VI. PART 1
RESTRUCTURING OF COMPANIES

Chapter 1
GENERAL
Article 579
General rule
(1) A company may change its status as follows:
– by merger,
– by division,
– by transfer of assets, or
– by changing its organisational form.
(2) An entrepreneur may change its status to a company with share capital.
Chapter 2
MERGER
Section 1
MERGER OF PUBLIC LIMITED COMPANIES
Article 580
Concept
(1) Two or more public limited companies may merge by acquisition or by formation of a new company.
(2) A merger by acquisition shall be carried out by the transfer of all the assets of one or more public limited companies (company being acquired) to another public limited company (acquiring company).
(3) A merger by formation of a new company shall be carried out by the formation of a new public limited company (acquiring company) to which all the assets of the merging companies (companies being acquired) are transferred.
(4) The companies being acquired shall be wound up when they merge without going into liquidation. Shareholders in the companies being acquired shall be provided shares in the acquiring company.
(5) If the ratio at which shares in the company being acquired are exchanged for shares in the acquiring company is not equal to one or more shares in the acquiring company for one share in the company being acquired, the shareholders of the company being acquired who do not have a sufficient number of shares in the company being acquired to receive a whole number of shares in the acquiring company shall receive a cash payment either from the acquiring company or from another person. The sum of cash payments provided by the acquiring company may not exceed one-tenth of the total lowest issue value of the shares which the acquiring company provides to shareholders in the company being acquired for the purpose of carrying out the merger by acquisition.
(6) When the merger is carried out all the assets, rights and obligations of the company being acquired shall transfer to the acquiring company. The acquiring company shall enter into all legal relationships in which the company being acquired was the subject as its universal successor in title.
Article 581
Merger by acquisition contract

(1) The managements of the merging companies must conclude a merger by acquisition contract.
(2) The merger by acquisition contract must contain the following elements:
1. the registered names and the registered offices of each of the companies participating in the merger by acquisition;
2. the agreement on the transfer of all the assets of each of the companies being acquired to the acquiring company including the legal consequences set out in the fourth and sixth paragraphs of Article 511 of this Act;
3. the ratio at which shares in the company being acquired are exchanged for shares in the acquiring company (exchange ratio);
4. in the case referred to in the fifth paragraph of Article 511 of this Act:
– the amount of the cash payment, which must be expressed in a monetary amount per whole share in the company being acquired;
– a statement to the effect that the cash payment will be provided by the acquiring company, or the registered name and registered office of another person who will provide the cash payment;
5. a precise description of the procedures in connection with the transfer of shares in the acquiring company and the cash payment; if an acquiring company under Article 589 of this Act will not provide shares the reason for this must also be stated;
6. the date from which the shares in the acquiring company which the acquiring company provides for the purpose of acquisition will participate in the profit of the acquiring company, and all the details pertaining to the exercise of this right;
7. the date from which the actions of the company being acquired shall be treated as being carried out for the account of the acquiring company (accounting date of the merger by acquisition);
8. – measures taken for the exercise of the rights of holders of special rights under Article 593 hereof;
9. all the special benefits that will be provided to members of the management or supervisory bodies of the companies participating in the merger by acquisition or to the merger by acquisition auditors; and
10. in the case from the second paragraph of Article 600 hereof the amount of monetary compensation offered and a statement to the effect that the compensation will be provided by the acquiring company, or the registered name and registered office, or the full name, of another person who will provide the monetary compensation.
(3) The statement from another person on the provision of a cash payment or monetary compensation must be drawn up in the form of a notarial record.
Article 582
Merger by acquisition management report
(1) The management of each of the companies participating in the merger by acquisition must draw up a detailed written report on the merger.
(2) In the report on the merger by acquisition the management must explain and substantiate in legal and economic terms:
1. the reasons for the merger by acquisition and the envisaged consequences;
2. the content of the merger by acquisition contract, in particular:
- share exchange ratio,
- amount of potential cash payments, and

– measures taken for the exercise of the rights of holders of special rights under Article 593 hereof;
(3) The managements of the companies participating in the merger by acquisition may draw up a joint report on the merger by acquisition.
(4) The report on the merger by acquisition must draw attention to any particular problems which arose in the appraisal of the value of the companies participating in the merger by acquisition and to the consequences of these problems as far as determining the exchange ratio or other rights is concerned.
(5) In the report on the merger by acquisition the management shall not be required to disclose the information for the reasons referred to in the first and fifth indents of the second paragraph of Article 305 of this Act.

Article 583

Audit of a merger by acquisition

(1) The merger by acquisition contract must be audited by one or more auditors (hereinafter: merger by acquisition auditors) for each of the companies participating in the merger by acquisition.
(2) The merger by acquisition auditor for a particular company participating in the merger by acquisition shall be appointed by the supervisory boards of that company. Where the company does not have a supervisory board, the merger by acquisition auditor shall be proposed by the management.
(3) Notwithstanding the first and second paragraphs of this article, the same merger by acquisition auditor or auditors may carry out the audit of the merger by acquisition for all the companies participating in the merger by acquisition provided the supervisory boards or the boards of directors of all the companies participating in the merger by acquisition agree. In this case the merger by acquisition auditor or auditors shall be appointed by the court upon a joint proposal from the supervisory boards or the boards of directors.
(4) The merger by acquisition auditors must draw up a written report on the audit of merger by acquisition. The report on the audit of the merger by acquisition may also be drawn up jointly for all the companies participating in the merger by acquisition.
(5) The report on the audit of the merger by acquisition must contain an opinion from the auditor or auditors as to whether the provision of shares in the acquiring company at the exchange ratio proposed in the merger by acquisition contract and the amount of any cash payments or compensation offered are suitable recompense for the shares in the company being acquired. It shall be necessary to explain in particular:
1. the company appraisal methods used to determine the exchange ratio proposed in the merger by acquisition contract;
2. the reasons why the use of these methods in this particular case is appropriate for determining the exchange ratio; and
3. if several methods were used for the determination of the exchange ratio, what value has been established for the use of each of the methods; at the same time, an opinion has to be issued on the relative significance attached to such methods in the calculation of value to be decided an any specific problems in the evaluation of the value of companies participating in the merger must be described.
(6) The merger by acquisition auditor or auditors must submit an audit report to the management or supervisory bodies of the company for which they carried out an audit of the merger by acquisition.

(7) The provisions of the law regulating auditing concerning the auditing of annual reports shall apply mutatis mutandis in respect of the audit procedure and the conditions for an audit of a merger by acquisition.
(8) The provision of the third paragraph of Article 57 of this Act shall apply *mutatis mutandis* in respect of the damage liability of the merger by acquisition auditor. The merger by acquisition auditors shall be liable for damage to all the companies participating in the merger by acquisition and to all the shareholders of these companies.

Article 584

Review of a merger by acquisition by the supervisory board

The supervisory boards of each of the companies participating in the merger by acquisition must review an intended merger by acquisition on the basis of the report on the merger by acquisition by the management and the report on the audit of the merger by acquisition and draw up a written report on its review. In the report on the review of a merger by acquisition the supervisory board shall not be required to disclose the information referred to in the first and third indents of the second paragraph of Article 305 of this Act.

