

Shareholders' litigation guide in Bulgaria

A Practical Guide For The Business
CMS Sofia



Content

- 4 ■ I. General actions for shareholders and partners
- 11 ■ II. Specific actions for shareholders in Limited liability company („Дружество с ограничена отговорност” or “ООД”)
- 12 ■ III. Specific actions for shareholders in Joint-stock company („Акционерно дружество” or “АД”) and Partnership limited by shares (“Командитно дружество с акции”)
- 14 ■ IV. Specific actions for shareholders in Limited Partnership and General Partnership (“Командитно дружество” и “Събирателно дружество”)
- 17 ■ V. Specific actions for shareholders in public companies (“публични дружества”) under Public Offering of Securities Act (“ЗППЦК”)
- 21 ■ VI. Specific actions for partners in a Consortium (Консорциум) under the Obligation and Contracts Act
- 23 ■ VII. Specific actions for partners in a Cooperative (Кооперация) under the Cooperatives Act

Introduction

What the guide is

The CMS Sofia Guide to Shareholder Litigation (the Guide) aims to give general overview of the most important civil actions that shareholders and partners can undertake to exercise their shareholders/partners’ rights in Bulgaria. The civil actions in this Guide only pertain to those actions for which the shareholdership is required to be admissible in court and all actions for which the shareholder or partner by law or case law is considered an interested party. The Guide comprises the most important civil actions that could be brought by the shareholders and partners in most popular business entities – Limited liability company, Joint-stock company, different kinds of Partnerships, Public companies and Cooperatives.

What the guide is not

The Guide makes no claims to completeness and does not constitute legal advice. The information inside is no substitute for specific legal advice. If you have any queries regarding the issues raised about other legal topics, please get in touch with the author of this publication.

Why use the guide?

The user of this Guide is offered a comprehensive insight into various types of actions to determine easily what civil action may be suited to address the challenges a shareholder or partner may face.

Content of the guide

The user will find a description of the objective of the civil action, the grounds to allow the legal claim, the requirements for admissibility, the legal basis, the competent court, the possibilities of appeal and the important specifics of the action, if any.

Contact



Antonia Kehayova
 Attorney-at-law / Senior Associate
T +359 2 447 1322
F +359 2 447 1390
E antonia.kehayova@cms-rrh.com

CMS Sofia
 14 Tzar Osvoboditel Blvd.,
 1000 Sofia
 Bulgaria

I. General actions for shareholders and partners

1.1. Declaring the company null and void

Material grounds	In case that: (i) the company’s articles of association are missing or they do not comply with the statutory requirements, (ii) the subject of the company contradicts to the law or to the good will, (iii) the company’s articles of association do not include the name, the subject of activity or the share value as well as the share capital when it is required by the law, (iv) the required minimum share capital is not paid-up, (v) the company is incorporated by less shareholders than required by the law.
Admissibility requirements	Everyone with reasonable interest including shareholders. The right to declare the company null and void shall prescribe in one year as of the date of incorporation (i.e. after the registration of the company with the Commercial Register).
Legal basis	Art. 70 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, the respective court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. The court will overrule the claim if the company meanwhile fixes the defects or fixes later within a term given by the court. The judgment declaring the company null and void enters into force in case it is not appealed or after unsuccessful appealing. The court shall send the judgement to the Commercial Register for registration of the termination and for starting liquidation.

1.2. Shareholders’ rights and shareholdership protection

Material grounds	If the management/governing bodies of the company (excluding the General meeting) violate the right of shareholdership or any other right of a shareholder
Admissibility requirements	Shareholder with legal interest The claim is not limited by term
Legal basis	Art. 71 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, the respective court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. This claim could be combined with a claim for annulment of corporate decisions of the General meeting.

1.3. Annulment of General meeting resolutions

Material grounds	In case such resolution is inconsistent with a mandatory provision of the law or with the articles or, respectively, the Articles of Association of the company.
Admissibility requirements	Any shareholder. The claim shall be brought within <i>14 days</i> as of the date of the meeting considering the shareholder was present or was duly notified; or otherwise within <i>14 days</i> as of knowlegding of the resolution, but not later than <i>three months</i> after the date of the general meeting. The action shall be brought against the company.
Legal basis	Art. 74 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. A partner or shareholder may intervene in a proceeding in accordance with the provisions of the Civil Procedure Code. It may carry on the proceedings even after the withdrawal of the original plaintiff. The judgement is enforceable against the company and all other shareholders. The Bulgarian Supreme Court of Cassation holds in an interpretative judgment, which is <i>erga omnes</i> mandatory, that precautionary measures such as “seizure of registration”, “seizure of promulgation”, “prohibition of convening and holding a General meeting” are inadmissible for claims under Art. 74 of the Commerce Act.

