

The new Greek “Private Company”  
 (“IKE”)

Law 4072/2012

as amended by Law 4155/2013

[Unofficial translation]



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## Foreword

Recent Law n° 4072 of 11 April 2012 (as amended by Law 4155/2013) introduced into Greek law a new company form, the «Private Company» or «IKE», as it is abbreviated in Greek. Since that Law also deals with other matters, the rules on IKE are to be found in the “second part” of the above Law 4072/2012 (articles 43 to 120).

1. For a very brief presentation of IKE the following are essential to note: First of all, IKE’s basic structure is that of a «classic» European GmbH or Sàrl type of company: The company has a legal personality and its partners enjoy limited liability; it has a capital, which however can be of only 1 euro and, after Law 4155/2013, it can even be zero (participation in the company is possible by way of other contributions, as it will be explained below); there are partners, who take the corporate decisions; the company is managed by one or more managers, appointed by the partners; the participation in the company presupposes the acquisition of one or more «parts» of the company (“shares” are not issued) representing contributions made to it; in principle the parts are transferable; the company is formed for a fixed period of time, which can be extended.

Greek law knows the GmbH/Sàrl company («EPE») already since 1955, but this is by now a rather old corporate form not well adapted to today’s needs or indeed to an environment of economic crisis. Therefore the decision was made to proceed to the creation of a brand-new type of company for the SMEs rather than embellish the law of EPE. Nevertheless, special attention was given to EU law, to make sure that the new company complies with the requirements of the EU directives applying to private companies («GmbHs», «Sàrls» and the equivalent).

2. IKE can be used for any lawful purpose, except where the law provides otherwise (example: credit institutions or insurance companies are not allowed to operate as IKEs). IKE’s constitution is easy. It requires a contract (or a unilateral act, if there is only one founder) made in writing and the registration of this document in the General Commercial Registry. Assistance for the constitution of the company is provided by the One-Stop Services, available throughout the country.

3. Although the basic platform of IKE is that of a private company with a capital, two special features give it its own identity: First, the *three kinds of possible contributions*. This is the major innovation of the new entity, which distinguishes it from other «1 euro» GmbH/Sàrl companies, as for example in Germany or France.

(a) A *capital contribution* in cash or in kind is always possible, in accordance with the general rules. If in kind, it has to be evaluated, unless its value, as stated in the articles, does not exceed 5,000 euros. However, there are two other possibilities for the partners, namely to make «non-capital contributions» and/or «contributions of guarantee».

(b) *Non-capital contributions* are contributions that would not be eligible under the general capital rules to be capital contributions, but can still represent value for the company, such as labour or works. Therefore a partner can offer his/her own services instead of cash or other assets. The evaluation of such contributions has to be agreed by the partners.

(c) A *contribution of guarantee* consists in a promise of a partner to be liable for the debts of the company up to a certain amount and to pay such debts directly to a creditor whenever the latter makes a request. The value of such guarantee cannot exceed the 75% of the amount of the exposure. There is no recourse against the company, if the partner pays, although internal arrangements between the paying partner and the other partners may be agreed to protect the former. This type of contribution allows a partner who does not wish to put his/her money immediately into the company, to assume liability and to hope that the company will stay solvent. However, he will be a normal partner for all purposes, with all rights attaching to his/her capacity as a partner, even if no payment is ever made by him/her.

Partners can own parts of any kind. They can own parts of different kinds.

The three kinds of contributions (capital, work, liability) form a total value, for which parts are issued. For example in the "Crete Seafood IKE", partner A provides capital assets worth 100,000 euros; partner B provides services as an accountant of the company for a period of, say, 5 years and it is agreed that his services are worth 200,000 euros; and partner C assumes liability for the debts of the company for a maximum amount of 200,000 euros; his contribution of "guarantee" is assessed to be 150,000 euros. Therefore, the total value of the contributions is 450,000 euros. If the nominal value of the parts is, say, 100 euros each, there will be 4,500 parts to issue. A will get 1,000 parts, B 2,000 parts and C 1,500 parts. Majorities and voting or other rights are calculated by taking into account the number of parts owned by each partner. In principle, all parts are equal (although exceptions are allowed), for example they carry equal voting rights or rights to a dividend.

Despite the principle of equal treatment, the nature of the contribution to which each part corresponds, may affect the treatment of the parts. In some instances the law provides either for a special treatment of specific parts (example: parts corresponding to non-capital contributions or to contributions of guarantee can later be exchanged against parts of capital contribution by way of increase of the capital and a corresponding payment by the partner, who thus «redeems» his/her obligation to provide services or be exposed to liability) or for unequal treatment (example: parts corresponding to non-capital contributions or to contributions of guarantee cannot be transferred as long as they are not redeemed). Parts corresponding to non-capital contributions and contributions of guarantee have to be recorded as «own capital» in the balance sheet with corresponding amounts in the assets. Details about the treatment of such contributions from an accountancy point of view are expected to be given by a Ministerial Decision.

The «tripartite» design of IKE is probably its most important feature, which gives opportunities to people (mainly small entrepreneurs or young people) to form a company and start up a business even if they do not possess readily available funds.

4. The second basic feature of IKE is the *very large statutory freedom* given to the partners to adapt the articles of association to their needs. In many places, the law itself allows the articles of association to contain clauses either derogating from its “default” provisions or complementing them. Clauses organising the manner of management and the person by whom or the way in which the management is exercised; clauses limiting the transferability of the parts or providing for maximum voting rights or allowing the exit of partners for specific reasons or providing for additional causes of dissolution of the company, are some examples. It is interesting to note that some of the possibilities afforded by the law are rather original or not frequent in general company law. For example, the law allows clauses providing for the appointment of a majority of the managers (if they are more than one) by the minority of the partners, or for the power of the manager (instead of the partners) to amend the articles of association or to increase or decrease the capital. The very possibility of the partners to provide for non-capital contributions or contributions of guarantee is also an example of the latitude of the articles.

At a more general level, the law provides that any agreements between the partners can be inserted in the articles of association and acquire statutory force. Thus, the contractual freedom is in principle unimpaired. No *numerus clausus* of the permitted clauses exists. In case of doubt, unless some clause is disallowed by the law, either expressly or by way of interpretation, such clause shall be a valid statutory clause. This is the opposite of the principle applying to public companies, where statutory freedom is the exception rather than the rule.

The extensive statutory freedom can make IKE adaptable to many businesses: If appropriate clauses are adopted by the articles, IKE can be shaped as a personal partnership (general or limited) or – on the other end of the spectrum – be close to a public company (although no shares are permitted). This shows that the use of IKE can go beyond the SMEs.

5. IKE has some additional features which may be of interest to those wishing to start up a business and make the new company form attractive: Any administrative permits necessary for the activity of the company can be granted after the constitution of the company, instead of being a condition for its constitution; the involvement of a notary in the company’s life is not necessary; partners can meet anywhere in the world if the articles of association so provide or if the partners agree; the company’s books and any minutes can be expressed in a foreign language. Although IKE’s data have to be registered in the General Commercial Registry (the “G.E.MI.”), the company must have a website through which a certain amount of information about the company has to be made available. On the other hand, publicity through the Government Gazette is not provided. Arbitration and

mediation are expressly provided as methods for the resolution of disputes. Partners are exempted from the obligatory social security, if they so wish.

6. The applicable law to IKE is the law of its incorporation – not the law of IKE’s real seat. Therefore, IKE can move its real seat outside Greece without changing its legal status. Following the *Cartesio* and *Vale* case-law, it can also emigrate by transferring its statutory seat to another EU member state, thus converting to a company of that country.

7. The tax regime of IKE is the same as that of a Greek EPE.

8. Before making any judgment on the success of IKE it is prudent to wait. Although there is already some literature on the new company (in Greek), only the practice itself (and the ensuing case-law) will show how popular IKE is going to become. However, the first results are not discouraging: More than 1.600 IKEs have been by now (June 2013) constituted. More are expected to come.

The following is an unofficial translation of the “second part” of Law 4072/2012, on the new company. The undersigned thankfully acknowledges the assistance provided by Ms. Irene Anyfanti and Ms. Katerina Haniotaki, both lawyers in Athens.

