

OBLIGATORY DEMATERIALIZATION OF SHARES IS COMING

The New Year is not only provisions and new business ventures, but also further obligations for entrepreneurs. The year 2020 can easily be called revolutionary for joint-stock companies and limited joint-stock partnerships (“**Companies**”). About what we informed in one of our **legal information**¹, Companies must prepare for the obligatory dematerialization of their shares, whose records will be kept in the so-called register of shareholders replacing the existing paper book of shares. The basis for new obligations for companies is the Act of 30 August 2019 amending the Commercial Companies Code and some other acts (Journal of Laws of 2019, item 1798, “**Amendment**”).

In 2020, companies must prepare for the dematerialization of their shares

Pursuant to the amendment, starting from 1 January 2021, all Company share documents will cease to be valid, and only the disclosed person in the register of shareholders will hold the shareholder status. Shares in dematerialized form will have to be registered in:

- a) in the register of shareholders kept by the brokerage house or custodian bank, or
- b) in the deposit kept by the National Depository for Securities (“**NDS**”).

An important fact is that the Company can only choose one of the two indicated in letters a) and b) above ways to register its shares. Therefore, if even one share of the Company is registered in the NDS deposit (public companies and companies listed on *NewConnect*), all other shares must also be registered in the NDS deposit. Registration of shares in NDS requires cooperation with a registration broker (brokerage house which is a direct participant of NDS).

The choice of the entity keeping the register of shareholders (brokerage house or custodian bank) must be made by resolution of the general meeting of shareholders of the Company by a simple majority of votes. However, companies registered after 1 January 2020 must indicate this entity in the content of the statute.

The obligation to dematerialize the shares is on the Company’s management board, and its failure to do so has been punishable by a fine of up to PLN 20,000.00. **In detail, "step by step" about how the management board fulfilled this obligation, we wrote in our legal information, and below we present a timeline for managers so that they do not miss any of the cut-off dates.**

Dematerialization is not everything - the obligation for companies to have a website

Companies must also not forget that from 1 January 2020, they have the obligation to have a website with a separate subpage in which communication with shareholders regarding the meetings will be carried out and basic information about the Company will be submitted.

In this subpage, in addition to its registration data, the Company should indicate information on: (i) its shareholding, (ii) the procedure for dematerialization of shares and (iii) general meetings along with draft resolutions that will be put to the vote.

¹ You can read the information under the link:
https://pl.schindhelm.com/static/content/e141155/e145627/e145478/e166315/file/ger/OBOWI%C4%84ZKOWA_DEMATERIALIZACJA_AKCIJ_LEGAL_ALERT_SDZLEGAL.pdf?checksum=7e96c934be6f3a0f2fa1282ca8a8eacda48dcc3e



THE MOST IMPORTANT CHANGES FOR JOINT-STOCK COMPANIES AND LIMITED JOINT-STOCK PARTNERSHIP IN 2020