1.4. Subsequent Voiding of Annulled Resolution

Material grounds	Resolutions or acts by the company’s bodies, which are in contravention of an effective court ruling, are null and void.
Admissibility requirements	Any partner or shareholder. The claim is not limited by term.
Legal basis	Art. 75, para 2 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. This claim could be combined with the claim under Art. 74 of the Commerce Act but only within the limitation period of the later.

1.5. Claim for damages caused by the management in case of misconduct during transformation

Material grounds	Members of management bodies of the transforming and receiving companies are liable to the partners and shareholders in the company for any damages resulting from a failure to fulfil their duties in preparing and effecting the transformation.
Admissibility requirements	Any partner or shareholder of the transforming and receiving companies. This claim is not limited by special term but the general limitation period of 5 years as of the day of causing the damages will apply.
Legal basis	Art. 261c of the Commerce Act.
Competent court	District court - in case the amount of the caused damages exceeds BGN 25,000 (approx. EUR 12,800); Regional court - if the amount of the caused damages is below BGN 25,000.
Appeal	Yes. District court will be competent if the claim was initially filed at a Regional court, and Court of appeal will be competent if the claim was initially filed at a District court.
Other specifics	The court fee for initiation of this action is 4% of the claimed amount. This compensation claim engages directly the contractual joint liability of the members of the managing bodies towards the respective shareholder/s in the transforming and/or receiving companies.

1.6. Claim for damages caused by the controller during transformation

Material grounds	The examiner is liable to all companies participating in the transformation and to their partners and shareholders for any damages due to a non-performance of his obligations.
Admissibility requirements	Any partner or shareholder in all companies participating in the transformation. This claim is not limited by a special term but the general limitation period of 5 years as of the day of causing the damages will apply.
Legal basis	Art. 262l of the Commerce Act.
Competent court	District court - in case the amount of the caused damages exceeds BGN 25,000 (approx. EUR 12,800); Regional court - if the amount of the caused damages is below BGN 25,000.
Appeal	Yes. District court will be competent if the claim was initially filed at a Regional court, and Court of appeal will be competent if the claim was initially filed at a District court.
Other specifics	The court fee for initiation of this action is 4% of the claimed amount. This compensation claim engages directly the liability of the controller towards the respective shareholder/s in the transforming and/or receiving companies.

1.7. Contesting the Transformation

Material grounds	Any partner or shareholder in a company participating in the transformation, as well as any company participating in the transformation, may, in the event of splitting or spinning off, file a claim in order to ascertain that none of the following violations have been committed as a result of the transformation, no matter by which of the companies participating in the transformation: 1. lack of a transformation agreement, draft of an agreement, plan or they are null and void; 2. failure to meet the requirements of Art. 262f, Art. 262g, para 2, subpara 1, 2 and 8 and para 3, Art. 262i, Art. 262k, Art. 262l, para 2 and 3, Art. 262m - 262u and Art. 262w, para 1 of the Commerce Act; 3. the decision to transform contradicts prescriptive provisions of the law or the founding agreement, or the articles of incorporation of the company, as the case may be.
Admissibility requirements	Any partner or shareholder in a company that participates in the transformation, or any participating in the transformation company itself. The claim shall be lodged not later than the date of the transformation against all companies participating in the transformation, except for the newly established.
Legal basis	Art. 263o of the Commerce Act.
Competent court	District court where the receiving or newly established company resides – in case of take-over or a merger; District court where the transforming company resides – in case of splitting and splitting-off.
Appeal	Yes. Court of appeal.
Other specifics	The court fee for initiation of this declaratory action is between BGN 30 and BGN 80. Any partner or shareholder may step into the proceedings and sustain the claim, even if the claimant should give it up or withdraw it. The claimant is obliged to notify the Commercial register with the Registry Agency about the action whereby the later suspends the registration of the transformation until final judgement on the court case.

1.8. Nullity of a newly established company

Material grounds	After completing the transformation, the newly established company could be declared null and void: 1. on the grounds of Art. 70 of the Commerce Act, 2. when the general meeting which took the decision to transform has not been duly convened following the procedure established by law or envisaged in the articles of incorporation and
Admissibility requirements	Partner or shareholder who (i) did not attend the general meeting or (ii) who participated in proceedings on a claim contesting the transformation and the claim was rejected. One year limitation period starting from the establishment of the new company.
Legal basis	Art. 263p and Art. 264l of the Commerce Act.
Competent court	District court where the new company resides.
Appeal	Yes. Court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80.