Article 585

Consent of the general meeting to a merger by acquisition

(1) The consent of the general meeting of each of the companies participating in the merger by acquisition shall be required in order for a merger by acquisition contract to be valid. A general meeting may give its consent either before or after the concluding of the merger by acquisition contract.
(2) A general meeting resolution giving consent to a merger by acquisition shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The articles of association may also stipulate a larger majority of the share capital and lay down other requirements.
(3) If more than one share class exists, the consent of the shareholders in each class shall be required in order for the resolution of the general meeting giving consent to the merger by acquisition to be valid. In order to give such consent the shareholders in each class must adopt an extraordinary resolution. The provisions laid down in the preceding paragraph shall not apply to the adoption of an extraordinary resolution.
(4) The merger by acquisition contract or the proposed merger by acquisition contract on which the general meeting has decided shall be entered in, or attached to, the minutes of the general meeting.

Article 586

Preparing and holding the general meeting

(1) At least one month prior to the date of a session of the general meeting that is to decide on consent for an merger by acquisition the management of each of the companies participating in the merger by acquisition must submit the merger by acquisition contract to the registration body after it has been reviewed by the supervisory boards of each of the companies. The notification on the submission of the contract to the registration body shall be published by the company. The notification shall inform the shareholders of their rights under the second and third paragraphs of this article.
(2) At least one month prior to a session of the general meeting that is to decide on consent for a merger by acquisition the following documents shall be made available for inspection by the shareholders of each of the companies participating in the merger by

acquisition at the registered office of the company concerned:
1. the merger by acquisition contract;
2. the annual reports of all the companies participating in the merger by acquisition for the past three financial years;
3. if the accounting date of the merger differs from the balance sheet date of the last annual report of the individual companies being acquired, the final reports of these companies in accordance with the first paragraph of Article 68 hereof, provided that they have been audited to that date;
4. if the last annual report of the individual companies participating in the merger by acquisition refers to a financial year which ended more than six months prior to the concluding of the merger by acquisition contract or the drawing up of the proposed merger by acquisition contract, interim balance sheets of these companies, which must be compiled as at the final day of the last quarter prior to the concluding of the merger by acquisition contract or the drawing up of the proposed merger by acquisition contract;
5. the report(s) on the merger by acquisition by the managements of the companies participating in the merger by acquisition;
6. merger by acquisition audit report(s); and
7. the reports on the review of the merger by acquisition by the supervisory boards of the companies participating in the merger by acquisition;
(3) The provisions of this Act relating to balance sheets shall apply to the compilation of the interim balance sheet referred to in point 4 of the second paragraph of this article, with the following exceptions:
1. in compiling the interim balance sheet it shall not be necessary to verify that the balance of individual assets and liabilities items in the books of account corresponds to the actual balance;
2. in the interim balance sheet items may be shown at the values at which they were valued in the last annual balance sheet, taking into account:
– write-downs and write-ups for changes in the value of assets,
– provisions, and
– significant changes in the actual value of assets which are not evident from the books of account.
(4) All shareholders shall be given on request and free of charge a copy of the documents referred to in the second paragraph of this article by the following working day at the latest.
(5) The documents referred to in the second paragraph of this article shall be submitted to the session of the general meeting. At the start of the debate in the general meeting the management must give an oral explanation of the content of the subsequent merger by acquisition contract. Before a decision is taken on consent for the merger by acquisition the management must inform the shareholders about every significant change in the assets of the company that has occurred in the period between the concluding of the merger by acquisition contract or the compiling of the proposed merger by acquisition contract and the session of the general meeting. Significant changes shall, in particular, be those meaning that a different exchange ratio would be appropriate.
(6) At the session of the general meeting the management shall also provide an oral explanation to all shareholders on request about matters concerning the other companies participating in the merger by acquisition if these matters are important to the merger by

acquisition. The provisions of the first and the third indents of the second paragraph of Article 305 of this Act shall apply mutatis mutandis to the obligation of the management to provide explanations.

Article 587

Form of the merger by acquisition contract

A merger by acquisition contract must be drawn up in writing in the form of a notarial record.

Article 588

Increase in the subscribed capital due to merger by acquisition

(1) If the acquiring company increases the subscribed capital in order to carry out a merger by acquisition, the provisions of the fifth paragraph of Article 333, the second paragraph of Article 335 Articles 336 and 337 and the second paragraph an the third indent of the third paragraph of Article 339 of this Act shall not apply.

(2) If the acquiring company increases the subscribe capital by means of authorised capital, in addition to the provisions laid down in the first paragraph of this article, the provision laid down in the third paragraph of Article 354 of this Act shall also not apply.

(3) Any increase in the subscribed capital for the purpose of merger by acquisition must be examined by one or more auditors.

(4) The provisions laid down in Articles 194 to 197 of this Act shall apply mutatis mutandis to the audit of an increase in the subscribed capital for the purpose of a merger by acquisition. The audit may also be performed by a merger by acquisition auditor.

Article 589

Cases in which shares are not provided for the purpose of a merger by acquisition

(1) The acquiring company may not provide shares for carrying out a merger by acquisition for the purpose of exchanging them:

1. for shares in a company being acquired of which it itself is the holder;
2. for the own shares of the company being acquired.

(2) The acquiring company shall not be obliged to provide shares for the purpose of a merger by acquisition if:

1. if the same persons (shareholders) participate in the same proportion in both the capital of the acquiring company and the capital of the company being acquired, unless this would be in conflict with a ban on the repayment of contributions or a ban on exemption from the obligation to pay in contributions; or
2. if the shareholders of the company being acquired waive the right to be provided with shares in the acquiring company by means of a statement drawn up in the form of a notarial record.

(3) If the company being acquired holds shares in the acquiring company and these shares are fully paid up, these shares must be used to fulfil the obligation of the acquiring company to provide shares to the shareholders of the company being acquired. It shall not be permitted for the purpose of fulfilling the obligations of the acquiring company to use shares held by the company being acquired which have not been fully paid up.

(4) Shares held by another person for the account of the company being acquired or the acquiring company shall be deemed to be held by the company being acquired or the acquiring company.

Article 590

Application for registration of a merger by acquisition

(1) The management of each of the companies participating in the acquisition must submit an application for registration of the merger by acquisition with the registration body covering the area in which the registered office of the acquiring company is located. The application for registration of the merger by acquisition may also be submitted for a company being acquired by the management of the acquiring company.
(2) For the acquiring company the application for registration of the merger by acquisition shall be submitted together with:
1. a statement from the management of each of the companies participating in the merger by acquisition to the effect that:
– within the time limit for contesting the general meeting resolution giving consent to the merger by acquisition no action has been lodged to contest this resolution or to have it declared null, or
– a claim to contest the general meeting resolution giving consent to the merger by acquisition or to have it declared null has been refused with binding effect or action has been dismissed or withdrawn, or
– all the shareholders have renounced, in the form of a notarial record, their right to contest the general meeting resolution giving consent to the merger by acquisition or to have it declared null;
2. if the general meeting of the acquiring company did not decide on the consent to the merger by acquisition pursuant to the provision of the first paragraph of Article 599 hereof, a statement from the management of the acquiring company to the effect that the shareholders of the acquiring company have not exercised their right to demand that the general meeting of the acquiring company take a decision on consent for the merger by acquisition, or that they have waived that right by means of a statement drawn up in the form of a notarial record;
3. the merger by acquisition contract;
4. the minutes of the sessions of the general meetings of all of the companies participating in the merger by acquisition at which a decision was taken on consent for the merger by acquisition;
5. the report(s) on the merger by acquisition by the managements of the companies participating in the merger by acquisition;
6. management report on the audit of the merger by acquisition;
7. the reports on the review of the merger by acquisition by the supervisory boards of the companies participating in the merger by acquisition;
8. the concluding reports of the companies being acquired;
9. approval or consent of the competent state or other boy, if required;
10. proof that an intended merger by acquisition was published in accordance with the first paragraph of Article 586 of this Act; and
11. the statements from the persons referred to in the third paragraph of Article 581 of this Act.
(3) If the management does not submit the statement referred to in point 1 of the second paragraph of this article because action has been lodged in time contesting the general meeting resolution giving consent to the merger by acquisition or to have the resolution declared null and the claim has not yet been decided with binding effect, the registration body shall suspend the procedure for deciding on the registration of the merger by acquisition until a final decision on the claim.

