natural persons of dependent work for legal entities or natural persons, and collective employment relationships.

Dependent work is work carried out personally by the employee for the employer within a relationship of employer as superior and employee as subordinate, in accordance with the employer's instructions, in the employer's name, during working time determined by the employer.

Dependent work shall be carried out solely under employment or a similar labour relationship, or in exceptional cases under different employment arrangements, subject to the conditions set out in Labor Code. Dependent work cannot be carried out in a contractual relationship under civil law or commercial law pursuant to special regulations.

Unless Labor Code provides otherwise, the legal relationships shall be subject to the general provisions of the Civil Code.

The employment relationship shall come into existence no earlier than the conclusion of an employment contract or agreement on work performed outside employment, unless Labor code or a special regulation provides otherwise.

An employee's employment conditions and working conditions within the employment relationship may be regulated in a way more advantageous than the regulation provided in Labor Code or other labour regulation, unless it is explicitly forbidden by Labor Code or other such legal regulation, or the nature of their provisions implies that no derogation therefrom is allowed.

Labor Code shall apply to legal matters involved in the civil service only to the extent provided in a special regulation.

Labor Code shall apply to legal matters arising from public service only to the extent explicitly provided in Labor Code or provided in a special regulation.

Labor Code shall apply to the legal relationships of professional sportsmen and sportswomen when practising a sport under a professional sports contract and to the legal relationships of sport experts when performing an activity under a contract for the performance of the sport expert's activity only if so provided in a special regulation.

Employees' employment relationships in the performance of work in the public interest shall be governed by Labor Code unless a special regulation provides otherwise.

The employment relationships of employees who are obliged to ensure compliance under a special regulation and employees working in the area of operating, maintaining and developing a gas transmission network who fall within the direct control of the statutory body

of the operator of a gas transmission network, of employees in the transport industry, employees pursuing a medical occupation, pedagogical employees, employees who are theatre artists or musicians, crew members of boats navigating under the state flag of the Slovak Republic, employees of private security services shall be governed by Labor Code, unless a special regulation provides otherwise.

The employment relationships of employees of churches and religious societies who carry out ecclesiastical activity shall be governed by Labor Code, unless Labor Code or any special regulation, international treaty by which the Slovak Republic is bound, agreement made between the Slovak Republic and churches and religious societies or the internal regulations of churches and religious societies provide otherwise.

The employment relationships of employees working in the production and processing of primary explosives, primary explosive compositions, gun powder, ammunition, explosives, explosive items and explosive pyrotechnic compositions shall be governed by Labor Code, unless a special regulation provides otherwise.

The employment relationships between a cooperative and its members shall be governed by Labor Code, unless a special regulation provides otherwise.

Employment relationships between employees working in the territory of the Slovak Republic and their foreign employer, and between foreigners and stateless persons working in the territory of the Slovak Republic and their employers domiciled in the territory of the Slovak Republic shall be governed by Labor Code unless legal regulations on private international law provide otherwise.

## 2 Basic Principles

1. Natural persons shall have the right to work and to a free choice of occupation, to equitable and satisfactory working conditions and to the protection against malicious discharge from employment in accordance with the principle of equal treatment as provided for the area of employment relationships by the special Act on equal treatment in certain areas and on protection against discrimination and on altering and amending certain Acts (Anti-discrimination Act). Such rights shall belong to them without any limitation or discrimination on the grounds of sex, marital status and family status, sexual orientation, race, colour of skin, language, age, adverse health condition or disability, genetic characteristics, belief, religion, political or other views, trade union activity, national or social origin, nationality or ethnicity, property, gender or any other status, except when the different treatment is substantiated by the nature of the activities conducted in the employment or by the circumstances under which such activities are conducted, provided such a reason constitutes a real and decisive requirement for the employment on the condition that the objective is legitimate and the requirement is reasonable.