1.9. Claim for Cash Settlement during transformation

Material grounds	If the exchange ratio adopted under the transformation agreement or plan is not equivalent.
Admissibility requirements	Any partner or shareholder. The claim could be filed within three months following the date of the transformation.
Legal basis	Art. 263p and Art 263c, para 2, Art. 264 of the Commerce Act
Competent court	District court where the receiving or newly established company resides – in case of take-over or a merger; District court where the company in which the shareholder/partner participates after the transformation, resides – in case of splitting and splitting-off.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is 4% of the claimed amount. A claim for cash settlement shall be lodged by a partner or shareholder after he/she exercises his/her right to leave the company. The partner who has left shall have the right to receive the counter-value of his membership share or shares held prior to the transformation, according to the exchange ratio provided for in the transformation agreement or plan. The claim for cash settlement has to be lodged within a period of three months after a notarized notice to the company for the termination of participation. The above notice shall be given within a period of three months after the date of the transformation.

1.10. Contending the Transformation /in case of change of the legal form

Material grounds	If by the change of the legal form any of the following violations have occurred: 1. lack of transformation plan or the plan is null and void; 2. there is a failure to meet the requirements of Art. 264a, para 1 and para 2, subpara 1, 2 and 6, Art. 264b - 264e and Art. 262w, para 1 of the Commerce Act; 3. the decision to transform contradicts prescriptive provisions of the law or the founding agreement, or the articles of incorporation of the company, as the case may be.
Admissibility requirements	Any partner or shareholder in a transforming company. The claim has to be lodged against the transforming company prior the registration of the change of the legal form.
Legal basis	Art. 264k of the Commerce Act
Competent court	District court where the company resides.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. Any partner or shareholder may step into the proceedings and sustain the claim, even if the claimant should give it up or withdraw it. The initiation of this declaratory action suspends the registration of the transformation. A positive court decision is a legal ground to reject the registration of the transformation.

1.11. Contest of Transformation /in case of transformation Involving Companies from Member States of European Union or from Another Contracting Party to Agreement on the European Economic Area/

Material grounds	The transformation may be contested according to the procedure established in Art 263o of the Commerce Act, when the requirements of Section V of the Commerce Act have not been complied with.
Admissibility requirements	Any partner or shareholder in a company that participates in the transformation, or any participating in the transformation company itself. The claim shall be lodged not later than the date of issuance of the certificate under Art.264l of the Commerce Act – in case the receiving or newly established company resides in other EU member –state. The claim shall be lodged not later than the registration date of the transformation– in case the receiving or newly established company resides in Bulgaria.
Legal basis	Art. 265o, para 2 of the Commerce Act.
Competent court	District court where the receiving or newly established company resides – in case of take-over or a merger; District court where the transforming company resides – in case of splitting and splitting-off
Appeal	Yes, court of appeal
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. Any partner or shareholder may step into the proceedings and sustain the claim, even if the claimant should give it up or withdraw it. Filing the claim suspends the issuing of a certificate and the registration of the transformation, respectively. On the basis of an effective positive judgment, a certificate for the lawfulness of the transformation shall not be issued, and the registration of the transformation shall be rejected, respectively.

1.12. Declaration of Bankruptcy

Material grounds	Obligation by law in case that the limited partnership becomes insolvent or excessively indebted.
Admissibility requirements	Only a partner with unlimited liability in a limited partnership The application should be filed with the court within 30 days as of the date of default.
Legal basis	Art 626, para 2 of the Commerce Act.
Competent court	The district court where the company is settled.
Appeal	Yes, court of appeal.
Other specifics	There is no court fee for filing this application, but the court may rule the company to pay some preliminary expenses for the insolvency proceeding. Should the partner with limited liability fail to observe his/her obligation to declare under Art. 626, para 2, he/she shall be liable before creditors for damages caused by such delay.

1.13. Claims under the Commercial Register Act

a) Suspension of the registration procedure before the Commercial register as preliminary measure/

Material grounds	Register proceedings could be suspended based on: 1. A court ruling on the grounds of Art. 536 of the Code of Civil Procedure - where: (i) there is a case regarding a legal relation which is a precondition for the issuing of the instrument sought or which is subject to establishment by the said instrument; (ii) a dispute over a civil right arises on the petition for issuing of the instrument between the petitioner and another person, who opposes the petition; in such case, the court shall allow the petitioner one month to bring the action; the proceeding shall be terminated if the said action is not brought within the said time limit. or 2. in cases stipulated by the Commerce Act .
Admissibility requirements	Any interested person/s
Legal basis	Art. 19, para 5 of the Commercial Register and Register for Non-Profit Legal Entities Act; Art. 536, para 3 of the Civil Procedure Code
Competent court	The district court where the company resides.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is BGN 25. The court allows the suspension of the registration proceeding only if the formal conditions for the issuing of the instrument sought apply.

b) Declaratory claim for ascertaining (i) the registration in the Commercial register is null and void, and/or inadmissible, or (ii) the fact/circumstance registered in the Commercial register does not exist.