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# **The New Greek “Private Company” (Ιδιωτική Κεφαλαιουχική Εταιρία)**

**Law 4072/2012**

**“Improvement of the business environment – New Company Form –  
Trademarks – Real estate brokers – Provisions on shipping, ports and  
fisheries**

**and other provisions”**

**Government Gazette (Official Journal), Folio A, no 86 of 11 April 2012  
as amended by Law 4155/2013**

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Unofficial Translation

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## **SECOND PART NEW COMPANY FORM: “PRIVATE COMPANY”**

### **CHAPTER ONE: GENERAL PROVISIONS**

#### **Article 43**

##### **Basic characteristics**

1. A new company form is hereby introduced, the “Private Company” (in Greek: Ιδιωτική Κεφαλαιουχική Εταιρία). This company has a legal personality and is deemed to be “commercial”, even when its objects are not of a commercial nature. It is forbidden for a private company to conduct business for which the law prescribes a different company form.

2. Subject to the provisions of article 79, the company shall be solely responsible, by means of its assets, for the liabilities of the company.

“3. The amount of the capital of a private company is fixed by the partners without limitation; it can be equal to zero. The partners participate in the company with capital contributions, non-capital contributions and contributions of guarantee, in accordance with articles 77 to 79.”<sup>1</sup>

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<sup>1</sup> Article 43 para. 3 has been modified by Law 4155/2013.



4. A private company may be constituted by one person or become a one-person company. The name of the sole partner shall be subject to publication in the General Commercial Registry ("G.E.MI.").

5. The articles of association of a private company and any amendments thereto, if made in private documents, as well as the decisions of its partners and the minutes may be set out in one of the official languages of the European Union. In these cases article 14 of Law 3419/2005 (A' 297)<sup>2</sup> shall apply. In the relations of the company and the partners with third parties, the Greek text shall prevail.

#### **Article 44**

##### **Name of the company**

1. The name of the private company shall be composed of the name of one or more partners, or of the object of the company. A fancy name is also allowed.

2. In all cases the name of the company shall contain the full words "Private Company" (in Greek: Ιδιωτική Κεφαλαιουχική Εταιρεία) or the abbreviation "IKE", "PC".

3. As long as the company has only one partner, its name shall contain the words "Single Member Private Company" (in Greek: Μονοπρόσωπη Ιδιωτική Κεφαλαιουχική Εταιρεία) or "Single Member IKE", "Single Member PC" (in Greek: Μονοπρόσωπη IKE). Such words shall be added or removed by the Manager after being recorded in the G.E.MI., without amendment of the articles of association.

4. The name of the company can be stated in Latin characters or in a foreign language. If it is stated in English, it must contain the full words "Private Company" or the abbreviation "P.C.", and, if it has only one partner, the words "Single Member Private Company" or "Single Member P.C."

#### **Article 45**

##### **Seat of the company**

1. The private company shall have its seat in the municipality mentioned in the articles of association.

2. The transfer of the statutory seat of the company to another state of the European Economic Area does not entail the dissolution of the company, on condition that such state recognizes the transfer and the maintenance of the legal personality. The manager draws up a report in which he/she explains the consequences of the transfer for the partners, the creditors and the employees. This report, together with financial statements for the transfer of the seat, shall be recorded in the G.E.MI. and made available to the partners, the creditors and the employees. The decision on the transfer shall not be taken before the lapse of two months as of such registration. The decision on the transfer has to be unanimously taken. The competent service for the registration in the G.E.MI. can reject the application for the registration of the transfer for reasons of public interest.

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<sup>2</sup> "On the General Commercial Registry" (the "G.E.MI.").

3. The private company is not obliged to have its real seat in Greece.
4. The private company can establish branch offices, agencies or other forms of secondary establishment in other places in Greece or abroad.

#### **Article 46**

##### **Duration**

The company shall be of a definite duration. If the duration is not fixed in the articles of association, the company shall have a twelve (12) year duration from its incorporation. The duration can be extended by means of a partners' decision taken in accordance with article 72 para. 5. Unless some other duration is provided, the extension shall be for another twelve (12) years.

#### **Article 47**

##### **Corporate Transparency**

1. All documents of the company must state its name, the capital and the total amount of the contributions of guarantee of article 79, the registration number of the company (the G.E.MI. number), its seat and its precise address, and whether it is in liquidation. The website of the company must also be stated, in accordance with the next paragraph.
2. Within a month of its incorporation, the private company is obliged to acquire a website, where, under the care and responsibility of the manager the following data must appear, namely the names and the addresses of all the partners, and the category of contribution of every one of them, the person of the manager, as well as the information of the preceding paragraph. The website of the company is also recorded in the G.E.MI. More companies may share a common website, if its contents are clearly distinguishable for every company.
3. As long as the company has not acquired a website, it is obliged to give or send free of charge and without delay the information of the preceding paragraph to anyone who asks for such.

#### **Article 48**

##### **Dispute Resolution**

1. For the matters which, in accordance with the provisions of the Second Part of the present Law, are referred to the court, the Justice of Peace of the area of the company's seat is exclusively competent; he judges with the procedure of voluntary jurisdiction, unless it is provided for otherwise.
2. The initial articles of association may submit to arbitration the matters of para. 1 as well as any other matters arising from the societal relation between the partners or between them and the company. An arbitration clause introduced by way of amendment of the articles is valid only if decided unanimously.
3. The articles of association may submit to mediation the matters of para. 1 as well as any other matters arising from the societal relation between the partners or between them and

the company, in accordance with the provisions of Law 3898/2010 (A' 211)<sup>3</sup>. The relevant clause in the articles may refer to an organized mediation procedure or provide that the mediator shall be a certified mediator. The articles of association may stipulate that mediation is obligatory before the matter is brought to the court or to arbitration.

## **CHAPTER TWO: INCORPORATION OF THE COMPANY**

### **Article 49**

#### **The Act of Incorporation**

1. The private company shall be constituted by one or more natural persons or legal entities (founders).
2. The act of incorporation of the company shall take the form of a document containing the articles of association. Such document shall be a notarial deed if a special legal provision requires this, if assets are contributed to the company, for the transfer of which a notarial deed is required, or if the parties choose it.

### **Article 50**

#### **Contents of the Articles of Association**

1. The articles of association of the company shall contain: (a) the name, the domicile and the electronic address of the partners, if available; (b) the company's name; (c) the seat of the company; (d) the object of the company; (e) that the company is a private company; (f) the contributions of the partners by category and their value, in accordance with articles 77 to 79, as well as the capital of the company; (g) the total number of the company's parts<sup>4</sup>; (h) the initial number of the parts of each partner and the category of contribution to which the parts correspond; (i) the way the company is managed and represented; and (k) the duration of the company.
2. Special agreements of the partners contained in the articles of association are valid, if they are not against the present Law.

### **Article 51**

#### **Procedure for Incorporation**

The procedure for the incorporation of the company is prescribed by the provisions of article 5A of Law 3853/2010 (A 90)<sup>5</sup>, which is added to that Law by article 117 para. 3 of the present Law<sup>6</sup>. The same provisions are applicable also in the case where the law requires a permit for the operation of the company's business or the approval of the articles of

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<sup>3</sup> On mediation in civil and commercial matters.

<sup>4</sup> The company's parts (εταιρικά μερίδια) are not "shares" (see article 75 § 1 last sentence). The term "part" corresponds to the term "Anteil" (in German), or "part" (in French).

<sup>5</sup> "On the simplification of the formalities for the constitution of companies and partnerships and other provisions".

<sup>6</sup> Article 5A deals with technical matters and is not translated.

association by a competent authority before the company starts its business. In these cases the permit or the approval can be given after the incorporation of the company, but before the company starts the business for which the permit or the approval is required.

#### **Article 52**

##### **Publication in the General Commercial Registry (the "G.E.MI.")**

1. The incorporation of the private company is effected through registration in the G.E.MI.
2. Are also subject to registration in the G.E.MI., as provided by article 16 of Law 3419/2005, the amendments to the articles of association, as well as all other events mentioned in that or in the present Law.
3. The effects of the registration of the company in the G.E.MI. as well as of the registration therein of the other events mentioned in para. 2 are as provided for by article 15 of Law 3419/2005.