(4) Notwithstanding the previous paragraph the registration body shall not suspend the procedure, or it shall annul the resolution on the suspending of the procedure and register the merger by acquisition before a final decision on the claim is made, if there is a substantial prevailing interest in having a decision on the entry of the merger by acquisition passed quickly and provided all the other conditions for the entry are met.
(5) In its judgement as to whether there is a prevailing interest in having a decision passed quickly the registration body shall give consideration to the importance of the right which it is alleged is violated in the action, the probability of the action being successful and the damage that could be caused to the companies participating in the merger by acquisition as a result of a later registration of the merger by acquisition.

Article 591

Registration and legal consequences of a merger by acquisition

(1) The registration body covering the area in which the registered office of the acquiring company is located shall register the merger by acquisition by the acquiring company of all the companies being acquired simultaneously. If the acquiring company increased the subscribed capital for the purpose of the merger by acquisition, this increase shall be entered in the register at the same time as the merger by acquisition. The entry of the merger by acquisition in the register shall also state the registered names of all the companies being acquired and the application numbers under which they were entered in the register.
(2) Each of the companies being acquired must appoint a representative to receive the shares of the acquiring company which have to be provided to the shareholders of the company being acquired and any cash payments. The merger by acquisition may only be registered once the representative has notified the registration body covering the area in which the registered office of the acquiring company is located that he has taken possession of the shares or has received the cash payments. The ban on issuing shares and interim certificates according to Articles 342 and 348 hereof shall not apply to the issuing of shares to the representative.
(3) The entry of the merger by acquisition in the register shall have the following legal consequences:
1. The assets of the companies being acquired shall transfer to the acquiring company together with their liabilities. If bilateral contracts exist which, when the merger by acquisition is carried out, neither contracting party has yet implemented in full and which because of the legal consequences of the acquisition on the basis of such contract the following mutual obligations arise:
– the obligation to receive or deliver or other similar mutual obligations that are mutually incompatible, or
– whose simultaneous fulfilment would represent an unfair burden for the acquiring company, the scope of these obligations shall be fairly amended taking into account the interests of both contracting parties.
2. The companies being acquired shall be wound up.
3. The shareholders of the companies being acquired shall become shareholders of the acquiring company, except in the cases set out in Article 589 of this Act. At the same time the rights of third persons to the shares of the company being acquired shall transfer to the shares of the acquiring company which are provided for the purpose of carrying out the merger by acquisition, or to the rights to any cash payments.

(4) The provisions laid down in Article 244 of this Act shall apply mutatis mutandis to the exchange of shares of the company being acquired, and for the combining of shares the provisions laid down in Article 376 of this Act; the permission of the court shall not be required.

Article 592

Protection of creditors

(1) Creditors of all the companies participating in the merger by acquisition shall have the right to demand protection of their non-matured, uncertain or conditional claims if they request such protection within six months following the notification of the entry of the merger by acquisition in the register. Creditors may only exercise this right if they demonstrate the probability that the fulfilment of their claims is jeopardised by the merger by acquisition. Creditors must be informed of this right in the notification of the entry of the merger by acquisition in the register.

(2) Creditors who have the right to priority repayment in the event of a potential bankruptcy procedure shall not have the right to demand protection.

Article 593

Protection of holders of special rights

When the company being acquired has issued convertible bonds, bonds conferring a priority right to purchase shares or dividend bonds, or has in some other way guaranteed special rights to participate in the profit to particular persons, the holders of these rights must be granted equivalent rights in the acquiring company. If the acquiring company does not guarantee equivalent rights, each holder of a special right may demand a cash payment from the acquiring company. The provisions laid down in the second paragraph of Article 605 and in Articles 606 to 615 of this Act, with the exception of the provisions laid down in the second sentence of the fourth paragraph of Article 607 and the second to sixth paragraphs of Article 612 of this Act, shall apply mutatis mutandis to the procedure for determining the cash payments to which holders of special rights are entitled.

Article 594

Damage liability of the management or supervisory bodies of the acquired company

(1) Members of the management or supervisory bodies of the company being acquired shall be jointly and severally liable for damage which the merger by acquisition causes to the company being acquired, its shareholders and to the creditors of the company being acquired under Article 592 of this Act. The second paragraph of Article 263 of this Act shall apply mutatis mutandis to the responsibility of members of the management or supervisory bodies referred to in the previous paragraph.

(2) For the purpose of pursuing claims for damages under the first paragraph of this article and any claims for damages as a result of the merger by acquisition in accordance with the general rules on damage liability it shall be deemed that the company being acquired is still in existence. Mutual claims and obligations in this respect shall not be set off against each other as part of the merger.

(3) Claims under the first and second paragraphs of this article shall be time-barred five years after the notification of the entry of the merger by acquisition in the register.

Article 595

Pursuit of claims for damages

(1) Action to pursue claims for damages under Article 592 of this Act may only be lodged by a special representative who pursues these claims on behalf of all the

shareholders and on behalf all the creditors who under Article 522 of this Act have the right to demand protection and for whom the acquiring company has not provided protection.
(2) The special representative shall be appointed by the court with territorial jurisdiction for the area in which the registered office of the company being acquired is located. Only persons who meet the conditions for appointment as a bankruptcy administrator under the law regulating compulsory settlement, bankruptcy and liquidation may be appointed as a special representative.
(3) The court shall appoint a special representative at the proposal of:
1. shareholders who meet the conditions under point 2 of the third paragraph of Article 605 of this Act, or
2. a creditor who under Article 592 of this Act has the right to demand protection and for whom the acquiring company has not provided it.
(4) The proposer must lodge an advance payment for the costs of the publication referred to in the sixth paragraph of this article and for the costs of procedures for pursuing claims for damages.
(5) In the resolution appointing a special representative the court shall also set a time limit within which the shareholders and creditors under Article 592 of this Act must register with the special representative. This time limit may not be less than 30 days from the publication of the notification of the appointment.
(6) The court shall publish the notification of the appointment of a special representative in the Official Gazette of the Republic of Slovenia. The notification shall contain:
1. the full name of the special representative and the address at which shareholders and creditors should register,
2. notice that the special representative has been appointed to pursue claims for damages under Article 525 of this Act,
3. an invitation to the shareholders and creditors under Article 592 of this Act to register with the special representative within the time limit set by the court in the resolution on the appointment of the special representative.
(7) The amounts received by the special representative on the basis of claims pursued for damages shall be used first to pay the expenses and remuneration of the special representative and then to repay the claims of the creditors under Article 592 of this Act for which the acquiring company has not provided appropriate protection. Any remainder shall be distributed to the shareholders. The provisions of Article 418 of this Act shall apply mutatis mutandis to the distribution to shareholders.
(8) The special representative shall have the right to reimbursement of expenses and to remuneration for his work. The regulations applying to the expenses and remuneration of a bankruptcy administrator shall apply mutatis mutandis to the expenses and remuneration of the special representative. The reimbursement of expenses and the remuneration shall be decided by the court which appointed the special representative. The expenses and remuneration of the special representative shall be paid from the amounts obtained by the representative through pursuing claims for damages. Depending on the circumstances of the case the court may decide that the expenses and remuneration of the special representative shall be paid by the shareholders and creditors on whose behalf the representative is pursuing the claims for damages.
Article 596