Material grounds	Actions before the court for establishment of (i) entry nullity and/or (ii) inadmissibility of entered circumstance, and/or (iii) for the non-existence of an entered circumstance.
Admissibility requirements	Any person(s) with legal interest, as well as a prosecutor.
Legal basis	Art. 29 of the Commercial Register and Register for Non-Profit Legal Entities Act
Competent court	The district court where the company or the branch of a foreign company is seated.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is BGN 25. The initiation of this declaratory claim is a legal ground for suspension of the pending registration of the respective circumstance/s. Mostly, upon a positive judgment the Commercial register is obliged to delete the respective circumstance entered.

II. Specific actions for shareholders in Limited liability company („Дружество с ограничена отговорност” or “ООД”)

2.1 Dissolution of the company

Material grounds	In case the partners decide to lodge a claim for the dissolution on the grounds of a serious cause.
Legal basis	Art. 155 of the Commerce Act.
Admissibility requirements	Shareholder/s holding more than one fifth of the registered capital.
Competent court	The district court where the company resides.
Appeal	Yes, court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. In the case of dissolution of a company pursuant to Art. 155 of the Commerce Act a liquidation procedure shall be initiated. The company's liquidator shall be its manager, except where another person is appointed in accordance with the articles or by a resolution of the general meeting.

III. Specific actions for shareholders in Joint-stock company („Акционерно дружество“ or “АД”) and Partnership limited by shares (“Командитно дружество с акции”)

3.1. Claim for convocation of a General meeting by the shareholders in Joint-stock company

Material grounds	In case that (i) within one month following the request of shareholders holding at least five per cent of the capital, for convocation of a General Meeting, such request has not been granted, or (ii) a General meeting has not been held within 3 months after submission of such request.
Admissibility requirements	Shareholder/s holding at least 5% of the registered capital more than three months.
Legal basis	Art. 223, para 2 of the Commerce Act.
Competent court	The district court where the company resides.
Appeal	Yes, court of appeal.
Other specifics	<p>The court fee for initiation of this action is between BGN 30 and BGN 80.</p> <p>The fact that the stock has been possessed for at least 3 months shall be proved before the court by means of notarized declaration. In case of positive court decision, shareholders are entitled to announce an invitation for convocation of the general meeting in the Commercial register.</p>

3.2. Compensation claim for damages caused by the members of the boards

Material grounds	Members of the Board of Directors or the Supervisory Board or Managing board, as the case may be, are liable for damages suffered by the company while performing their duties.
Admissibility requirements	<p>Shareholder/s holding at least 10% of the registered capital.</p> <p>There is no specific limitation period for filing such a claim, but in this case the general five-year limitation term will be applied.</p>
Legal basis	Art. 240a of the Commerce Act.
Competent court	<p>District court - in case the amount of the caused damages exceeds BGN 25,000 (approx. EUR 12,800);</p> <p>Regional court - if the amount of the caused damages is below BGN 25,000.</p>
Appeal	<p>Yes.</p> <p>District court will be competent if the claim was initially filed at a Regional court, and</p> <p>Court of appeal will be competent if the claim was initially filed at a District court.</p>
Other specifics	<p>The court fee for initiation of this payment claim is 4 % of the claimed amount.</p> <p>Members of the boards are jointly liable for the damages caused to the company and the judgment on this claim is binding to all board members and may be executed against any of them separately.</p>

IV. Specific actions for shareholders in Limited Partnership and General Partnership (“Командитно дружество” и “Събирателно дружество”)

4.1. Compensation claim for expenses and damages, including statutory interest

Material grounds	A shareholder in a General partnership is entitled to reimbursement for the necessary expenses incurred in the course of the company's business, as well as to be compensated for any damages suffered in connection with such business. The company shall also pay the shareholder the statutory interest on the expenses incurred or damages suffered by him
Admissibility requirements	Any shareholder who has effectively paid company's debt with personal funds.
Legal basis	Art. 81 of the Commerce Act.
Competent court	District court - in case the amount of the caused damages exceeds BGN 25,000 (approx. EUR 12,800); Regional court - if the amount of the caused damages is below BGN 25,000.
Appeal	Yes, District court, and court of appeal, respectively.
Other specifics	The court fee for initiation of this payment claim is 4 % of the claimed amount. There is no specific limitation period for filing such a payment claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest.

4.2. Claim for revocation of the manager/s assignment resolution

Material grounds	The resolution for assignment of the management to one or several partners may be revoked if the manager/s has/have breached his/their obligations, as well as on other grounds provided for in the management agreement.
Admissibility requirements	Any partner in the partnership There is no limitation period
Legal basis	Art. 85 in relation to Art. 90 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, the Court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. The court decision shall be sent ex officio to the Registry Agency for entry into the Commercial Register.