2. Employment relationships may arise under this Act only if the natural person and the employer give their consent thereto. An employer has the right to freely choose their employees in the required number and structure and to determine the conditions and manner this right shall be applied, unless Labor Code, special regulation or international treaty by which the Slovak Republic is bound provides otherwise. The exercise of rights and obligations arising from the employment relationships must conform to good morals; those rights and obligations shall not be misused by anyone to the detriment of the other party in the employment relationship or fellow employees.

3. Employees shall be entitled to a wage for the work carried out by them, to occupational health and safety assurance, and to rest and recover after work. Employers shall provide a wage to their employees and create working conditions which enable employees to achieve the best possible performance at work in accordance with their ability and knowledge, to develop creative initiative and enhance their qualifications.

4. Employees or employee representatives shall have the right to receive information in a comprehensible manner and at a suitable time on the employer's economic and financial situation and the assumed development of its operations. Employees shall have the right to communicate and submit their suggestions regarding their employer's upcoming decisions which may affect the employees' position in employment relationships.

5. Employees and employers shall duly fulfil their respective obligations arising from the employment relationships.

6. Women and men shall have the right to equal treatment in access to employment, remuneration and promotion, professional education and working conditions. Pregnant women, mothers until the end of the ninth month after childbirth and breastfeeding women shall be provided with the working conditions protecting their biological state in connection with pregnancy, childbirth, care of the child after childbirth and their special relationship with the child after childbirth. Working conditions shall be provided for women and men to enable them to exercise their social function in the bringing-up and care of children.

7. Juveniles shall be entitled to vocational training and the provision of working conditions which enable development of their physical and mental abilities.

8. Employers shall take measures to protect the life and health of their employees at work and shall be liable under Labor Code for any loss sustained by employees due to occupational injuries or diseases. Employees shall be entitled to material security during incapacity for work, old age and in connection with pregnancy and parenthood pursuant to social security laws. An employer shall provide for disabled employees working conditions which enable them to make use of and develop their abilities at work with due regard to their health status. Employment relationships during employees' incapacity for work due to sickness, injury, pregnancy or maternity and parenthood shall be protected by law to a larger extent.

9. Employees and employers aggrieved by breach of obligations which arise from employment relationships may assert their rights before a court. Employers shall not disadvantage or harm their employees in response to employees asserting their rights arising from employment relationships.

10. Employers and employees shall have the right to collective bargaining; in the case of conflict between their interests, employees shall have the right to strike and employers shall have the right to lockout. Trade union bodies shall participate in employment relationships, including collective bargaining. An employee council or employee trustee shall participate in employment relationships, subject to conditions set out in Labor Code. An employer shall allow the trade union body, employee council or employee trustee to operate in its locations.

11. An employer may collect such personal information on an employee which relates to his or her qualifications and professional experience and information which is relevant for the work the employee is to carry out or has been, or was, carrying out.

### 3 Pre-contract Relationships, Employment Contract and Probationary period

Before conclusion of the employment contract, the employer shall inform the natural person of his or her rights and obligations arising from the employment contract, the working conditions and wage conditions under which the work is to be carried out.

Where a special legal regulation requires medical fitness for work, psychological aptitude for work or other prerequisite for the work to be carried out, the employer may conclude the employment contract only with a natural person having the medical or psychological requirements for the work or meeting the other prerequisite.

An employer may conclude an employment contract with a juvenile only after prior medical examination of him or her.

Conclusion by an employer of an employment contract with a juvenile shall be subject to the employer obtaining a declaration from the juvenile's legal representative.

An employer may request from a natural person applying for his or her first employment only information concerning the work to be carried out by that person. An employer may request a person who was previously employed to submit references and a certificate of employment.

An employer shall not request from a natural person information concerning

- a) pregnancy;
- b) family situation;
- c) good character, except where good character is required for the work concerned under a special regulation, or due to the nature of the work to be carried out by the natural person;
- d) membership of political parties, trade union membership and religious affiliation;

A natural person shall inform the employer of any matters that prevent the execution of work or might cause harm to the employer, and on the length of any time worked for another employer if the natural person is a juvenile.