#### **Article 53**

##### **Declaration of Nullity of the Company**

1. The company which has been registered in the G.E.MI. is declared null by a court decision only if: (a) it has been constituted without a document, as provided by article 49 para. 2; (b) the articles of association do not contain the name, the object or the amount of the capital of the company; (c) the objects of the company are unlawful or contrary to public policy; and (d) the sole founder or all the founders had no capacity to act when they signed the document for the incorporation of the company, unless if within the time period provided in para. 2 one of them has become capable and has approved the constitution of the company.
2. The request for the nullification of the company is submitted by any person having a legitimate interest within one year of the registration of the company in the G.E.MI. and must be notified to the company. In the case (c) of para. 1 the submission of the request is not subject to a time limit.
3. The court that nullifies the company puts the latter into liquidation and appoints the liquidator.
4. The reasons for the declaration of nullity of the cases (a), (b) and (c) of para. 1 are remedied if by the hearing of the request the articles of association are amended, so that no reason for nullity exists. The court which hears the request for the declaration of nullity can allow a reasonable time period, not exceeding three (3) months, for the decision for the amendment of the articles to take place and to be registered in the G.E.MI. For the interim time period the court may order emergency measures.
5. The court decision declaring the nullity of the company can be invoked against third parties as from its registration in the G.E.MI. A third party opposition can be filed within one (1) month from the date of such registration. The declaration of nullity does not affect the validity of the obligations or the claims of the company.

**Article 54**  
**Liability of the Founders**

The founders who have acted in the name of the company before its incorporation shall be jointly and severally liable. However, only the company shall be liable for acts undertaken during that period, if by act of the manager it assumed the relevant obligations within three months of its incorporation.

## **CHAPTER THREE: MANAGEMENT AND REPRESENTATION OF THE COMPANY**

**Article 55**  
**Number of Managers**

The company is managed and represented by one or more managers. Wherever the present Law refers to a "manager", the term shall be taken to imply the majority of managers.

**Article 56**  
**Management by Law**

Unless the articles of association provide otherwise, the acts of management and representation of the company are performed collectively by all partners or by the sole partner ("management by law"). When the company is likely to suffer serious damage if certain acts of management are not performed, any partner can perform them separately, giving relevant notice to the other partners.

**Article 57**  
**Management by the Articles of Association**

The articles of association may determine the manner of management and representation of the private company ("management by the articles"). The management can be entrusted for a definite or an indefinite period to one or more managers. The manager is appointed by decision of the partners taken by a majority of the total number of the parts of the company. If the decision does not provide otherwise, the manager is appointed for an indefinite period. In the case of more managers, the acts of management and representation are performed collectively, unless the articles of association provide otherwise. When the company is likely to suffer serious damage if some acts of management are not performed, any manager can perform them separately, giving relevant notice to the other managers.

**Article 58**  
**Who can be appointed as Manager**

Only a natural person, whether he/she is a partner or not, can be manager. In the case of management by law, if a partner is a legal entity, the latter shall appoint on its behalf a natural person who shall be manager. The legal entity is responsible jointly and severally [with the natural person] for the management.

#### **Article 59**

##### **Removal of a Manager by Decision of the Partners**

The manager who exercises management by the articles can be removed by decision of the partners taken by a majority of the total number of the parts of the company, unless the articles of association provide for a qualified majority. If the management has been entrusted for a definite period, the articles of association may also specify the reasons for the removal.

#### **Article 60**

##### **Appointment and Removal of a Manager by a Partner**

1. In the case of more managers, the articles of association may provide that one or some of them are appointed and removed by a specific partner or by a joint declaration of specific partners. The removal of such a manager must be accompanied by the appointment of a new one. As long as the partner who has this right does not appoint a manager or does not replace the manager he/she removed, the management shall be performed by the remaining managers.

2. The granting of the right provided in the previous paragraph through a modification of the articles of association is possible only by unanimous decision of the partners.

#### **Article 61**

##### **Removal of a Manager by the Court**

1. In the case of serious ground, the court may remove a manager who performs management by the articles following a request of partners having ten percent (10%) of the total number of the parts of the company. In particular, serious violation of duties or inability to perform ordinary management shall be construed as serious grounds. An agreement to the effect that the court shall not remove a manager even if serious grounds exist shall be null and void.

2. If a manager has been removed, the management is performed by the remaining managers; however, the partner or the partners who appointed the removed manager may appoint another person to his/her place. If no other managers exist and as long as the partners do not appoint a new manager, the company shall be managed by the law.

#### **Article 62**

##### **Lack of a Manager**

In the case of removal of the manager in accordance with article 59, as well as in the cases of death, resignation or cessation of his/her duties for some other reason, the partners

appoint by decision the new manager; otherwise the provisions of the articles of association shall apply. The articles of association may provide that the manager has to be appointed by the majority of the remaining managers or that the remaining managers shall continue the management without replacement. Every partner or manager may convene a partners' meeting for the election of a new manager. If the partners do not elect a manager and the articles of association do not provide otherwise, the management shall be conducted by the law.

### **Article 63** **Publicity**

1. The appointment, the removal and the replacement of a manager has to be registered in the G.E.MI., in accordance with the relevant provisions of Law 3419/2005. Failure to register has the consequences of para. 3 of article 16 of Law 3419/2005.
2. A defect regarding the appointment of a manager cannot be opposed to third parties, if registered in the G.E.MI., unless the company proves that such third parties were aware of the defect.

### **Article 64** **Powers of the Manager – Remuneration of the Manager**

1. The manager represents the company and performs in its name all acts pertaining to the management of its assets and in general the pursuance of its objects.
2. All acts of the manager, even those exceeding the company's objects, bind the company vis-à-vis third parties, unless the company proves that the third party knew that the act exceeded the object of the company or should have known it. The fact alone that the publication formalities of the articles of association and their amendments have been complied with does not constitute such a proof. Limitations of the powers of the manager arising from the articles of association or a decision of the partners cannot be invoked against third parties, even if the publication formalities have been complied with.
3. The manager can delegate the exercise of specific powers to partners or third parties, if it is permitted by the articles of association.
4. The manager is not remunerated for the management, unless the articles of association or a partners' decision provide otherwise.

### **Article 65** **Duty of Loyalty**

1. The manager has a duty of loyalty vis-à-vis the company. He is obliged, inter alia: (a) not to pursue own interests, which are inconsistent with the interests of the company; (b) to disclose on time to the partners his/her own interests, which are likely to arise from transactions of the company made in the course of his/her duties, as well as any conflicts of his/her interests with those of the company or connected enterprises in the sense of para. 5

of article 42e of Codified Law 2190/1920<sup>7</sup>, which arise in the course of his/her duties; (c) not to perform acts on his/her own behalf or on behalf of third parties, which fall within the objects of the company, nor to be a partner of a partnership, a limited liability company or a private company pursuing the same object, unless the partners decide that such acts are to be permitted; and (d) to keep confidentiality about the company's affairs.

2. The articles of association may provide details about the obligations of para. 1.

3. In the case of violation of the prohibition of para. 1 (c), the company has the right instead of claiming damages to request that acts made on behalf of the manager be deemed to have been made on behalf of the company, whereas for acts made on behalf of somebody else that the remuneration for the intermediation be paid or assigned to the company. Such claims are time-barred six (6) months after the above acts have been communicated to the company and in any case after three (3) years.

## **Article 66**

### **Bookkeeping**

1. The manager shall keep: (a) a "partners' book", in which he/she shall record the name of the partners, their address, the number of parts they own and the kind of the corresponding contributions, the date of acquisition, transfer or burdening of the parts and the special rights afforded to the partners by the articles of association; (b) a "single book of minutes of the decisions of the partners and of the managers". In this book all decisions of the partners are recorded, as well as all managerial decisions taken by the managers, if they are more than one, and do not relate to ordinary management, or, independently of the number of the managers, if such decisions have to be recorded in the G.E.MI.

2. The company bears the burden of proof that the decisions of the partners and of the manager have indeed taken place on the date and time recorded in the book.

## **Article 67**

### **Manager's liability**

1. The manager shall be liable vis-à-vis the company for violations of the present law, the articles of association and the decisions of the partners, as well as for any managerial fault. This liability shall not exist for acts or omissions which are based on a lawful decision of the partners, or for reasonable managerial decisions taken in good faith, on the basis of adequate information, and exclusively in the pursuance of the company's interest. If more managers have acted together, they shall be jointly and severally liable.

2. The manager can be discharged from liability arising from managerial faults by a partners' decision after the approval of the annual financial statements, unless the partners unanimously decide in favour of a general discharge.

3. The claims of the company are time barred after the lapse of three years from the time of the act.

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<sup>7</sup> On Sociétés Anonymes.



4. The claims of the company for damages can be brought by any partner or manager. The partners may decide to appoint a special representative of the company to conduct the court proceedings.