4.3. Claim for termination of a General partnership

Material grounds	If a partner has deliberately or in gross negligence omitted to perform his obligation under the articles of association or the performance of the obligation has become impossible. This rule shall also apply whenever a partner acts against the interests of the partnership.
Admissibility requirements	One or more partners. There is no specific limitation period and the general five year term will be applied.
Legal basis	Art 95 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, the Court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. Upon an action brought by a partner the court may dismiss the partner who is at fault, instead of terminating the partnership (please refer to p. 4.4. below).

4.4. Claim for dismissal of a partner

Material grounds	As an alternative of the claim for General partnership dissolution (as described in p. 4.3. above), a partner may file a claim for dismissal of the partner who has deliberately or in gross negligence omitted to perform his obligation under the articles of association or if the performance of the obligation has become impossible by his fault.
Admissibility requirements	Any partner
Legal basis	Art. 95, para 2 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, the Court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80.

4.5. Claim for provision of the Limited partnership’s commercial books

Material grounds	A limited liability partner may review the limited partnership’s books and request a transcript of its annual financial statements. In case of refusal, the District court may order the provision of these documents.
Admissibility requirements	Only limited liability partner.
Legal basis	Art. 108 of the Commerce Act.
Competent court	District court where the company resides.
Appeal	Yes, the Court of appeal.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80.

V. Specific actions for shareholders in public companies (“публични дружества”) under Public Offering of Securities Act (“ЗППЦК”)

5.1. Claim on behalf of the Public company against third parties

Material grounds	Shareholders holding, whether jointly or separately, at least 5 per cent of the capital of a public company may file a claim on behalf of the company against third parties upon an omission of the management bodies of the said company to do so and should any such omission exposes the interests of the company at risk (action pauliana).
Admissibility requirements	Persons (shareholders) holding, whether jointly or separately, at least 5 per cent of the capital of a public company.
Legal basis	Art. 118, para 1 of the Public Offering of Securities Act.
Competent court	District court - in case the amount of the caused damages exceeds BGN 25,000 (approx. EUR 12,800); Regional court - if the amount of the caused damages is below BGN 25,000.
Appeal	Yes, the respective District court or Court of Appeal.
Other specifics	The court fee for initiation of the payment claim is 4 % of the claimed amount. There is no specific limitation period for filing the payment claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest. The company should be constituted as a party to the case.

5.2. Miscellaneous claims of shareholders in a public company

Material grounds	Shareholders holding, whether jointly or separately, at least 5 per cent of the capital of a public company may: <ul style="list-style-type: none">— File a claim for indemnification of any damages caused to the company willfully or by gross negligence through acts or omissions by any members of the management bodies and supervisory bodies or by any of the company's procurators (action pauliana);— Request the appointment of controllers who will examine the entire accounting documentation of the company and prepare a report with findings thereof;— Request the convocation of a General Meeting or the authorization of a representative of the shareholders to convene a General Meeting with an agenda previously set by him.
Admissibility requirements	Persons (shareholders) holding, whether jointly or separately, at least 5 per cent of the capital of a public company.
Legal basis	Art. 118, para 2 of the Public Offering of Securities Act.
Competent court	District court where the company resides.
Appeal	Yes, the Court of Appeal.
Other specifics	<p>The court fee for initiation of the compensation claim is 4 % of the claimed amount. The court fee for the other actions is between BGN 30 and BGN 80.</p> <p>There is no specific limitation period for filing the compensation claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest.</p> <p>The court shall review and resolve the case immediately.</p>

5.3. Indemnification claim against persons who control a public company

Material grounds	Any person, who controls a public company, as well as any other person, who by means of influence on a public company has procured any member of the management bodies or supervisory bodies of the said company or a procurator to act or to refrain from acting against the interest of the company, is solidary responsible for the damages caused to the company (<i>action pauliana</i>).
Admissibility requirements	Persons (shareholders) holding, whether jointly or separately, at least 5 per cent of the capital of a public company.
Legal basis	Art. 118 of the Public Offering of Securities Act.
Competent court	District court where the company resides.
Appeal	Yes, the Court of Appeal.
Other specifics	<p>The court fee for initiation of this claim is 4 % of the claimed amount.</p> <p>There is no specific limitation period for filing the compensation claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest.</p>