When employing a natural person, an employer must not violate the principle of equal treatment in respect of access to employment.

When entering into an employment contract, the employer must not agree with the employee on the basic wage component in an amount that is lower than the amount of the basic wage component published by the employer in the job offer under a special regulation.

Employment shall be constituted by an employment contract made between the employer and the employee in writing, unless Labor Code stipulates otherwise. The employer shall deliver one written counterpart of the employment contract to the employee.

Where a special regulation stipulates election or appointment as a prerequisite for the exercise of powers of the statutory body, or an employer's internal regulation stipulates election or appointment as requirement for the holding of a managerial position falling within the direct control of the statutory body, such employee's employment shall be constituted by a written employment contract only after such election or appointment.

In the employment contract, the employer shall agree material terms with the employee, including:

- a) the type of work for which the employee is employed and its concise characteristics;
- b) the place of work (municipality, part of the municipality or a place otherwise designated);

- c) the commencement date of the employment;
- d) wage terms, unless they are agreed in a collective agreement.

In addition to the elements listed above, the employer shall set out in the employment contract additional working conditions, including the payroll dates, working time, holiday entitlement and length of the notice period.

It is possible to agree in the employment contract any other terms as the parties may wish, including substantive benefits in particular. The provisions of an employment contract or other agreement which require an employee to keep confidential his/her working conditions, including wage conditions and conditions of employment, are invalid.

Where the place of work is abroad, the employer shall further specify in the employment contract:

- a) the period of work abroad;
- b) the currency in which the wage, whether in full or in part, shall be paid;
- c) other benefits, whether in cash or in kind, connected with the work abroad;
- d) conditions for the employee's return from abroad, where applicable.

Information referred to above mentioned Subsection shall be provided to the employee only if the period spent working abroad exceeds one month.

A probationary period can be agreed in the employment contract for a maximum of three months, or for a maximum of six months in the case of a manager under the direct managerial competence of a statutory body or member of the statutory body, as well as for any manager who is under direct managerial competence of such manager. The probationary period may not be extended.

The probationary period shall be extended by the duration of any impediments at work on the part of the employee. The probationary period must be agreed in writing, or it shall be invalid. No probationary period may be agreed for repeatedly commenced employment for definite periods of time.

#### 4 Employment for a Definite Period and Employment with Shorter Working Time

Employment shall be considered as agreed for an indefinite period of time if no time for its duration was explicitly specified in the employment contract, or if the statutory conditions for employment for a definite period of time were not complied with in the employment contract or any amendment thereof. Employment shall also be considered as having been entered into for an indefinite period if employment for a definite period was not agreed in writing.

Employment for a definite period of time may be agreed for no more than two years. Employment for a definite period of time may be extended or repeatedly agreed no more than twice within a period of two years.

Re-agreed employment for a definite period means employment intended to commence before the expiry of six months from the end of the preceding employment for a definite period of time between the same parties.

Further extension or re-agreement of employment for a definite period less than or in excess of a period of two years shall be allowed only on the grounds of the:

- a) substitution of an employee during maternity leave, parental leave, leave immediately following maternity or parental leave, temporary working incapacity or an employee who has been released long-term for the performance of public office or trade union office;
- b) execution of work that requires a material increase in workforce for a temporary period of time not exceeding eight months within a calendar year;
- c) execution of work that is dependent on the alternation of seasons, recurs every year and does not exceed eight months within a calendar year (seasonal work);
- d) execution of work agreed in a collective agreement.

The further extension or repeated agreement of employment for a definite period within two years or in excess of two years with a university teacher or creative employee engaged in science, research and development is possible also in cases for which there is an objective reason resulting from the nature of the activity of the university teacher or the creative employee engaged in science, research and development set out by a special regulation.

The employer and the employee may agree in the employment contract working time that is shorter than the designated weekly working time.