## **CHAPTER FOUR: DECISIONS OF THE PARTNERS – THE PARTNERS’ MEETING**

### **Article 68**

#### **Prerogatives of the Partners**

1. The partners can decide on any affair of the company.
2. Only the partners are competent to take decisions on: (a) the amendment of the articles of association, including any increase or reduction of the capital, unless the present Law or the articles of association provide that specific amendments or increases or reductions of the capital are effected by the manager acting alone; (b) the appointment and the revocation of the manager, subject to article 60; (c) the approval of the annual financial statements, the distribution of profits, the appointment of an auditor and the discharge of the manager from any liability; (d) the exclusion of a partner; (e) the dissolution of the company or the extension of its duration; and (f) the conversion and the merger of the company.
3. A delegation to the manager to amend the articles of association in accordance with para. 2 case (a) of the present article, if not provided in the initial articles, can only be made by a unanimous decision of the partners. The power so delegated cannot exceed three years.

### **Article 69**

#### **Partners’ Meeting**

1. Subject to article 73, decisions of the partners are passed at a meeting.
2. The meeting is called at least once every year, within four (4) months of the end of the financial year, in order to approve the annual financial statements (“ordinary meeting”).

### **Article 70**

#### **Calling of the Meeting**

1. The calling of the meeting is made by the manager, in accordance with the provisions of the articles of association, but in any case at least eight (8) days in advance. The day of calling and the date of the meeting are not counted. A personal calling of the partners by any appropriate means, including e-mail, is required.
2. Partners holding one tenth (1/10) of the total number of the parts of the company have the right to request the manager to call a meeting with a specified agenda. If within ten (10)

days the manager fails to call the meeting, the requesting partners may call it themselves with the proposed agenda.

3. The invitation of the meeting must state clearly the place and time of the meeting, any conditions for the participation therein, together with a detailed agenda.

4. Notwithstanding the preceding provisions, the meeting can validly take place if all partners are present or represented and give their consent ("universal meeting").

#### **Article 71**

##### **Place of the Meeting**

1. The meeting can be convened at any place provided by the articles of association, in Greece or abroad. If no place is mentioned, the meeting can be convened at the seat of the company or anywhere else, if all partners consent.

2. The articles of association may provide that the meeting can take place by teleconference. Each partner may demand that a meeting take place by teleconference, at least as far as he/she is concerned, if he/she resides in a different country from the country where the meeting takes place, or if there is another important reason, for example illness or invalidity.

#### **Article 72**

##### **Participation to the Meeting – Conducting of the Meeting and Decisions**

1. All partners have the right to attend the meeting personally or by a representative. They have the right to take the floor and to vote.

2. Each part gives the right to one vote. The articles of association may fix a maximum number of votes that a partner may cast for the taking of certain decisions. In such a case for the calculation of the majority the extra parts are deemed not to exist.

3. Voting rights cannot be exercised by a partner, whether manager or not, if the following decisions are to be taken, namely the appointment of a special representative to sue him/her (article 67 para. 4), his/her discharge from the liability (article 67 para. 2) or his/her exclusion from the company (article 93).

4. The meeting decides with absolute majority of the total number of the parts of the company. Decisions of the meeting bind all absent or dissenting partners.

5. In the cases (a), (d), (e) and (f) of para. 2 of article 68, the meeting decides with increased majority of two thirds (2/3) of the total number of the parts of the company.

6. The articles of association may increase the majority requirements of all or certain decisions or provide that certain decisions have to be unanimously taken. The articles of association may also provide that certain or all decisions are taken by a majority of partners holding the majority of the total number of the parts of the company. In order to insert such provisions to the articles by way of an amendment thereto, a unanimous decision of the partners is required.

7. Decisions of the partners are recorded in the book of minutes kept in accordance with article 66.

### **Article 73**

#### **Decisions of the Partners taken without a Meeting**

Notwithstanding the provisions of the preceding articles, decisions of the partners, if unanimous, can be taken in writing without a meeting. This is also possible if all partners or their representatives agree to take a non-unanimous decision in writing without a meeting. The relevant minutes are signed by all partners and the minority is mentioned. The signatures of the partners can be replaced by electronic messages (e-mail), if this is provided in the articles of association. The aforementioned minutes are recorded in the book of minutes kept in accordance with article 66.

### **Article 74**

#### **Defective Decisions of the Partners**

1. A decision of the partners' meeting taken in a manner which is not in conformity with the law or the articles of association or by way of abusing the power of the majority under the terms of article 281 of the Civil Code is nullified by the court. The manager or any partner who did not attend the meeting or opposed the decision can request the nullification, by a petition which shall be submitted to the competent court within four (4) months from the day the decision was recorded in the book of minutes. The requesting party may ask the court to appoint a special representative of the company who will conduct the litigation. The final judgment on the nullity operates *erga omnes*. If the relevant decision has been registered in the G.E.MI., the judgment nullifying it shall be registered as well.

2. A decision of the partners' meeting which contravenes the law or the articles of association shall be null and void. The nullity is ascertained by the court following a request by any person having a legitimate interest, within six (6) months from the day the decision was recorded in the book of minutes. If the articles of association are amended so that the purpose of the company becomes unlawful or contrary to public policy, or if the decision causes a permanent violation of provisions of *ius cogens*, the nullity can be invoked at any time.

3. A decision taken in writing, without the provisions of article 73, or against the law or the articles of association shall be null and void. The two last provisions of the previous paragraph shall apply by way of analogy.

## **CHAPTER FIVE: THE PARTS OF THE COMPANY AND THE CONTRIBUTIONS OF THE PARTNERS**

### **Article 75**

#### **The Parts of the Company**

1. Participation in the private company presupposes the acquisition of one or more parts of the company. The parts of the company cannot be incorporated in shares. The company may grant a document on the parts of the company, which does not have the nature of a negotiable instrument.
2. The initial number of the parts of the company held by each partner is fixed in the articles of association in accordance with article 50. Thereafter this number may vary in accordance with the provisions of the present Law.
3. The parts of the company have a nominal value of at least one (1) euro. The nominal value shall be equal for all the parts of the company regardless of the category of contribution to which they correspond.
4. The parts of the company may be co-owned, or be the subject of usufruct or a pledge. Obligations arising from non-capital contributions or contributions of guarantee, pursuant to articles 78 and 79, burden exclusively the bare owner or the pledgor. The person who has the right to vote is determined by the articles of association, otherwise articles 1177 and 1245 of the Civil Code shall apply.
5. If a company's part is co-owned by several persons, the latter shall nominate a joint representative. Failing to do so, any notices connected with the capacity of such persons as partners shall be validly given to any of them.

#### **Article 76**

##### **Categories of contributions**

1. The parts of the company shall represent contributions of the partners.
2. The partners' contributions may be of three categories: capital contributions, non-capital contributions and contributions of guarantee. Each part of the company shall represent only one category of contribution.
3. The number of the parts of the company of each partner shall be proportional to the value of his/her contribution.

#### **Article 77**

##### **Capital Contributions**

1. The "capital contributions" shall be contributions in cash or in kind which form the capital of the company.
2. Capital contributions in kind shall be allowed only if the contribution constitutes an asset that can be monetarily valued in the sense of para. 5 of article 8 of codified Law 2190/1920. This valuation shall be made according to articles 9 and 9a of Codified Law 2190/1920. A valuation shall not be required if the contribution's value, as per the articles of association or the decision that decides the capital increase, does not exceed five thousand (5,000) euros.
3. An increase or reduction of the parts of the company, which correspond to capital contributions, can be effected only if an increase or reduction of the capital is also effected.

4. The capital shall be fully paid up upon the incorporation of the company or the capital increase. Within one month of the incorporation of the company or the capital increase the manager of the company shall certify the full payment of the capital by means of a statement, which is registered in the G.E.MI. In the case of non-full payment, the manager shall make a relevant reduction of the capital by cancelling the parts of the company, which correspond to the non-paid up capital.

5. [Abrogated by Law 4155/2013.]

## **Article 78**

### **Non-Capital Contributions**

1. The "non-capital contributions" shall be contributions that cannot constitute capital contributions, such as claims arising from the undertaking of obligations to execute works or to provide services. These contributions have to be specified in the articles of association and are to be provided for a definite or an indefinite time period.

2. The value of such contributions undertaken either at the incorporation of the company or later has to be determined in the articles of association.

3. If the non-capital contribution has not been executed, the company may request the court to order either the fulfilment of the obligation or the cancellation of the part of the company corresponding to the contribution that has not been provided. A further claim for indemnification of the company is not excluded.