Time-barring of claims for damages against members of the management or supervisory body of the acquiring company

Claims for damages against members of the management or supervisory body of the acquiring company as a result of the acquisition shall be time-barred five years from the publication of the entry of the acquisition in the register.

Article 597

Nullity and contestability of the resolution by the general meeting of the company being acquired giving consent to the merger by acquisition

After the merger by acquisition has been entered in the register a suit to establish the nullity of or contest the resolution by the general meeting of the company being acquired giving consent to the merger by acquisition shall be lodged against the acquiring company.

Article 598

Convalidation of a resolution on consent to a merger by acquisition

After the merger by acquisition has been entered in the register any defects concerning the merger by acquisition shall not affect the legal consequences of the merger by acquisition under the third paragraph of Article 591 of this Act. A plaintiff who lodged a suit to establish as null or to contest the resolution giving consent to the merger by acquisition prior to the entry of the merger by acquisition in the register may change the suit without the consent of the defendant by demanding compensation for damage incurred as a result of the entry of the merger by acquisition in the register.

Article 599

Simplified merger by acquisition

(1) The consent of the general meeting of the acquiring company for the merger by acquisition shall not be required for the merger by acquisition contract to be valid:

1. when the acquiring company's participation in the capital of the company being acquired is at least nine-tenths; the own shares of the company being acquired and shares held by another person for the account of the company being acquired shall be subtracted from the calculation of the acquiring company's participation in the capital of the company being acquired; or

2. when the shares which the acquiring company must provide to shareholders in the company being acquired do not exceed one-tenth of the subscribed capital of the acquiring company; if the acquiring company has to increase the subscribed capital for the purpose of the merger by acquisition the basis for the calculation shall be the increased subscribed capital.

(2) If the management of the acquiring company in accordance with the first paragraph of this article does not demand that the general meeting of the acquiring company decide on consent for the merger by acquisition, the acquiring company must fulfil the obligations under the first and second paragraphs of Article 586 of this Act at least one month prior to the session of the general meeting of the company being acquired which is to decide on consent for the merger by acquisition.

(3) Notwithstanding the first paragraph of this article, the general meeting of the acquiring company must decide on consent for the merger by acquisition when shareholders of the acquiring company holding at least one-twentieth of the subscribed capital of the acquiring company demand within one month of the date of the session of the general meeting of the company being acquired which adopted the resolution giving

consent to the merger by acquisition the convening of the general meeting of the acquiring company to decide on consent for the merger by acquisition. The articles of association of the acquiring company may determine that shareholders having a smaller participation in the company's subscribed capital have the right to demand the convening of the general meeting in accordance with the preceding sentence. The notification referred to in the first paragraph of Article 586 of this Act must draw the shareholders' attention to this right.
(4) When the acquiring company holds all the shares of a company being acquired and this is the only company being acquired in the merger by acquisition, it shall not be necessary to observe the provisions of points 3 and 4 of the second paragraph of Article 581 and the first and second indents of point 2 of the second paragraph of Article 582 and Article 583 hereof.
(5) The provisions of Articles 582, 583 and the first and second paragraphs of Article 586 need not be observed in a merger by acquisition if all the shareholders of each of the companies participating in the merger by acquisition make a statement in the form of a notarial record that they are waiving the application of these rights. The shareholders may also give the waiver statement orally at the session of the general meeting which decides on consent for the merger by acquisition. In this case the statement shall be entered in the minutes of the general meeting.
Article 600
Offer of monetary compensation in a merger by acquisition contract
(1) When the shares of the company being acquired are freely transferable and the articles of association of the acquiring company make the transfer of the shares of the acquiring company conditional upon the permission of the company, each shareholder of the company being acquired who at the general meeting of the company being acquired made an objection for the record against the resolution giving consent to the merger by acquisition may require the acquiring company to take over the shares which must be provided to him for the purpose of the merger by acquisition against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder in the company being acquired who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.
(2) The acquiring company must offer monetary compensation in the merger by acquisition contract. The notification of the convening of the sessions of the general meeting of the companies participating in the merger by acquisition at which a decision is to be taken on consent for the merger by acquisition must state that the acquiring company has offered monetary compensation.
(3) Costs of the acquisition of shares under the first paragraph of this article shall be covered by the acquiring company.
Article 601
Amount of monetary compensation and review of appropriateness of the amount of monetary compensation
(1) The setting of the amount of the monetary compensation shall take appropriate account of the circumstances existing in the company being acquired at the time of the general meeting of the company being acquired which decides on consent for the merger

by acquisition. The provisions of the first paragraph of Article 612 of this Act shall apply mutatis mutandis to the charging of interest on the monetary compensation.
(2) The appropriateness of the amount of monetary compensation which the acquiring company offers in the merger by acquisition contract must be verified by a merger by acquisition auditor. The provisions of Article 583 of this Act shall apply mutatis mutandis to the review of the appropriateness of the amount of monetary compensation.
(3) Persons entitled to monetary compensation may waive the review of the appropriateness of the amount of monetary compensation or the report on the review of the appropriateness of the amount of monetary compensation. Such waiver statements must be given in the form of a notarial record.

Article 602

Acceptance of an offer of monetary compensation

An offer of monetary compensation shall be binding on the acquiring company for two months from the date of entry of the merger by acquisition in the register. In the event of a court test of the monetary compensation the offer of monetary compensation shall be binding on the acquiring company for two months from the announcement under Article 613 in connection with Article 613 of this Act.

Article 603

Court test of the amount of monetary compensation

Shareholders referred to in the first paragraph of Article 600 of this Act may demand a court test of the amount of monetary compensation. The provisions laid down in the second paragraph and third paragraphs of Article 605 and in Articles 606 to 615 of this Act, with the exception of the second sentence of the fourth paragraph of Article 607 and the second to sixth paragraphs of Article 612 of this Act, shall apply mutatis mutandis to a court test of the amount of monetary compensation.

Article 604

Exclusion of reasons to contest

The general meeting resolution of a company participating in the merger by acquisition giving consent to the merger by acquisition cannot be contested for the following reasons:
1. because the provision of shares in the acquiring company at the exchange ratio determined in the merger by acquisition contract or cash payments are not appropriate recompense for the shares in the company being acquired,
2. because the amount of the monetary compensation is not appropriate or no cash compensation was offered or it was not offered correctly,
3. because the substantiation or explanation of the exchange ratio and potential cash payments in the reports from Articles 582 to 584 hereof are not in accordance with this Act.