The employer and the employee may agree to change the designated weekly working time to a shorter weekly working time or change a shorter weekly working time to the designated weekly working time.

Shorter working time does not have to be distributed over all working days. An employee employed for shorter working time shall be entitled to the proportional wage corresponding to the agreed shorter working time.

An employee employed for shorter working time must not be preferred or restricted in comparison with a comparable employee.

The employer shall inform in a suitable manner its employees and the employee representatives of the availability of any vacancies for a shorter working time and for the designated working time.

## 5 Termination of Employment

Employment may be terminated by

- a) agreement;
- b) notice of termination;
- c) termination with immediate effect;
- d) termination during a probationary period.

Employment agreed for a definite period shall terminate on expiry of the agreed period. Unless it has been otherwise terminated, employment of a foreigner or a stateless person shall terminate on the date when:

- a) his or her stay in the territory of the Slovak Republic terminates pursuant to a final decision on the cancellation of the permit to stay,
- b) a judgment imposing on that person a penalty of expulsion from the territory of the Slovak Republic becomes final;
- c) the period for which the permit to stay in the territory of the Slovak Republic has expired,
- d) the period for which the permit to work was granted expired,
- e) the permit to work was withdrawn.

Employment shall terminate on the employee's death.

### 5.1 Agreement on Termination of Employment

If the employer and employee agree on termination of employment, the employment shall terminate on the agreed date.

The agreement on termination of employment shall be made between the employer and the employee in writing. The agreement must indicate the reasons for the termination of employment if so required by the employee or if the employment is terminated by agreement on the grounds referred to in Section 63 Subsection 1 Paragraphs a) through c) Labor Code.

The employer shall deliver one counterpart of the agreement on termination of employment to the employee.

## 5.2 Notice of Termination

Employment may be terminated with notice either by the employer or the employee. Such notice must be made in writing and delivered, or it shall be invalid.

The employer may terminate employment with notice only for the reasons set out in Labor Code. The factual reason for termination must be specified in clear terms that avoid confusion with any other reason, or the termination shall be invalid. The reason for termination must not subsequently be changed.

Where notice has been given, employment shall terminate on expiry of the notice period. The notice period is at least one month, unless this Act stipulates otherwise.

### 5.2.1 Notice Given by the Employer

An employer may give notice to an employee only on the grounds that:

a) the employer or its part

1. is being wound up or
2. relocated and the employee does not agree with the change of the agreed place of work,

b) the employee has become redundant because of a written decision of the employer or a competent authority to change the employer's function, its technical equipment, or to reduce the number of employees in order to ensure labour efficiency, or other organisational changes,

c) with regard to his or her medical fitness pursuant to medical opinion the employee has lost, for an extended period, his or her capacity to carry out their current work or must not carry out such work because of an existing occupational disease or the risk of occupational disease, or if the employee has reached in his or her workplace the maximum permissible exposure as determined by decision of a competent public health authority;

d) the employee

1. does not satisfy the prerequisites for the agreed work provided in legal regulations;
2. has ceased to satisfy the requirements the election or appointment as requirement for the holding of a managerial position;
3. does not satisfy, without any fault of the employer, the requirements for properly carrying out the agreed work as determined by the employer in its internal regulation; or
4. performs his or her work tasks in a dissatisfactory manner and during the last six months

the employer has delivered to the employee a written notice requesting him or her to remedy such underperformance and the employee has failed to remedy it within a reasonable time;

e) reasons exist in relation to the employee for which the employer could have terminated his or her employment with immediate effect, or could have terminated it for a less serious breach of work discipline; notice may be given to an employee on the grounds of a less serious breach of work discipline if the employee has been notified in writing during the last six months of the possibility of termination of employment.