4. In the case of cancellation of the parts of the company due to exit or exclusion of a partner, as well as in the case of compulsory sale of parts of the company, the partner who has not fully executed his/her non-capital contribution shall be obliged to pay to the company in cash the non-executed part. The value of the services undertaken shall be deemed to be the value of the contribution, as defined in the articles of association, or the part of the contribution.

## **Article 79**

### **Contributions of Guarantee**

1. The "contributions of guarantee" shall be contributions that consist in undertaking liability for the debts of the company vis-à-vis third parties up to the amount fixed in the articles of association. The partner with a contribution of guarantee is deemed to have solemnly declared that he/she shall be at all times in the position, and that he/she shall make all efforts required to be at all times in the position, to effect payment of the debts of the company up to the amount defined in the previous provision.

2. The value of each contribution of guarantee has to be determined in the articles of association and may not exceed seventy five per cent (75%) of the liability amount set in para. 1 of the present article.

3. The partner's liability shall extend to all debts of the company according to para. 1 including interest and any other charges. This liability shall exist directly and primarily

towards the creditors, who may directly sue the partner. The partner may raise objections against the creditors that are not related to him/her personally, only if such objections could be raised by the company itself. More partners who are liable as above shall be jointly and severally liable.

4. In the case of bankruptcy of a partner with a contribution of guarantee, any creditor of the company may lodge his/her claims within such a procedure. The total amount to be distributed among the creditors of the company may not exceed the amount of the liability set in the first provision of para. 1, reduced pro rata insofar as the claims of secured creditors are also to be paid. Up to this limit the creditors of the company rank according to article 154 of the Bankruptcy Code.

5. The partner with a contribution of guarantee who has paid a debt of the company has no right of recourse against the company.

6. In the case of cancellation of the parts of the company due to exit or exclusion of a partner, as well as in the case of a compulsory sale of the parts of the company, the partner who has not fully provided his/her non-capital contribution shall continue to be liable vis-à-vis third parties for the payment of the debts of the company existing before the registration in the G.E.MI. and for a period of three (3) years following such registration.

7. After any change in the contributions of the company of guarantee the manager shall submit an updated list for registration in the G.E.MI. showing the change that has occurred and the outstanding contributions of guarantee of each partner as well as the amount of the outstanding liability for each contribution. This list shall also be posted on the website of the company.

## **Article 80**

### **Accounting presentation of Contributions**

The accounting and the presentation method of the non-capital contributions and of the contributions of guarantee shall be determined by a joint decision of the Ministers of Finance and of Development, Competitiveness and Shipping<sup>8</sup>. The non-capital contributions and the contributions of guarantee, as valued in the articles of association, shall be recorded in equity accounts.

## **Article 81**

### **Reimbursement of Contributions**

The reimbursement of capital contributions before the dissolution of the company shall only be allowed by means of the procedure of the reduction of the capital. Reimbursement of other contributions or discharge of the partners from their obligations undertaken by such contributions is not allowed.

## **Article 82**

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<sup>8</sup> Not issued yet.

## **Redemption of Obligations arising from Non-Capital Contributions and Contributions of Guarantee**

1. Notwithstanding the provision of article 81, a partner is entitled to redeem the obligations that he/she has undertaken in the form of a non-capital contribution or a contribution of guarantee by converting his/her parts into parts of capital contribution and by paying to the company by way of a capital increase an amount equal to the value of his/her contribution as defined in the articles of association in the case of a non-capital contribution, or to the full amount of liability in the case of a contribution of guarantee. If such obligations have been partially fulfilled, the amount to be paid shall be determined proportionally by the company. In the case of a dispute over the amount to be paid or if the company does not determine such amount, the court shall decide following the partner's request, in accordance with article 371 of the Civil Code. The capital increase shall be decided by the manager without any pre-emption rights granted to the other partners. In the case of a court decision for the determination of the redemption price, the capital increase shall take place when the decision becomes final.
2. From the registration in the G.E.MI. of the capital increase the partner shall own the parts representing the increase.
3. A right to redeem obligations arising from a contribution of guarantee cannot be exercised by a partner who has already been sued by a creditor of the company for the payment of a debt of the company. The articles of association may prohibit the redemption of the obligations arising from contributions of guarantee for a certain period from their undertaking, which may not exceed a three-year period.

## **CHAPTER SIX: TRANSFER OF THE PARTS OF THE COMPANY AND OTHER CHANGES IN THE MEMBERSHIP**

### **Article 83**

#### **Freedom to Transfer**

1. The transfer and the burdening of the parts of a private company shall be free, subject to the provisions of the following articles.
2. A partner holding parts corresponding to non-capital contributions or to contributions of guarantee, which have not been entirely provided, shall not be allowed to transfer his/her parts, as long as he/she has not redeemed the obligations arising therefrom, in accordance with article 82.

### **Article 84**

#### **Transfer *inter vivos***

1. The transfer or the burdening of the parts of the company *inter vivos* is made in writing and produces its effects vis-à-vis the company and the partners from the notification of the transfer to the company. The notification is made in writing and is signed by the transferor and the transferee. Such notification can also be made by e-mail. The manager is obliged to

immediately register the transfer in the partners' book, provided that all conditions for the transfer have been met, as provided for in the law and the articles of association. *Vis-à-vis* third parties the transfer shall be deemed to have been effected on the day it is recorded in the book.

2. The articles of association may prohibit or restrict the transfer or burdening of the parts *inter vivos*. They can also provide for a right of first refusal of the other partners, if a partner wishes to transfer his/her parts; they can also provide that the company shall have the right to nominate a partner or a third party who will acquire the parts to be transferred, at a full price to be determined by the court, unless the parties themselves agree on such price or the articles of association provide for the manner in which such price has to be calculated.

## **Article 85**

### **Transfer *mortis causa***

1. The manager is duty bound to register without delay the transfer of the parts *mortis causa* in the partners' book after he/she has examined the right of the heir.

2. The articles of association may provide that in the case of a partner's death, his/her parts are acquired by a partner or a third party nominated by the company at a full price to be determined by the court, unless the parties themselves agree on such price or the articles of association provide for the manner in which such price has to be calculated. The nomination must intervene within one (1) month after the company knew of the death and must be notified to the heir or the legatee, as well as the other partners. The articles can also provide that the surviving partners have a right of first refusal to buy out the parts in accordance with their percentage in the company.

## **Article 86**

### **Options**

The partners may agree between them or with third parties that put or call options are granted for their parts. The relevant agreement is recorded in the partners' book. Once the manager is convinced that the option has been exercised, he/she shall register without delay the relevant transfer in the partners' book.

## **Article 87**

### **Own Parts of the Company**

The company may not acquire, whether directly or indirectly, its own parts. Parts, which are acquired, in whatever way, despite the previous provision, are cancelled *ipso iure*. In the case of a merger of a private company by absorption of another company that owns parts of the former company, such parts are cancelled *ipso iure* upon completion of the merger. In such cases the manager is duty bound to ascertain without delay the reduction of the number of the parts and, possibly, the reduction of the capital and to make the relevant registration in the G.E.MI.

## **Article 88**



## **Attachment of the Company Parts**

1. The attachment of the company parts is possible even if their transfer is prohibited or restricted. The attachment is operated in accordance with articles 1022 ff. of the Code of Civil Procedure. The relevant request of the creditor and the court decision are notified also to the company. The court may order, as an appropriate means for the exploitation of the right in the sense of article 1024 of the Code of Civil Procedure, the transfer of the parts to partners or another person nominated by the company at a full price to be determined by the court. The court is informed about the interest of the partners or the third party nominated by the company in any way permitted by the procedural law.
2. If bankruptcy proceedings have been initiated against a partner, his/her parts belong to the bankruptcy estate and are sold in accordance with article 146 of the Bankruptcy Code. Instead of being transferred, the bankruptcy court may, upon request of the company, order that the parts be transferred to partners or third parties nominated by the company against payment to the creditor of a full price to be determined by the court.

## **Article 89**

### **Entry of a new Partner – New Contributions by Existing Partners**

1. Unless otherwise provided for by the articles of association, for the entry of new partners in the company or the undertaking of new contributions by existing partners, a unanimous decision of the partners is required. Such decision must mention the number of the parts to be acquired and the contribution to be undertaken. If such decision cannot be passed by reason of objections made by one or more partners, whose percentage in the company is being reduced, the court may, upon request of the company, allow the entry of the partner or the undertaking of the new contributions by existing partners, if a serious ground exists, based on the interest of the company.
2. The present article shall not apply in the case of increase of the capital.