5.4. Claim for compensation in case of restricting shareholder's rights

Material grounds	<p>With regard to tender offering for shares purchase or exchange, the Bulgarian Public Offering of Securities Act provides indemnification for the restriction of certain shareholders' rights (i.e. inapplicability of restriction on transfer of voting shares; restriction on the voting right, etc.).</p> <p>The conditions and procedure for the payment of the compensation shall be determined by the offeror and shall be specified in the tender offer. However, if any dispute arises regarding the amount of the compensation, this should be settled under the applicable general procedure rules, as there are no special procedures provided.</p>
Admissibility requirements	A shareholder whose rights are restricted.
Legal basis	Art.151 , para 4 of the Public Offering of Securities Act.
Competent court	District court - in case the amount of the caused damages exceeds BGN 25,000 (approx. EUR 12,800); Regional court - if the amount of the caused damages is below BGN 25,000.
Appeal	Yes, the District court, and the Court of appeal, respectively.
Other specifics	<p>The court fee for initiation of this claim is 4 % of the claimed amount.</p> <p>There is no specific limitation period for filing the compensation claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest.</p>

5.5. Compensation claim for damages caused to a public company by persons who jointly manage a joint venture under Art. 126b of the Public Offering of Securities Act.

Material grounds	<p>Persons who manage a joint venture are obligated to act in the best interest of the parties to the joint venture agreement and its shareholders. These persons are jointly liable for any damages caused to each of the public companies - parties to the joint venture agreement, due to failure to fulfill their obligations in the course of managing the joint venture. This shall apply also to any person who, by means of an influence upon the managing person of the joint venture, has procured the latter to act or refrain from acting against the interest of the joint venture agreement parties.</p> <p>Any persons holding, whether jointly or separately, at least 5 per cent of the capital of any public company - party to a joint venture agreement, may file an indemnification claim before the District court for damages caused to a public company by actions or inactions of the above mentioned managing persons.</p>
Admissibility requirements	<p>Shareholders holding, whether jointly or separately, at least 5 per cent of the capital of any public company - party to a joint venture agreement.</p>
Legal basis	<p>Art. 126g, par. 4 of the Public Offering of Securities Act.</p>
Competent court	<p>District court where the public company resides.</p>
Appeal	<p>Yes, the Court of Appeal.</p>
Other specifics	<p>The court fee for initiation of this claim is 4 % of the claimed amount.</p> <p>There is no specific limitation period for filing the compensation claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest.</p>

VI. Specific actions for partners in a Consortium (Консорциум) under the Obligation and Contracts Act

6.1. Claim for share pay-off

Material grounds	<p>A partner may claim his share of the common property only when leaving the partnership or upon its dissolution.</p>
Admissibility requirements	<p>Any partner.</p>
Legal basis	<p>Art. 359, para 4 of the Obligations and Contracts Act.</p>
Competent court	<p>The respective District or Regional court where the defendant resides.</p>
Appeal	<p>Yes. District court if the claim is initially filed at a regional court, and Court of Appeal if the claim is initially filed at the district court.</p>
Other specifics	<p>The court fee for initiation of this claim is 4 % of the claimed amount.</p> <p>This claim should be addressed not to the Consortium but to its partners, except the claimant.</p> <p>There is no specific limitation period for filing the compensation claim, but in this case the general five-year limitation term will be applied.</p>

6.2. Claim for reimbursement of expenses and accumulated interest, and for damages suffered in the conduct of Consortium’s business

Material grounds	A partner shall be entitled to claim reimbursement for the expenses incurred by him, together with the interest, as well as the damages suffered by him in connection with the partnership's affairs.
Admissibility requirements	Any partner.
Legal basis	Art. 364 of the Obligations and Contracts Act.
Competent court	The respective District or Regional court where the defendant resides.
Appeal	Yes. District court if the claim is initially filed at a regional court, and Court of Appeal if the claim is initially filed at a district court. The respective district or regional court where the defendant resides.
Other specifics	The court fee for initiation of this claim is 4 % of the claimed amount. This claim should be addressed not to the Consortium but to its partners, except the claimant. There is no specific limitation period for filing the compensation claim, but in this case the general five-year limitation term will apply for the principal and the three-year limitation period for the interest.

6.3. Claim for dissolution of the Consortium

Material grounds	Only if (i) grounds for dissolution exist or (ii) when the partnership was set up for a specified term.
Admissibility requirements	Any partner. All other partners, who have not joined in the claim, are defendants.
Legal basis	Art. 363e of the Obligations and Contracts Act.
Competent court	The competent regional court.
Appeal	Yes, District court.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80.

VII. Specific actions for partners in a Cooperative (Кооперация) under the Cooperatives Act

7.1. Claim against unlawful resolutions and actions of the Cooperative bodies

Material grounds	Any resolution or action of a cooperative's governing body, which contravene the law or the Cooperative’s Statute may be challenged.
Admissibility requirements	The claim may be filed by any member of the cooperative, by its Supervisory Board, the cooperative union in which the cooperative is a member, or by the Public Prosecutor.
Legal basis	Art. 58, para 1 of the Cooperatives Act.
Competent court	The Regional court where the cooperative resides.
Appeal	Yes, the District court.
Other specifics	The court fee for initiation of this action is between BGN 30 and BGN 80. <u>Limitation periods:</u> A member of the cooperative may file a claim within two weeks as of the resolution date or, in the case of a resolution adopted in his absence, within two weeks as of the date of becoming aware or receiving notification thereof. Upon litigation aiming the revocation of an action, the period shall commence as of the date on which the claimant has acquired knowledge thereof. In any case, the claim may be filed not later than three months after the adoption of the resolution or the performance of the action.