### 5.2.2 Ban on Notice

An employer may not give notice to an employee during a protected period, that is:

- a) any period for which an employee has been recognised as incapable of work due to illness or injury, unless such incapacity was induced intentionally or incurred under the influence of alcohol, narcotics or psychotropic substances; and during any period from the submission of a proposal for institutional care or the commencement of spa therapy to the end date thereof;
- b) in the case of being summoned to carry out an extraordinary duty during a crisis situation, from the date the employee was summoned to carry out the extraordinary duty by a call-up order served to him or her or by a mobilisation call or mobilisation notice, or if such extraordinary duty was ordered upon the employee, until the expiry of two weeks following release from such service; the foregoing shall equally apply to an alternative service as referred to in a special regulation;
- c) any period when the employee is released for undergoing voluntary military training, for regular exercises or for the fulfilment of tasks of the armed forces of the Slovak Republic (hereinafter referred to as the "armed forces") under a special regulation,
- d) during any period for which an employee is pregnant, or on maternity leave or parental leave, or when an lone employee has been taking care of a child below three years of age;
- e) any period for which an employee has been released for an extended period to pursue public office;
- f) any period during which an employee carrying out night work has been recognised as incapable of night work pursuant to medical opinion.

Where notice is given to an employee before commencement of a protected period and where the notice period would otherwise expire during the protected period, employment shall terminate on expiry of the last day of the protected period, unless the employee announces to the employer that he or she does not insist on any extension of employment.



### 5.2.3 Notice Given by the Employee

An employee may give notice to the employer for any reason or without giving a reason.

### 5.2.4 Termination of Employment with Immediate Effect

An employer may terminate employment with immediate effect only in exceptional cases if the employee

- a) has been lawfully convicted for an intentional criminal offence;
- b) has seriously breached work discipline.

An employee may terminate employment with immediate effect if

- a) pursuant to medical opinion, the employee is unable to further carry out work without serious risk to his or her health and the employer has not transferred him or her to different work suitable for them within 15 days from the submission of the medical opinion;
- b) the employer has not paid him or her, whether in full or in part, the wage, wage compensation, travel expense refunds, compensation for on-call time, income compensation during an employee's temporary incapacity for work within 15 days following their due dates;
- c) his or her life or health is at immediate risk.

A juvenile employee may also terminate employment with immediate effect if he or she cannot carry out work without putting at risk his or her morals.

An employee may terminate employment with immediate effect only within a time limit of one month from the date he or she learnt of the reason for such termination with immediate effect.

An employee who has terminated his or her employment with immediate effect shall be entitled to wage compensation amounting to their average monthly earnings for a two-month notice period.

Both the employer and the employee must make the act of termination of employment with immediate effect in writing, specifying the merits of the reason in a manner which prevents confusion with any different reason; and it must be delivered to the other party within the determined time limit, or it shall be invalid. The reason so specified must not be changed subsequently.

#### 5.2.5 Termination of Employment Agreed for a Definite Period

Employment entered into for a definite period shall terminate on expiry of that period. If the employee continues to carry out his or her work after the expiry of the agreed period with the employer's knowledge, such employment shall be deemed to have been changed to employment for indefinite time, unless the employer agrees with the employee otherwise.

Employment may also be terminated before the expiry of the agreed period in a different manner, as provided for in these section.

#### 5.2.6 Termination of Employment during the Probationary Period

In the probationary period the employer and employee may terminate employment in writing for any reason or without giving a reason, unless further stipulated otherwise. An employer may terminate employment in the probationary period of a pregnant woman, mother until the end of the ninth month after childbirth and a breast-feeding mother only in writing, in exceptional cases which are not related to her pregnancy or maternity, where it must be duly justified in writing otherwise it is invalid.

The written notice of termination of employment should be delivered to the other party normally at least three days before the intended termination date of employment.

## **LITERATURE**

1. Act. no. 460/1992 Coll. Constitution of the Slovak Republic, as amended
2. Act. no 40/1964 Coll Civil Code, as amended
3. Act. no 513/1991 Coll Commercial Code, as amended
4. Act. no 311/2001 Coll Labor code, as amended