## **Article 90**

### **Increase of the Capital**

1. The increase of the capital is made by an increase of the number of the parts.
2. In the case of an increase of the capital which is not made in kind, all partners have a pre-emption right in the new capital, in accordance with the number of parts owned by each one of them. The pre-emption right is exercised by a notice given to the company within twenty (20) days of the registration of the partner's decision in the G.E.MI. The articles of association may provide that the pre-emption rights belong to the partners alone with parts corresponding to capital contributions. The pre-emption rights may be abolished or restricted by a partners' decision passed in accordance with article 72 para. 5. If such decision cannot be passed by reason of objections made by one or more partners, whose percentage in the company is being reduced, then the last provision of para. 1 of article 89 is applicable by analogy.
3. The articles of association of the company may stipulate that the capital shall be increased at a specified time by new contributions of a specified amount ("authorized

capital"). The time may be specified in the form of a condition precedent or the passing of a time period or by reference to a decision of the manager or the partners. Unless otherwise provided for by the articles of association, all partners are obliged to provide the contributions, in accordance with the number of parts owned by each one of them. If the capital is increased in this manner, the manager shall redefine the amount of the capital by a special statement to be registered in the G.E.MI. Unless otherwise provided for, the new contributions shall be made in cash.

#### **Article 91** **Reduction of the Capital**

1. The reduction of the capital is made by cancelling [some of the] existing parts corresponding to capital contributions and in conformity with the principle of equal treatment of the partners owning such parts. The articles of association may provide that such partners have to give their consent or take a separate decision by majority. [...<sup>9</sup>]

2. In the case of a reduction of capital the assets that are thereby released can be refunded to the partners owning parts corresponding to capital contributions only if the creditors do not object. The creditors' objections must be notified to the company within one month of the registration of the decision by the partners to reduce the capital in the G.E.MI. If objections have been notified the court decides upon request of the company. The court may allow the refund of the assets to the partners or subordinate it to the paying off of the creditor or the granting of adequate guarantees or personal promises by the partners. If more creditors object, the court issues a single decision on all objections. This paragraph does not apply if the reduction aims at wiping out losses or for the creation of reserves.

#### **Article 92** **Exit of a Partner**

1. Every partner is entitled to exit upon serious grounds by means of a court decision issued upon his/her request.

2. The articles of association may provide for a right of exit of the partners if certain conditions are met. They may also provide for the exit of a partner with non-capital contributions following a notice by the company, if the partner is in a state of inability to provide the services corresponding to such contribution, mainly in the cases of illness, retirement or because he/she has inherited the parts of the company.

3. The exiting partner is entitled to receive the full value of his/her parts. If the parties do not agree on the evaluation or the articles of association do not contain relevant provisions, the court shall decide. In any case, the company may claim compensation under article 78 para.

4.

4. After the partner's exit, the manager is obliged without delay to cancel his/her parts and, if needed, reduce the capital and to redefine the number of the parts through a statement to be registered in the G.E.MI. However, the articles of association may specify that in the case of exit the parts of the company are not cancelled but are bought out by a person

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<sup>9</sup> The last sentence of article 91 para. 1 was abrogated by Law 4155/2013.]

nominated by the company, against the full value of the parts, determined as in para. 3. The articles of association can provide that the partners have a pre-emption right in accordance with their percentage in the company.

### **Article 93**

#### **Exclusion of a Partner**

If a serious ground exists, the court may, upon request of a manager or partner, order the exclusion of a partner from the company, if this has been so decided by the other partners in conformity with article 72 para. 4. The request must be submitted within sixty (60) days of such decision. The court may issue a provisional order by which it orders the necessary emergency measures, including the provisional suspension of the voting rights of the partner to be excluded. After the court decision has become definitive and the payment to the excluded partner of the full value of his/her parts, determined as in para. 3 of the previous article, has been made, the company continues to operate with the remaining partners. In any case, the company may claim compensation under article 78 para. 4. For the rest, para. 4 of article 92 shall apply by way of analogy.

## **CHAPTER SEVEN: THE PARTNERS AND THE COMPANY – RELATIONS BETWEEN THE PARTNERS**

### **Article 94**

#### **Rights and Obligations of the Partners**

1. Unless otherwise provided in this law or the articles of association, the parts of the company afford equal rights and obligations, irrespective of the kind of contribution to which they correspond. New rights or obligations can be provided through an amendment of the articles of association with the agreement of all partners or the consent of the partner who is burdened with the obligation.
2. Each partner has the right to know personally or through an appointed proxy the state of the affairs of the company and to examine the books and records of the company. He/she can also at his/her expenses take excerpts from the book of the partners' book and the book of minutes of article 66. The articles of association may provide that the rights provided for in this article can be exercised in fixed time periods not exceeding three months. The company may refuse to give information or access to the books if there is a serious threat to the business interests of the company.
3. Each partner has the right to request information that is necessary for understanding and evaluating the items on the agenda of the meeting.
4. Partners holding ten percent (10%) of the total number of the parts of the company are entitled at any time to ask the court to appoint an independent chartered accountant to investigate serious suspicions of violation of the law or of the articles of association and to inform the company and the partners through a report about the outcome of the investigation.

## **Article 95**

### **Agreements between the Company and the Partners or the Manager**

1. All agreements between the company and the partners or the manager must be recorded in the book of minutes of article 66 by care of the manager and be notified to all partners within a month of their conclusion. In the case of a single-member company, the agreement is valid only if so recorded, unless the agreement relates to current business concluded under normal circumstances.
2. The articles of association may submit specific or all agreements of para. 1 to the approval of the partners.
3. The performance of the agreements of para. 1 is prohibited, if such performance impedes, in whole or in part, the payments to the remaining creditors of the company.
4. Agreements of the company and the partners relating to the management of the assets of the company by the latter are permitted.

## **CHAPTER EIGHT: ANNUAL FINANCIAL STATEMENTS – DISTRIBUTION OF PROFITS - AUDITING**

### **Article 96**

#### **Annual Financial Statements**

The private company prepares annual financial statements comprising: (a) a balance sheet; (b) a profit and loss account; (c) an income appropriation statement, and (d) notes containing the necessary information and explanations for a fuller understanding of the other statements, as well as an annual report of the manager on the activities of the company during the previous year. The articles of association may provide for additional financial statements. The statements are signed by the manager and constitute one indivisible whole.

### **Article 97**

#### **Inventory**

Once every year, at the end of the financial period, the manager of the company is obliged to draw up an inventory of all assets and liabilities of the company containing a detailed description and evaluation. The annual financial statements of the company are drawn up by its manager on the basis of such inventory.

### **Article 98**

#### **Mode of preparation and publication of the Statements**

1. The annual financial statements are drawn up in conformity with the provisions of articles 42, 42a, 42b, 42c, 42d, 43, 43a and 43c of Codified Law 2190/1920, to be applied by way of

analogy. When legal provisions in force stipulate that the financial statements must be drawn up in accordance with the International Accounting Standards, the provisions of articles 134 ff. of Codified Law 2190/1920 shall apply accordingly.

2. The manager is obliged to publish the annual financial statements in the G.E.MI. and the website of the company within three (3) months of the end of the financial period. To that effect the provisions of paras. 1 and 2 of article 43b of Codified Law 2190/1920 are to be applied by way of analogy.

## **Article 99**

### **Audit**

1. The financial statements of the private companies shall be audited pursuant to the provisions of articles 36, 36a, 37 and 38, as well as para. 4 of article 43a of Codified Law 2190/1920, to be applied by way of analogy. The auditors shall be appointed by the partners and their appointment registered in the G.E.MI.

2. Private companies that exceed two out of the three criteria of para. 6 of article 42a of Codified Law 2190/1920 are exempted from the requirement to have their annual financial statements audited by chartered accountants. Paras. 7 and 8 of article 42a of Codified Law 2190/1920 shall apply by way of analogy.

## **Article 100**

### **Approval of the Statements by the Partners and Distribution of Profits**

1. The annual financial statements and the distribution of profits shall be approved by the partners.

2. Every year and before any distribution of profits, an amount at least equal to one twentieth ( $1/20$ ) of the net profits shall be retained as a statutory reserve. Such reserve can only be capitalised or be off-set against losses. Additional reserves can be provided by the articles of association or decided by the partners.

3. To be distributed profits must derive from the annual financial statements. The partners are to decide on the profits to be distributed. The articles of association may provide for a minimum obligatory distribution of profits.

4. Profits are distributed to the partners in accordance with the number of parts owned by each one of them. The articles of association may stipulate that for a certain period of time not exceeding ten years, a partner or some partners shall not participate or shall participate only in a limited way in the profits or the proceeds of liquidation or that they shall have a right to collect additional profits.