Article 605

Court test of the exchange ratio; entitled proposers

(1) If the provision of shares in the acquiring company at the exchange ratio determined in the merger by acquisition contract or cash payments determined in the merger by acquisition contract are not appropriate recompense for the shares in the company being acquired, each shareholder of a company which participated in the merger by acquisition may demand settlement in the form of an additional cash payment from the acquiring company (hereinafter referred to as “additional cash payment”).

(2) A shareholder shall exercise the right referred to in the first paragraph of this article by lodging a proposal for a court test of the exchange ratio.
(3) A proposal for a court test of the exchange ratio may be lodged by shareholders meeting the following conditions:
– they had shareholder status for the entire period from the date when the general meeting of the company in which they were shareholders adopted a resolution giving consent to the merger by acquisition until the date on which the proposal for a court test of the exchange ratio was lodged, and
– have not renounced the right to an additional cash payment in accordance with Article 606 of this Act; and
- whose total interest in any individual company which participated in the merger by acquisition accounts for at least one-hundredth of the subscribed capital of this company or that the value of their total lowest emission amount reaches at least 25,000 euros or they together hold all the shares meeting the conditions of the first an the second indent of this paragraph.

Article 606

Waiving the right to an additional cash payment

Shareholders may waive their right to an additional cash payment in a statement which must be drawn up in the form of a notarial record. The shareholders may also give the waiver statement orally at the session of the general meeting which decides on consent for the merger by acquisition. In this case the statement shall be entered in the minutes of the general meeting. A waiving of the right to an additional cash payment shall also have effect against subsequent acquirers of shares whose holders have waived the right to an additional cash payment.

Article 607

Procedure for a court test of the exchange ratio

(1) Unless otherwise provided in this Act, the court shall decide a proposal for a court test of the exchange ratio by applying the provisions of the law regulating the non-litigious civil procedure.
(2) In the procedure the court may also establish facts that the participants have not stated and introduce evidence not presented by the participants.
(3) A proposal for a court test of the exchange ratio may be lodged within a time limit of one month. The period for lodging a proposal shall commence on the date of publication of the entry of the merger by acquisition in the register. The court must publish notification of the lodging of a proposal for a court test of the exchange ratio in the Official Gazette of the Republic of Slovenia. Shareholders fulfilling the conditions laid down in point 1 of the third paragraph of Article 605 of this Act may lodge their proposal for a court test of the exchange ratio within a period of one month from the publication of the notification of the lodging of a proposal. It shall not be permitted to lodge a proposal for a court test of the exchange ratio after the expiry of this period. This provision must be specifically pointed out in the notification.
(4) The opposing party in the procedure for a court test of the exchange ratio shall be the acquiring company. In the procedure at the first instance the acquiring company may propose that the court allow it to provide additional shares instead of additional cash payments.
(5) An appeal against the ruling with which the court decided the proposal for a court

test of the exchange ratio may be lodged within one month of a copy of the court ruling being delivered. An appeal may be lodged only by the acquiring company, any of the proposers or any joint representative. If the court has permitted the acquiring company to provide additional shares instead of additional cash payments an appeal against the ruling with which the court decided the proposal for a court test of the exchange ratio may also be lodged by shareholders of the acquiring company whose rights are prejudiced as a result of the provision of additional shares. The time limit for responding to an appeal shall be one month.
(6) A review shall be permitted in the procedure for a court test of the exchange ratio.
Article 608
Joint representative
(1) In order to protect the rights of the shareholders of each of the companies participating in the merger by acquisition who have not lodged a proposal for a court test of the exchange ratio and who have not waived the right to an additional cash payment under Article 606 of this Act, the court shall appoint a joint representative for these shareholders ex officio.
(2) The joint representative shall have the status of a legal representative. In pursuing the interests of shareholders the joint representative must act with the care of a good manager, in particular when deciding on the concluding of a settlement, on the continuation of the procedure after the withdrawal of all proposals for a court test of the exchange ratio or on the pursuit of legal remedy. If damage is caused to the shareholders as a result of an incorrect decision made by the joint representative, he shall only be obliged to provide reimbursement for that damage if he caused it wilfully or through gross negligence.
(3) Only a lawyer, a notary or an auditor may be appointed as a joint representative. The appointed person may only decline the appointment where good reasons exist.
(4) The following persons may not be appointed as a joint representative:
1. a person who holds shares in the acquiring company that account for at least 5 per cent of its subscribed capital;
2. a member of the management or supervisory body or an employee of the acquiring company; or
3. a member of a management or supervisory body of a company with share capital or a member of a personal company which is a company or an associated company of the company participating in the merger by acquisition.
(5) It shall not be necessary to appoint a joint representative of shareholders of an individual company participating in the merger by acquisition if all the shareholders of this company who meet the conditions laid down in the first indent of point 1 of the third paragraph of Article 605 of this Act have waived the right to a joint representative in a statement for which the provisions of Article 606 hereof apply mutatis mutandis.
(6) The joint representative shall have the right to reimbursement of expenses and to remuneration for his work. The amount of the expenses and remuneration of the joint representative shall be determined by the court. The expenses and remuneration of the joint representative shall be treated as a cost of the procedure. At the request of the joint representative the court may order the acquiring company to make an advance payment to cover the expenses and remuneration of the joint representative.
(7) Following the withdrawal of all proposals for a court test of the exchange ratio the

joint representative must continue the procedure if in the judgement of a good manager a favourable result can reasonably expected from the procedure.

Article 609

Expert settlement board for review of the exchange ratio

(1) The court may obtain the opinion of an expert settlement board for review of the exchange ratio (hereinafter referred to as ‘‘expert settlement board’’) and must obtain such opinion if so required by any of the participants in the procedure. The settlement board must provide an expert opinion without unnecessary delay.

(2) The expert settlement board shall have three members, one of whom shall be the president. The members must meet the conditions laid down in the second indent of the second paragraph of Article 615 of this Act. If a company whose shares are traded on the organised market is participating in the merger by acquisition, the expert settlement board must be enlarged by a further two members appointed in accordance with the third paragraph of Article 615 hereof.

(3) The administrative matters for the expert settlement board shall be carried out by the court.

(4) Sessions of the expert settlement board shall be headed by the president. A session must be convened as soon as the court requires an expert opinion to be submitted.

(5) The expert settlement board shall have a quorum if all its members are present. In the case of a foreseen absence of one of the members, the president or his deputy must ensure that a replacement for the absent member is invited to the session. The expert settlement board shall adopt resolutions by a majority vote of all its members; a member may not abstain from voting.

(6) Before submitting its opinion the expert settlement board may invite external experts and commission the elaboration of expert opinions; the costs associated with this shall be treated as costs of the procedure.

(7) The expert settlement board shall have the right to require explanations from all the companies participating in the merger by acquisition. The managements of these companies must enable the expert settlement board to inspect the books of account and documents of the company. The obligation to provide explanations to the expert settlement board shall also apply in respect of the external experts referred to in the sixth paragraph of this article.

