

Legal Flash

June 2018

Law 4541/2018 for the “**Amendment of Law 3190/1955 on Limited Liability Companies and other provisions**”, has introduced significant changes in the law for Limited Liability Companies. It also regulates trade name issues for other corporate forms (S.A., P.C., G.P., L.P.) was passed a few days ago (Bulletin A' 93/31.05.2018).

In particular, the most important amendments that the new law brings into the legal framework governing Limited Liability Companies (“**L.L.C.**”) could be summarized as follows:

A. Trade name

Latin characters may also be used

- Apart from the names of the partners and company business activity, the trade name of the L.L.C., may be formed, henceforth, by other verbal indications, and partly or entirely with Latin characters.

The use of the terms "Limited Liability Company" and "Single Limited Liability, is provided explicitly.

- For its international transactions, an L.L.C. may be attributed as “Limited Liability Company” and if it is single-member entity as “Single Member Limited Liability Company”.
- The respective abbreviations will be «L.L.C.» or «LTD» and «Single Member L.L.C.» or «Single Member LTD» wheret the entity is a Single Member company.

B. Share Capital

Equal nominal value of capital participation units with nominal value of at least one euro.

- Share capital participation units have nominal value of at least one (1) euro whilst the nominal value is equal for all capital participation units.

C. Incorporation and duration

Incorporation of a L.L.C. by virtue of a private agreement

- Further to incorporation by way of a notarial deed, the corporate agreement of a L.L.C. may also be executed by way of a private agreement (document), provided that the exclusive content of the standard/model incorporation statutes of Law 4441/2016 are adhered to, without any deviation.

L.L.C. only for a specified duration

- L.L.C. will be mandatorily incorporated for a specified duration. L.L.C. 's which, before entry into force of the new law 4541/2018, have been incorporated for indefinite duration, their duration shall expire on 31 December 2021, unless if, by way of an Articles of Incorporation amendment executed before said date, they provide for specific expiration date.

Acquiring legal personality and publicity

- It is now explicitly provided that an L.L.C. acquires legal personality solely following its registration with the General Commercial Registry (G.C.R.), whereas the publicity regime of the L.L.C. is harmonised with the provisions of Law 3419/2005.

D. Administrators

Administrator Revocation by way of Court order on significant grounds, following petition of the minority of 1/10

- A provision is introduced for the revocation of the administrator of a L.L.C. following a petition of 1/10 of partners representing 1/10 of the share capital before the competent Court, where the Court orders such revocation based on significant grounds findings such as serious misconduct or inability to conduct ordinary management.

E. Meeting of Partners

Convocation of the Meeting of Partners abroad as well as with teleconference.

- The Meeting of Partners can be convened wherever it is so defined in the Articles of Incorporation, either in Greece or abroad. If the place is not specified, the Meeting may be convened at the registered seat of the company or anywhere else, if all partners consent. In case that it is provided by the Articles of Incorporation or all partners consent, the Meeting of Partners may also be held by teleconference.

Amendment of the corporate agreement

- According to the general provision of L. 3190/1955, in order for the corporate agreement to be amended, a resolution of the Meeting of Partners is required, which (resolution) is taken henceforth by a majority of at least half ($\frac{1}{2}$) of the total number of partners, representing at least 65% of the share capital. In some cases, the new text of the corporate agreement may be drafted by the administrator and be incorporated into a notarial deed, without a prior decision by the Meeting of Partners to be required.

Dissolution following resolution of the Meeting with reduced quorum and majority (from 3/4 to 2/3)

- Unless otherwise provided by the Articles of Incorporation, the dissolution of the Company is decided by a resolution of the Meeting of Partners, which (resolution) is taken by a majority of 2/3 of the total number of partners, representing 2/3 of the share capital.

F. Partner's exit

The principle of the partner's freedom to exit from the L.L.C. is introduced, restricted only by a contrary statutory provision

- Unless otherwise provided by the Articles of Incorporation, each partner may leave the company following a declaration addressed to the administrator. The possibility of a statutory provision, addressing the case where a partner withdraws, providing for its participation units to be redeemed by a person designated by the company, either in the value of the parties' agreement or in the real value to be determined by a decision of the (procedure of interim measures) competent Single-member Court of First Instance of the Company's registered seat has also been introduced.