5. The partners who collected profits in violation of the preceding paragraphs are under the obligation to reimburse them to the company. The claim of the company can be exercised indirectly by the creditors.

6. The previous paragraph shall also apply in the cases of payment of hidden profits or hidden restitution of contributions.

#### **Article 101**

##### **Consolidated Financial Statements**

1. Private companies governed by Greek law, if they are parent companies in the sense of case A of para. 5 of article 42e of Codified Law 2190/1920, are obliged to draw up consolidated financial statements and a consolidated management report.
2. The consolidated financial statements shall be drawn up in accordance with articles 90 to 109 of Codified Law 2190/1920.

## **CHAPTER NINE: DISSOLUTION AND LIQUIDATION**

#### **Article 102**

##### **Company in a state of Imminent Insolvency**

If the company is in a state of imminent insolvency in the sense of articles 3 para. 2 and 99 para. 1 of the Bankruptcy Code (Law 3588/2007), the manager shall, without undue delay, convoke a meeting of the partners, to decide on the dissolution of the company, the filing of a bankruptcy petition or a petition for the opening of reorganization proceedings, or the adoption of another measure.

#### **Article 103**

##### **Causes of Dissolution**

1. The private company shall be dissolved: (a) at any time if the partners so decide; (b) when the duration of the company expires, unless it is extended by a decision of the partners; (c) when bankruptcy proceedings are opened; and (d) in other situations provided for by this Law or the articles of association.
2. The dissolution of the company, if not caused by the expiration of the duration of the company, shall be recorded in the G.E.MI. by the manager.

#### **Article 104**

##### **Liquidation and Liquidator**

1. If the company is dissolved for any reason other than the declaration of bankruptcy, the stage of liquidation has to follow. Until the conclusion of the liquidation procedure the company shall be deemed to exist and maintain its name, to which the words "in liquidation" shall be added.
2. The powers of the organs of the company during liquidation are confined to such acts as are necessary for the liquidation of the company. The liquidator is allowed to proceed to new acts, if the latter can serve the purpose of liquidation and the interests of the company.

3. The liquidation shall be carried out by the liquidator, unless the articles of association specify otherwise or the partners have decided differently. The partners can decide otherwise than the articles of association only with a majority as per article 72 para. 5.

4. The provisions on the manager shall apply to the liquidator by way of analogy.

#### **Article 105**

##### **Liquidation procedure**

1. Upon commencement of the liquidation procedure, the liquidator is duty bound to make an inventory of all assets and liabilities of the company and to draw up financial statements for the end of the financial period, which are approved by a decision of the partners. As long as the liquidation continues, the liquidator is duty bound to draw up financial statements at the end of each financial year.

2. The liquidator is duty bound to finalize without undue delay all pending affairs of the company, pay out its debts, collect its claims and liquidate the assets of the company. In liquidating the assets of the company, the liquidator has to prefer the transfer of the undertaking as a whole, wherever this is possible.

3. Throughout the liquidation procedure, partners who have made non-capital contributions continue to provide the services that are the object of their contributions, so far as this is necessary for the completion of the liquidation. The partners holding parts corresponding to contributions of guarantee continue to be liable vis-à-vis third parties for the payment of the debts of the company for a period of three (3) years following the dissolution of the company.

4. If the liquidation has exceeded three (3) years, article 49 para. 6 of Codified Law 2190/1920 shall apply *mutatis mutandis*. The plan for speeding up and completing the liquidation shall be approved by a decision of the partners in accordance with article 72 para. 5. The relevant request to the court has to be submitted by partners representing one-tenth (1/10) of the total number of the parts of the company.

5. Once the liquidation procedure is complete, the liquidator draws up financial statements for the completion, which the partners shall be called to approve. On the basis of such statements the liquidator distributes the liquidation proceeds to the partners, according to the number of parts held by each one of them. The articles of association may provide that partners holding parts representing capital contributions have preferential rights in the distribution. If all partners agree, the liquidator can proceed to distributions of the assets *in natura*.

6. The liquidator shall ensure that the completion of the liquidation be registered in the G.E.MI.

7. As long as the liquidation continues, or following the completion of the bankruptcy proceedings by reason of a definitive ratification of the reorganization plan, or for the reason mentioned in article 170 para. 3 of the Bankruptcy Code (Law 3588/2007), the company may be revived by a unanimous decision of the partners.

## CHAPTER TEN : CONVERSION - MERGER

### Article 106

#### Conversion of a Private Company into a different Company Form

1. A private company may be converted into a company of a different form by decision of the partners passed in accordance with article 72 para. 5. In any case, if following the conversion there are partners of the private company who are to be liable for the debts of the company, their express consent shall be required.

"2. As far as the other aspects of the conversion are concerned, the provisions regarding the incorporation of the new company form shall apply. From the registration of the decision of the conversion and the new articles of association in the G.E.MI., the company under conversion shall continue under its new form. The legal personality shall continue and the pending judicial proceedings shall be further conducted in the name of the company under its new form, without interruption of the proceedings. Administrative permits, which were issued in favour of the company under conversion, shall continue to be valid. - If the private company is converted into another capital company, a previous evaluation of the assets and liabilities of the company is required, in accordance with article 9 of codified Law 2190/1920. In this case, if the capital of the new company is of a lesser amount than the minimum amount provided by the law for such a company form, the balance shall be covered by way of new contributions. - The conversion shall be registered in the G.E.MI. by the Service of the G.E.MI., in accordance with the provisions of Law 3419/2005".<sup>10</sup>

3. If there are parts corresponding to non-capital contributions, an agreement must be signed before the conversion between the company and the partner regulating the execution of the relevant obligations after the conversion. This shall be mentioned in the decision on the conversion.

4. If there are parts corresponding to contributions of guarantee, the partners holding such parts shall continue for a period of three (3) years after the conversion to be liable for the debts of the company generated before the registration of the conversion in the G.E.MI., unless the creditors of the company have consented in writing to the conversion of the company.

### Article 107

#### Conversion of a different Company Form into a Private Company

1. A company of a different form can be converted into a private company by decision of the partners or the shareholders passed in accordance with the provisions regarding the dissolution of the particular company form. In any case, if following the conversion there are partners who will take parts corresponding to non-capital contributions or to contributions of guarantee, their consent shall be required.

"2. For the conversion, the procedure required for the incorporation of the private company shall be followed. The conversion shall be registered in the G.E.MI. by the Service of the G.E.MI., in accordance with the provisions of Law 3419/2005".<sup>11</sup>

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<sup>10</sup> Article 106 para. 2 has been modified by Law 4155/2013.

<sup>11</sup> Article 107 para. 2 has been modified by Law 4155/2013.



3. The decision on the conversion together with the articles of association of the private company shall be registered in the G.E.MI.; however, the effects of the conversion are not produced if, within a month of the registration, a creditor or creditors of the company object to the conversion in writing. The objecting creditors may request sufficient guarantees, if the financial situation of the company under conversion justifies such protection. If no objections are made, a relevant notice is made in the G.E.MI. following a request by the company and the conversion is effected on the date when the notice was made. If objections are made, the court may, upon the request of the company, allow the conversion to proceed, if in its judgment the financial situation of the company or the guarantees given to the creditors or the guarantees offered to them do not justify the objections. The request is served on the objecting creditors. The decision of the court is only subject to opposition. In this case, the conversion is effected on the date when the court decision rejecting the objections or the opposition is registered in the G.E.MI.

4. When the conversion has been effected, the company under conversion shall continue under the form of the private company. The legal personality shall continue and the pending judicial proceedings shall continue in the name of the company under its new form, without interruption of the proceedings. Administrative permits, which were issued in favour of the company under conversion, shall continue to be valid.

5. The general partners of a general or a limited partnership, which has been converted to a private company, shall continue for a period of five (5) years after the conversion to be jointly and severally liable for the debts of the company generated before the registration of the conversion in the G.E.MI., unless the creditors of the company have consented in writing to the conversion of the company.

#### **Article 108** **Merger of Private Companies**

The merger of private companies is made either by absorption or incorporation of a new company. In this chapter the absorbing company or the new company shall be called "acquiring" companies.

#### **Article 109** **Merger Plan**

1. The managers of the merging companies shall draw up a common plan of merger, which, in the case of incorporation of a new company, shall include its articles of association.