Article 610

Settlement before the expert settlement board

(1) The expert settlement board shall inform the participants in the procedure of the possibility of settlement and shall help them to reach a settlement. A settlement agreement reached by the participants before the expert settlement board shall be entered in the record. The settlement shall be concluded when all the members of the expert settlement board and the participants in the procedure or their representatives sign that record.

(2) The record of the concluded settlement shall be sent to the court, which shall confirm the concluded settlement provided the conditions laid down in the second and third sentences of the first paragraph of this article have been met. The confirmed settlement shall have the effect of a settlement in court. Participants in the procedure shall be issued on request an authenticated copy of the record in which the settlement is entered.

Article 611

Effects of final court rulings and settlements
(1) A final ruling with which the court decided a proposal for a court test of the exchange ratio, a final settlement in court and a finally confirmed settlement before the expert settlement board shall take effect against the acquiring company and all the shareholders of the companies which participated in the merger by acquisition.
(2) For each share the court ruling or settlement referred to in the first paragraph of this article must provide all shareholders with the same additional cash payment or the same number of additional shares. This shall also apply in the case where the shareholders or their joint representative have requested a lower additional cash payment.
(3) The previous paragraph of this article shall not apply to shareholders who in accordance with Article 606 of this Act have waived their right to an additional cash payment.
Article 612
Interest on additional cash payments, issuing of additional shares
(1) Additional cash payments decided in a final court ruling or settlement referred to in the first paragraph of Article 529f of this Act shall bear interest from the day the merger by acquisition is entered in the register at the interest rate which the commercial bank of the acquiring company pays on cash deposits fixed for a period equal to the period from the entry of the merger by acquisition in the register until the issuing of the court ruling or the concluding of the settlement.
(2) If the acquiring company has the right to provide additional shares instead of additional cash payments on the basis of a final court ruling or settlement referred to in the first paragraph of Article 529f of this Act, it may provide additional shares instead of additional cash payments provided the conditions laid down in the third to sixth paragraphs of this article have been met.
(3) The acquiring company must first use its own shares for the purpose of providing additional shares.
(4) If the acquiring company does not have its own shares or if its own shares are not sufficient to meet its obligations to provide additional shares, the acquiring company may issue new shares in a procedure to increase the subscribed capital provided these shares are intended exclusively for shareholders who have the right to additional shares. Contributions for additional shares shall not be paid in.
(5) An increase in the subscribed capital of the acquiring company for the purpose of providing additional shares under the fourth paragraph of this article shall be permitted only:
1. if in the last balance sheet or interim balance sheet compiled as at a date no more than eight months prior to the decision on the increase in the subscribed capital the total amount of other profit reserves and profit brought forward is at least equal to the total lowest issue value of the additional shares, or
2. if the total amount of the subscribed capital after the increase and of the reserves which the company is obliged to create and which may not be used for the purpose of increasing the subscribed capital is equal to or less than the total value of the company's assets reduced by its liabilities.
(6) The provisions laid down in first and second paragraphs of Article 588 of this Act shall apply mutatis mutandis to an increase in the subscribed capital for the purpose of issuing additional shares, and in the case referred to in point 2 of the fifth paragraph of

this article the provisions of the third and fourth paragraphs of Article 588 of this Act shall also apply.

Article 613

Publication of final court rulings and settlements

The management of the acquiring company must publish the operative part of the final court ruling or settlement referred to in the first paragraph of Article 611 of this Act in the Official Gazette of the Republic of Slovenia within 30 days of the date on which it is informed of the finality of the ruling or settlement.

Article 614

Costs of the procedure

(1) The costs of the procedure for a court test of the exchange ratio together with the costs of the joint representatives shall be covered in advance by the acquiring company. Upon a proposal from the acquiring company the court may order the proposers of the procedure to reimburse the acquiring company for all or part of the costs of the procedure if from the time of the lodging of the proposal or from a later date they should have known that costs were arising that were disproportionate to the rights whose exercise was being pursued in the procedure.

(2) Notwithstanding the first paragraph of this article, all participants in the procedure shall themselves meet the costs of their legal representatives in advance.

(3) The court shall order the acquiring company to reimburse the proposers for the costs of their legal representatives if the procedure for a court test of the exchange ratio finds substantial deviations from the exchange ratio or cash payments determined in the merger by acquisition contract.

(4) If the substantiation or explanation of the exchange ratio and the cash payments in the reports referred to in Articles 582 to 584 hereof was not in conformity with the provisions of this Act, the court shall order the acquiring company to reimburse the proposers for the costs of their legal representatives which arose up until the date before which the proposers could not have known that costs were arising that were disproportionate to the rights whose exercise was being pursued in the procedure.

Article 615

Appointment of members of the expert settlement board; protection of confidential data

(1) Only persons who meet the conditions laid down in the second paragraph of Article 255 of this Act may be appointed members of an expert settlement board.

(2) The ministers with responsibility for economy, justice and finance shall appoint:

- a chairman and at least one deputy, and

– two members and a sufficient number of deputy members, who may be auditors, tax consultants or experts in the fields of law and finance.

(3) Two members appointed for cases where a company whose shares are traded on the organised securities market is participating in the merger by acquisition shall be appointed by the ministers referred to in the previous paragraph at the proposal of the Securities Market Agency.

(4) Members of the expert settlement board shall be appointed for a term of five years with the possibility of unlimited reappointment.

(5) The ministers referred to in the previous article shall dismiss a member of the expert settlement board if such member no longer meets the conditions laid down hereby and appoint a new member.

(6) The provisions laid down in the law regulating the civil procedure concerning the exclusion of a judge shall apply mutatis mutandis to the exclusion of members of an expert settlement board. The members of an expert settlement board must protect as confidential all information they receive in carrying out their duties as a member of the expert settlement board and may only use such information for the purposes of carrying out their tasks. The members of the expert settlement board shall be independent in carrying out their duties.
(7) The ministers referred to in the second paragraph hereunder shall issue a regulation on the criteria for determining the remuneration of members of an expert settlement board.

Article 616

Merger by the formation of a new company

(1) The provisions laid down in this Act on merger by acquisition shall apply mutatis mutandis to the merger by the formation of a new company of public limited companies. The newly-formed company shall be considered the acquiring company.
(2) A decision may be taken to merge by the formation of a new company if each of the companies being merged has been entered in the register for at least two years.
(3) The articles of association of the newly-formed company and the appointment of the members of its supervisory board or board of directors must be confirmed by the general meetings of the merging companies.
(4) The provisions laid down in this Act on the formation of a public limited company shall apply mutatis mutandis to the formation of the new company.
(5) The managements of the merging companies must report the newly-formed company for entry in the register. Upon the registration of the newly-formed company, the assets of the merging companies shall transfer to the new company.
(6) The mutual rights and obligations deriving from contracts between the merging companies shall be set out separately.
(7) Upon the registration of the newly-formed company the merged companies shall cease to exist. It shall not be necessary to delete the merged companies from the register separately. Upon registration the shareholders in the merged companies shall become shareholders in the newly-formed company, but the newly-formed company may not become an owner of its own shares in this manner.
(8) The management of the newly-formed company must report the merger by the formation of a new company for entry in the register of all the merging companies. The merger by the formation of a new company may only be entered in the register once the new company has been entered.