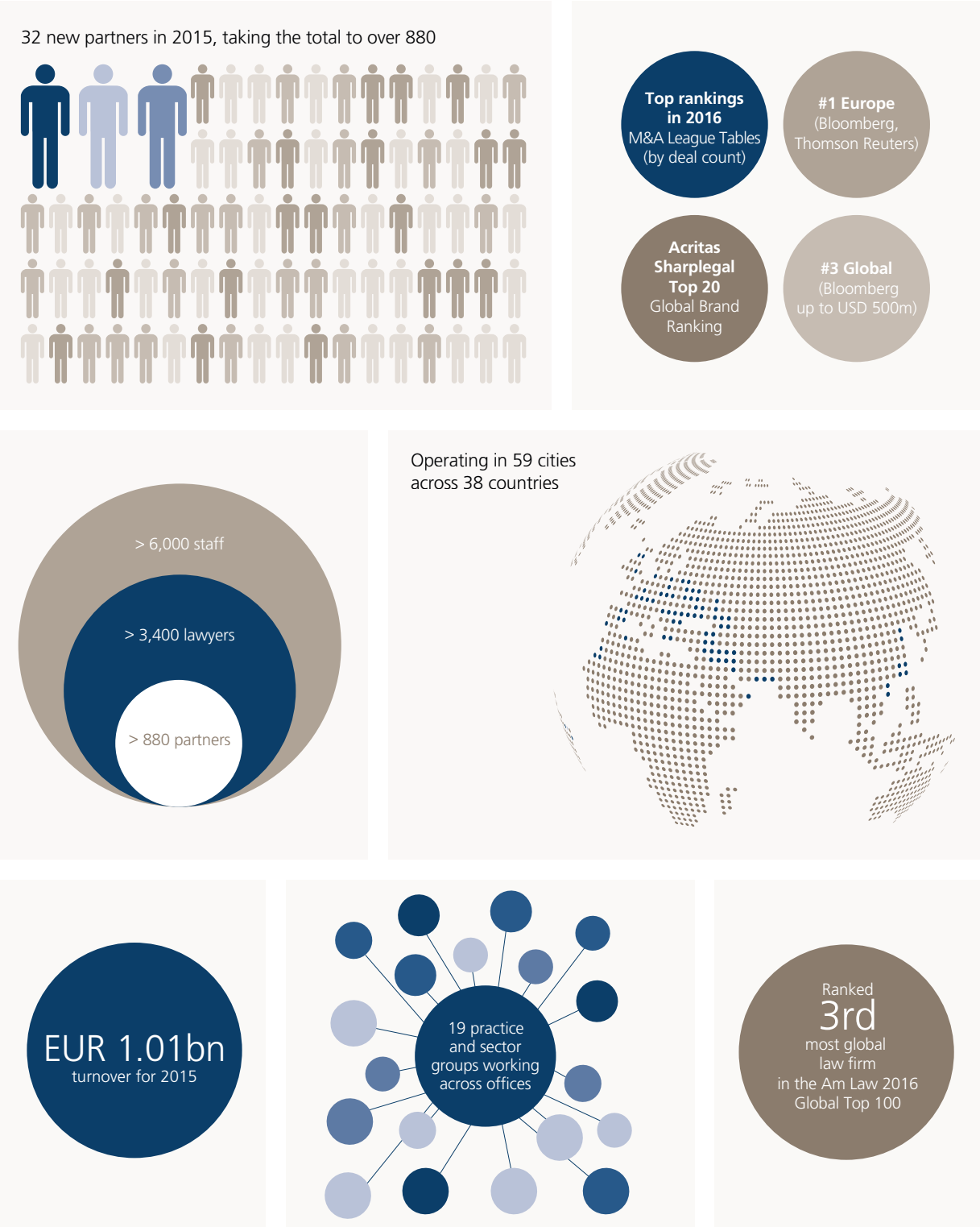
7.2. Claim for protection of property and non-property rights

Material grounds	If a material and/or non-material right of a member is breached by the governing bodies of the cooperative.
Admissibility requirements	Any member of the cooperative, who has a legal interest
Legal basis	Art. 60 from the Cooperatives Act.
Competent court	The respective Regional or District court where the company resides.
Appeal	Yes, District court, and Court of appeal, respectively.
Other specifics	The court fee for a claim for protection of property rights is 4% of the claimed amount. the court fee for a claim for protection of non-property rights is between BGN 30 and BGN 80 Such claims may be combined with a claim under Art. 58 of the Cooperatives Act.