2. The merger plan shall contain at least: (a) The name, the seat and the G.E.MI. number of the merging companies. (b) The exchange ratio of the parts of the companies and its justification, so that it is fair and reasonable. The exchange ratio of the parts of the companies concerns all contributions of the merging companies irrespective of whether these are capital or non-capital contributions or contributions of guarantee. The parts of the companies deriving from the merger correspond to the category of contribution represented by the old parts. (c) The date as of which the parts of the company shall entitle the partners of the merging companies to participate in the profits of the acquiring company, as well as any special condition relating to such right. (d) The date as of which the

acts of the merging companies shall be deemed, from an accounting point of view, to be acts of the acquiring company as well as the treatment of the financial results of the merging companies, which will derive from such date till the completion of the merger as provided in article 112 para. 3.

3. The merger plan shall be registered in the G.E.MI. of each of the merging companies upon request of their managers.

#### **Article 110** **Protection of Creditors**

Within one month of the last registration of para. 3 of the previous article, the creditors of the merging companies, the claims of whom were generated before such registration, shall have the right to object in writing and to ask for adequate guarantees, if the financial situation of the merging companies makes such protection necessary. Upon request of the debtor company the court may allow the merger to proceed despite the above objections, if it finds that the financial situation of the merging companies or the guarantees already taken by or offered to the creditors do not justify their objections. The request has to be notified to the creditors who have filed the objections. The decision of the court is subject only to opposition.

#### **Article 111** **Evaluation of the Assets of the Merging Companies**

1. For the evaluation of the assets of the merging companies and of the fair and reasonable character of the exchange ratio a report shall be drawn up for the partners of the companies in accordance with articles 9 and 9a of Codified Law 2190/1920.

2. If so jointly instructed by the merging companies, the persons making the evaluation can draw up a single report for all the companies. If all partners of the merging companies agree, the above report may be omitted.

#### **Article 112** **Approval of the Merger by the Partners – Registration of the Decision on the Merger**

1. The merger plan together with the amendments to the articles of association, which are required for its implementation, or the articles of association of the new company must be approved by a decision of the partners of each one of the merging companies. A decision may not be passed unless the procedure for the protection of the creditors provided in article 110 has been followed.

2. If the merger is to be decided by the partners' meeting, each partner has the right, one month before the meeting at the seat of the company, to be informed of, at least: (a) the merger plan, and (b) the report of article 111. The meeting may not pass a decision on the merger if the above time period has not been respected.

3. The partners' decisions approving the merger, together with a solemn statement of the managers of the merging companies to the effect that the procedure for the protection of the creditors provided in article 110 has been followed, shall be registered in the G.E.MI. following a joint request of the managers.

### **Article 113** **Effects of the Merger**

From the date of the registration provided in article 112 para. 3, the following effects shall be produced automatically and without further formalities concerning the merging companies and the third parties:

(a) The acquiring company shall substitute the merging companies in all their rights and obligations. Such a transfer shall be equivalent to a universal succession. All administrative permits issued for the benefit of the merging company shall benefit the acquiring company.

(b) The partners of the merging companies become partners of the acquiring company.

(c) The obligations of the partners participating in the merging companies with capital or non-capital contributions or contributions of guarantee shall continue to exist as before.

(d) The merging companies shall cease to exist.

(e) Pending lawsuits shall continue *ipso iure* in the name of the acquiring company without interruption as a consequence of the merger.

### **Article 114** **Voidability and Nullity of the Partners' Decision**

1. The merger can be annulled under the conditions of article 74 para. 1 or if the procedure of the previous articles has not been followed; it shall be null and void under the conditions of article 74 paras. 2 and 3.

2. The request for the annulment can be submitted by anyone having a legitimate interest; such a request has to be submitted within three (3) months of the registration of article 112 para. 3. The competent court may allow a reasonable time period in which the companies can cure the defects of the merger, if this is possible.

3. The nullity of the merger is acknowledged by the court upon request of anyone having a legitimate interest; such a request is submitted within six (6) months from the date of registration provided in article 112 para. 3. In the case when the articles of association of the acquiring company become unlawful or contrary to public policy, or when the articles produce a permanent violation of provisions having the character of *ius cogens*, the nullity can be invoked at any time.

4. The decision of the court annulling the merger or acknowledging its nullity has to be registered in the G.E.MI. Within a period of three (3) months of this registration, an opposition can be filed against the above decision.

5. If the merger has been annulled or its nullity has been acknowledged, the validity of the obligations of the acquiring company generated in the period after the registration of article 112 para. 3 until the registration of para. 4 of the present article is not thereby affected. The companies, which participated in such a merger, shall be jointly and severally liable for such obligations.

#### **Article 115**

##### **Not Just/not Reasonable Exchange Ratio**

1. The merger shall not be annulled for the reason that the exchange ratio of the parts of the partners of the merging companies against those of the acquiring company is not just and reasonable. In this case every partner of the merging companies may claim from the acquiring company the payment of damages in cash. The damages shall be determined by the court upon request of every prejudiced person. The claim is time-barred after the lapse of three (3) months of the registration provided for in article 112 para. 3.

2. The burden of proof that the exchange ratio is fair and reasonable lies with the company.

## **CHAPTER ELEVEN: ADAPTATION OF EXISTING LEGAL PROVISIONS TO THE NEW COMPANY FORM**

[The translation of articles 116-118 is only selective.]

#### **Article 116**

##### **Adaptation of General Provisions**

1. Wherever the legislation contains provisions making reference to the capital companies in general: (a) such provisions shall extend to the private company, unless the law or the nature of the private company requires something different, and (b) in what concerns the private company, references to percentages of the capital are deemed to refer to percentages of the total number of the parts of the company.

2. Wherever the legislation provides that certain activity can be conducted by a limited liability company, such activity can also be conducted by a private company.

3. [Amendment to existing legislation]

4. [Amendment to existing legislation]

5. [Existing Legislation on investment incentives extends to the private company.]

6. [Amendment to existing legislation]

7. [Amendment to existing legislation]

8. [Amendment to existing legislation]

9. [Affiliation with social security organizations is not compulsory for partners of a private company, unless the latter is a one-person company.]
10. [Private companies are to be taxed like legal entities.]
11. [Private companies are to be taxed like limited liability companies.]

**Article 117**  
**Adaptation of Law 3853/2010**

[Formalities for the incorporation of a private company.]

**Article 118**  
**Adaptation of the General Commercial Registry (the G.E.MI.)**

[Amendments to Law 3419/2005 on the General Commercial Registry.]

## **CHAPTER TWELVE: PENAL, FINAL AND TRANSITORY PROVISIONS**

**Article 119**  
**Penal Provisions**

The penalties provided in article 458 of the Penal Code shall be imposed on:

- (a) The partner or the manager of a private company, who knowingly makes false statements concerning the payment of the capital of the company.
- (b) Whoever intentionally fails to prepare the annual financial statements by the date set in para. 1 of article 98.
- (c) Whoever knowingly prepares annual financial statements in violation of the provisions of the present Law or the articles of association.
- (d) Whoever proceeds to distribution of profits not deriving from the annual financial statements or deriving from false or illegal statements.
- (e) Whoever violates the provisions of article 47, of para. 1 of article 66 and of para. 7 of article 79.
- (f) The manager who fails to redefine (to increase or to reduce) the capital in the cases of articles 77 para. 4, 82 para. 1, 87, 90 para. 3, 92 para. 4 and 93 last sentence.

#### **Article 120**

##### **Facilitation of Conversion of existing Limited Liability Companies into Private Companies – Date from which the Incorporation of a Private Company is possible**

1. Until 31st December 2013 existing limited liability companies may be converted into private companies in accordance with article 107, by decision of the partners meeting, passed either by a majority of at least 2/3 of the total number of partners representing 2/3 of the capital, or by a majority of 3/4 of the capital. Provisions of the articles of association providing for a higher majority shall not apply.
2. A request to the One-Stop Service for the incorporation of a private company is allowed two months after the present Law has come into force.<sup>12</sup>

[.....]

#### **Article 330**

##### **Codification – Entering into Force**

1. By Presidential Decrees issued within a month of the publication of the present Law upon proposal of the Minister of Development, Competitiveness and Shipping, the provisions on private companies [...] shall be codified and published. Future amendments of the relevant legislation shall be made to the above Presidential Decrees. [...] <sup>13</sup>
2. The present Law shall enter into force upon its publication in the Government Gazette [...].

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<sup>12</sup> I.e. as from 11 June 2012.

<sup>13</sup> Such a P.D. has not been issued.