Section 2

MERGER OF LIMITED PARTNERSHIPS WITH SHARE CAPITAL AND PUBLIC LIMITED COMPANIES

Article 617

Application of the provisions on the merger of public limited companies

(1) Limited partnerships with share capital may merge. Also, one or more limited partnerships with share capital may merge with a public limited company and one or more public limited companies may merge with a limited partnership with share capital.
(2) The provisions laid down in this Act on the merger of public limited companies shall apply mutatis mutandis to such a merger.

Section 3
MERGER OF LIMITED LIABILITY COMPANIES
Article 618
General; content of a merger contract
(1) Limited liability companies may participate in the merger of companies with share capital.
(2) The provisions laid down in this Act on the merger of public limited companies shall apply mutatis mutandis to a merger of companies with share capital involving the participation of limited liability companies unless otherwise provided in this subsection.
(3) If a limited liability company is participating in an merger by acquisition as the acquiring company the merger by acquisition contract must state the amount of subscribe contribution and the business share in the acquiring company received by each individual member or shareholder in the company being acquired in exchange for business shares or shares in the company being acquired.
(4) If a limited liability company as an acquiring company is to provide to the partners or shareholders of companies being acquired in exchange for business shares or shares in the company being acquired business shares conferring different rights or obligations than those deriving from the other business shares in the acquiring company, these different rights or obligations must be stated in the merger by acquisition contract.
(5) If a limited liability company as an acquiring company is to provide its own business shares to individual partners or shareholders of companies being acquired in exchange for business shares or shares in the company being acquired, the merger by acquisition contract must state the partners or shareholders to whom the company will provide its own business shares, and the amount of their subscribed contributions.
(6) When a public limited company is participating in a merger as a company being acquired and the acquiring company is or will be organised as a limited liability company, each shareholder in the public limited company being acquired who at the general meeting of the public limited company being acquired lodged an objection for the record against the resolution giving consent to the merger by acquisition may require the acquiring company to take over the business shares which the acquiring company is obliged to provide to him for the purpose of carrying out the merger by acquisition against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder in the public limited company being acquired who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published. The provisions laid down in the second and third paragraphs of Articles 600 and in Articles 606 to 608 of this Act shall apply mutatis mutandis to the monetary compensation referred to in this paragraph.
(7) When a limited liability company is participating in a merger as a company being acquired and the acquiring company is or will be organised as a public limited company the provisions laid down in the sixth paragraph of this article shall apply mutatis mutandis in respect of the rights of a member in the limited liability company being acquired.
Article 619
Preparing and holding the general meeting

(1) The provisions of the first, fourth and sixth paragraphs of Article 586 of this Act shall not apply to the preparation of the general meeting of a limited liability company participating in a merger.
(2) At least 14 days prior to the session of the general meeting of a limited liability company which is to decide on consent for the merger, all the documents referred to in the second paragraph of Article 586 of this Act must be sent to each of the members in this company together with the invitation to the general meeting.
(3) After the convening of the general meeting of a limited liability company the managers of the company must inform each of the members on request about matters concerning the other companies participating in the merger by acquisition if those matters are pertinent to the merger by acquisition. The provisions of the first and the third indents of the second paragraph of Article 305 of this Act shall apply mutatis mutandis to the obligation of the managers to provide explanations. The partners must be notified of this right in the notice to convene the general meeting.

Article 620

Consent of the general meeting to the merger

(1) The resolution of a general meeting of a limited liability company giving consent to a merger shall be valid if voted for by members having at least three-quarters of all the votes. The contract of members may also stipulate a larger majority and lay down other requirements. The resolution must be verified by a notary.
(2) If individual members in a limited liability company being acquired had rights under the contract of members in connection with the business conduct, the appointment of managers or the supervisory board or in connection with the transfer of business shares, and under the merger contract they will not be guaranteed equal rights on the basis of the articles of association or the contract of members of the acquiring company, the consent of these members shall also be required in order for the resolution of the general meeting giving consent to the merger to be valid.
(3) If the contract of members of a limited liability company participating as a company being acquired provides that the disposal of a business shares to persons who are not members requires the consent of a particular member, the consent of that particular member shall also be required in order for the resolution of the general meeting giving consent to the merger to be valid.
(4) If the contract of members of a limited liability company participating as a company being acquired provides that particular resolutions require a majority larger than threequarters
of all the votes in order to be valid, such a majority shall also be required in order for a resolution giving consent to the merger to be valid, unless the articles of association or the contract of members of the acquiring company guarantee equal protection of minority rights.
(5) If the basic contributions in an individual company participating in the merger have not been paid up in full, the resolutions of the general meetings of the other limited liability companies participating in the merger giving consent to the merger shall require the consent of all the members in these companies.
(6) A partner in a company being acquired may also give the consent referred to in the second to fifth paragraphs of this article outside the general meeting provided the statement is submitted to this company no later than three months after the adoption of

the resolution giving consent to the merger. The statement of consent referred to in the preceding sentence must be made in the form of a notarial record in which the merger contract shall be included.

Article 621

Review by the supervisory board, audit of a merger

(1) The members of a limited liability company participating in a merger may also waive the application of the provisions on a review of the merger by the supervisory board for which the provisions of the fifth paragraph of Article 599 of this Act apply mutatis mutandis.

(2) The provisions of Article 583 of this Act shall only be applied in respect of a limited liability company participating in a merger at the proposal of one of the members of this company.

(3) If the company does not act in accordance with the proposal of a member under the second paragraph of this article, the member must make a statement to this effect for the record at the session of the general meeting which decides on consent for the merger by acquisition. This statement shall be deemed an objection to the merger.

Article 622

Increase in the subscribed capital

If a limited liability company as an acquiring company increases the subscribed capital for the purpose of merger by acquisition, the provisions laid down in the third to fifth paragraphs of Article 517 and in Article 519 of this Act shall not apply to that increase.

Chapter 3

DIVISION

Section 1

GENERAL RULE

Article 623

Concept

(1) A company with share capital may undergo a division either by complete division or by partial division.

(2) A complete division shall be carried out with the simultaneous transfer of all the assets of the transferring company, which is thereby wound up without going into liquidation, to:

– new companies with share capital (hereinafter: new companies) formed as a result of the absolute division (division by formation of new companies), or

– acquiring companies with share capital (hereinafter: the acquiring companies) (complete division by acquisition).

(3) A partial division shall be carried out with the transfer of individual parts of the assets of the company, which is not thereby wound up, to:

– new companies formed as a result of the partial division (partial division by formation of new companies), or

– acquiring companies (partial division by acquisition).

(4) A division may also be carried out by simultaneous transfer of the parts of the assets of the transferring company to new companies and to acquiring companies.

(5) On the basis of the division the part of the assets of the transferring company determined in the draft terms of division and the rights and obligations of the transferring company in connection with these assets shall transfer to the new company or acquiring

company. The new company or acquiring company shall enter into all legal relationships in connection with these assets in which the transferring company was the subject as the universal legal successor.
(6) The members or shareholders of the company being acquired shall be provided with shares or business shares (hereinafter: shares) in the new company or acquiring company.
(7) If the ratio at which shares in the transferring company are exchanged for shares in each new or acquiring company is not equal to one or more shares in each new or acquiring company for one share in the company being acquired, the shareholders or members of the company being acquired who do not have a sufficient number of shares in the company being acquired to receive a whole number of shares in each new or acquiring company shall receive a cash payment either from the acquiring company or from another person. The sum of cash payments provided to them by an individual new company or acquiring company may not exceed one-tenth of the total lowest issue value of the shares or the amount of subscribe contributions which the new company or acquiring company provides to shareholders or members in the transferring company for the purpose of the division.