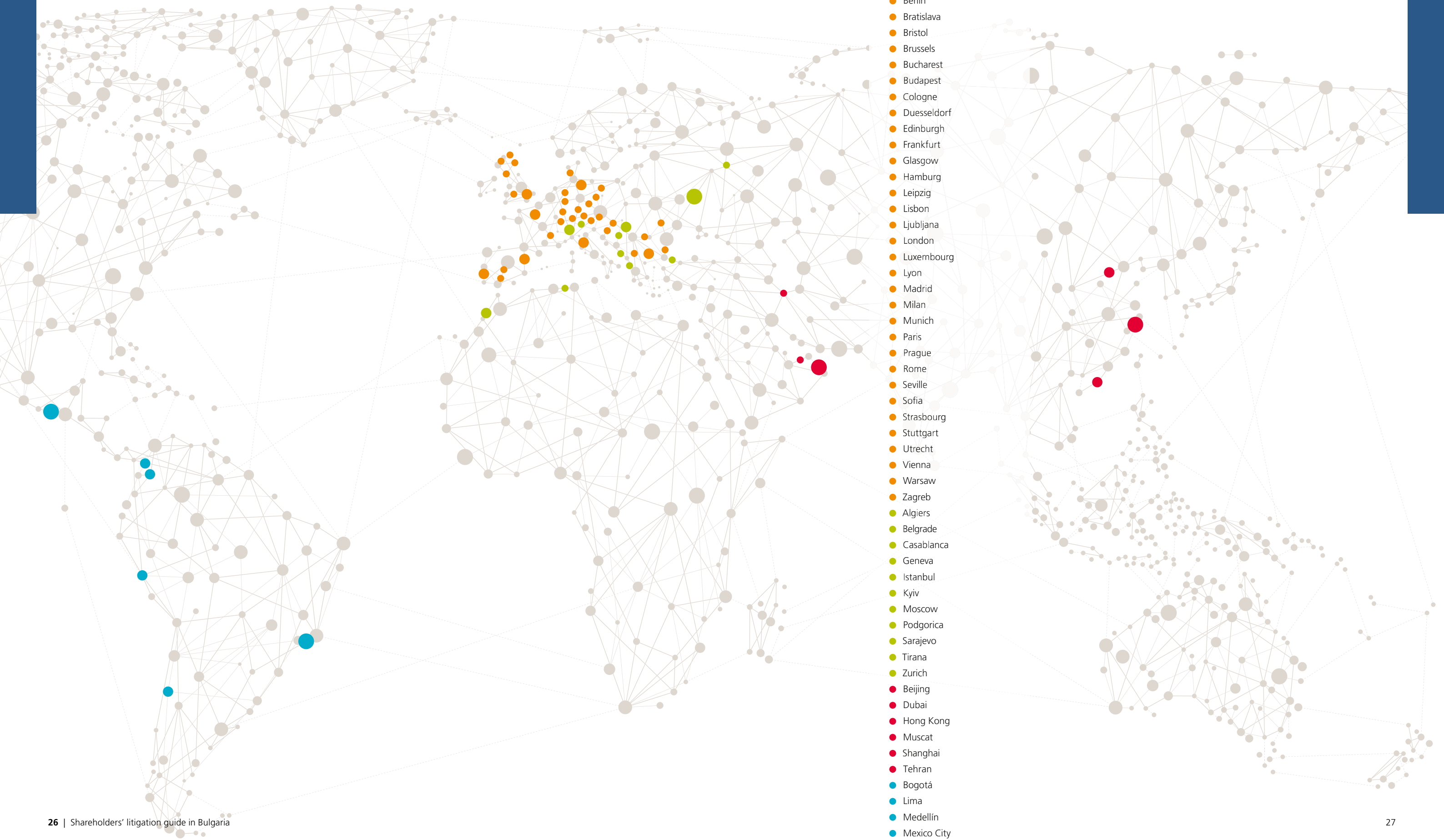
7.3. A claim for compensation for damages caused to the cooperative, established on the basis of audit

Material grounds	If a member of the cooperative has requested financial audit pursuant to Art. 63, para 6 of the Cooperative Act and the audit has established any damages, the cooperative member can file a claim on behalf of the cooperative against the persons caused the damages.
Admissibility requirements	Member of the cooperative, who has requested the financial audit.
Legal basis	Art. 63, para.7 of the Cooperatives Act.
Competent court	The respective Regional or District court where the cooperative resided.
Appeal	Yes, District court, and Court of Appeal, respectively.
Other specifics	The court fee for initiation of this action is 4% of the claimed amount. Such claim may be filed within five-year limitation period.

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