G. Simplification of the establishment procedure of a branch or agency of a foreign L.L.C.

Branch or agency of a L.L.C. of an EU country (or a L.L.C. of a country of the European Economic Area)

- The establishment of a branch or agency of a foreign L.L.C. of a Member State of the European Union or of a country of the EEA will now take place by registering with the General Corporate Registry (G.C.RE.), following the submission of specific documents and data.

Branch or agency of a L.L.C. of a third country

- The establishment of a branch or agency of a foreign L.L.C. of a Member State of a third country, will take place by registering with the G.C.RE., following the issuance of a decision of the Directorate of Companies of the General Secretariat of Trade and Consumer Protection of the Ministry of Economy and Development or the competent Regional Unit for the approval of the establishment of a branch or agency of a third country. The submission of specific documents is also required in this case. A decision for the approval of the establishment of a branch or agency of a L.L.C. of a third country may be issued only if domestic companies may establish a branch or agency in the territory of that third country.

As long as they meet the requirements of the Law, foreign L.L.C. 's may establish more than one branch or agency.

H. Other provisions for the L.L.C.

Drafting, audit and publication of the financial statements and procedural provisions

- Provisions are introduced that harmonize the provisions regarding the drafting, audit and publication of the financial statements with the provisions of Laws 4308/2014, 4336/2015 and 4449/2017 as well as the corresponding provisions of Codified Law 2190/1920 and in particular those related to the drafting of the management /administrators' reports addressed to the Meeting of Partners.

Reserves

- The possibility of creating additional reserves is introduced, added to the obligation of forming a ordinary reserve already in force.

Revival

- The possibility of the revival of an already dissolved L.L.C. is introduced.

Exclusive jurisdiction of the Court of First Instance of the company registered

- An explicit provision is introduced for the exclusive competence of the Court of First Instance of the company's registered seat for all legal remedies exercised by operation of the provisions of law 3190/1950.

General note: A Presidential Decree is expected to be issued, according to which the provisions for Limited Liability Companies (L.L.C.) will be codified and attributed in the municipal language.

Abolition of tax provisions applicable to L.L.C.

- Article 56 is abolished. To be noted that based on par. 2 the reduced stamp duty rate applicable to S.A.s applies also to L.L.C.s.

According to the accompanying report of the Scientific Committee of the Parliament, the abolition of par. 2 which constituted the legal base for the assimilation of L.L.C. to Societe Anonymes regarding the applicable stamp duty rate leads to the non – applicability of the reduced stamp duty rate also to Private Companies, which are explicitly subject to the tax provisions applicable to L.L.C. based on article 116 par. 11 of L. 4072/2012. In practice, this abolishment is expected to affect transactions between L.L.C. and Private companies with individuals.

I. Provisions for the trade name of Sociétés Anonymes, Private Companies, General Partnerships and Limited Partnerships.

Sociétés Anonymes (S.A.)

- Apart from the names of one or more founders or shareholders or its business activity, the trade name of a S.A. may be formed, henceforth, by other verbal indications, and partly or entirely with Latin characters.
- The trade name shall include, in any case, the words “Société Anonyme” or the abbreviation “S.A”. For its international transactions, S.A. shall be attributed as “Société Anonyme” or with the respective abbreviation “S.A.”.

**Private
Companies
(P.C.)**

- Apart from the names of one or more partners or its business activity, the trade name of a P.C., may be formed, henceforth, by other verbal indications, and partly or entirely with Latin characters.
- The possibility of using an imaginary trade name is abolished.

**General
Partnerships
(G.P.)**

- The trade name of a G.P., may be formed, henceforth, partly or entirely with Latin characters.
- For its international transactions G.P., shall be attributed as «General Partnership» or use the abbreviation “G.P.”.

**Limited
Partnerships
(L.P.)**

- The trade name of a L.P., may be formed, henceforth, partly or entirely with Latin characters.
- For its international transactions, L.P., shall be attributed as “Limited Partnership” or use the abbreviation «L.P.»

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This information is intended only as a general update for interested persons and should not be used as a basis for decision making. For further details please contact PwC:

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