Section 2

DIVISION BY FORMATION OF NEW COMPANIES

Article 624

Draft terms of division

(1) The management of the transferring company must draw up draft terms of division.
(2) The draft terms of division must contain or state:
1. the registered name and the registered office of the transferring company;
2. the proposed articles of association of the new companies;
3. a statement on the transfer of parts of the assets of the transferring company to new companies with the legal consequences set out in the second, fifth, sixth and seventh paragraphs of Article 533a of this Act;
4. the ratio at which shares in the transferring company are exchanged for shares in an individual new company (exchange ratio);
5. in the case referred to in the seventh paragraph of Article 533a of this Act:
– the amount of a cash payment, which must be expressed as a monetary sum per whole share in the transferring company, and
– the registered name of the new company which will provide the cash payment or the registered name and registered office or full name of another person who will provide the cash payment;
6. when the transferring company is to reduce the subscribed capital in accordance with the second paragraph of Article 625 of this Act for the purpose of carrying out a partial division by formation of new companies, a precise description of the procedures related to the reduction in the amount of shares or the combining of shares in the transferring company:
7. a precise description of the procedures related to the provision of shares in new companies;
8. the date from when shares which will be provided by an individual new company will ensure the right to a part of the profit;
9. the date from when the actions of the transferring company are deemed to be carried out for the account of an individual new company (accounting date of the division);

10. – measures taken by the new company for the exercise of the rights of holders of special rights arising from the shares in transferring companies under mutatis mutandis application of the provisions of Article 593 hereof;
11. all the special advantages which will be provided to members of the managements or supervisory boards of the transferring company or new companies participating in the division or to the division auditors;
12. a precise description of the parts of the assets and liabilities being transferred to an individual new company and their allocation; reference to documents as stipulated under point 14 of this paragraph shall be permitted for this purpose if their content enables the assets being transferred to an individual new company to be determined;
13. a provision on the allocation of those parts of the assets which on the basis of the draft terms of division it would not be possible to allocate to any of the companies participating in the division;
14. the concluding report of the transferring company and the opening balance sheet of the new companies, and in the case of a partial division also the opening balance sheet of the transferring company showing the balance of assets and liabilities after the partial division;
15. in the case referred to in Article 633 hereof, the amount of monetary compensation offered by an individual new company or other person, except where all the members or shareholders of the transferring company have waived their right to monetary compensation.
(3) The statements under points 5 and 15 of the previous paragraph of this article or monetary compensation must be drawn up in the form of a notarial record.

Article 625

Preservation of capital, application of rules on formation, responsibility of bodies

(1) The sum total of the subscribed capital of the companies participating in the division must be at least equal after the division to the amount of the subscribed capital of the transferring company prior to the division. The sum of other capital items shown in the opening balance sheet of the companies participating in the division must be at least equal to the sum of these items shown in the concluding report of the transferring company.
(2) In the case of a partial division the transferring company may reduce its subscribed capital without applying the provisions laid down in this Act relating to a reduction in the subscribed capital. If, however, for the purpose of a partial division the transferring company reduces its subscribed capital in accordance with the provisions laid down in this Act relating to an ordinary reduction in the subscribed capital then the provision laid down in the first sentence of the first paragraph of this article shall not apply in respect of this method of reducing the subscribed capital.
(3) The provisions laid down in this Act on the formation of companies shall apply to the formation of new companies, with the exception of the provisions laid down in the second paragraph of Article 191 of this Act, unless otherwise provided in this section. The transferring company shall be deemed the founder.
(4) The formation of the new companies must be reviewed by one or more founding auditors. In the case of a partial division a founding auditor must also examine whether after the partial division the total asset value of the transferring company reduced by the liabilities is at least equal to the amount of the subscribed capital increased by the sum of

reserves which the company is obliged to create. The provisions laid down in this Act on the founding audit of a public limited company shall apply mutatis mutandis to this audit, but a founding report under Article 193 of this Act shall not be required.
(5) The members of the management and the supervisory board of the transferring company shall be jointly and severally liable for damage caused by the division to the companies participating in the division and to holders of shares in these companies. The provisions of the second paragraph of Article 255 of this Act shall apply *mutatis mutandis* in respect of the liability of the members of management or supervisory body. The provisions laid down in the third paragraph of Article 594 and in Article 595 of this Act shall apply mutatis mutandis to the pursuit of claims for damages.

Article 626

Division management report

(1) The management of the transferring company must draft a detailed written report on the division, applying the provisions of Article 582 hereof mutatis mutandis, and point out the findings of the report on the audit of the formation under the fourth paragraph of the previous article.
(2) The contents of the division plan shall contain the measures taken for the protection of the rights of creditors under the fifth paragraph of Article 636 of this Act.
(3) In the report on a division the management must state the registration bodies to which the reports of the founding auditors under the first paragraph of Article 635 of this Act will be submitted.
(4) In the report on the division the management shall not be required to disclose the information for the reasons referred to in the first and fifth indents of the second paragraph of Article 305 of this Act.
(5) The exchange ratio need not be explained if the holders of shares in the transferring company participate in the new companies with the same capital ratios as in the transferring company (division where capital ratios are preserved).
(6) A report on a division shall not be required if all the holders of shares in the transferring company submit a statement in the form of a notarial record declaring that they waive the application of the provisions of this Act relating to the management's report on a division. Shareholders may also make a waiver statement orally at the session of the general meeting of the transferring company which decides on the division. In this case the statement shall be included in the minutes of the general meeting.

Article 627

Audit of a division

(1) The draft terms of division must be reviewed by an auditor (division auditor).
(2) The provisions of the second, fourth and sixth to eighth paragraph of Article 583 of this Act shall apply mutatis mutandis to the audit of division.
(3) In a division where the capital ratios are not preserved the report on the audit of the division must contain an opinion from an auditor as to whether the provision of shares in the new companies at the exchange ratio proposed in the draft terms of division and any cash payments and compensation offered are appropriate recompense for shares in the new companies, with mutatis mutandis application of Points 1 to 3 of the fifth paragraph of Article 583 hereof.
(4) An audit of a division shall not be required if all the holders of shares in the transferring company submit a statement in the form of a notarial record declaring that

they waive the application of the provisions of this Act relating to an audit of a division. Shareholders may also make a waiver statement orally at the session of the general meeting of the transferring company which decides on the division. In this case the statement shall be included in the minutes of the general meeting.

Article 628

Review of a division by the supervisory board

The supervisory board must review the intended division by applying the provisions of Article 584 hereof mutatis mutandis.

Article 629

Preparing and holding the general meeting

(1) In preparing and holding the general meeting to decide on the division the provisions of the first to fifth paragraph of article 586 of the present law shall apply, as appropriate.

(2) If the transferring company is organised as a limited liability company the documents listed in the previous paragraph shall be sent to each of the members in this company together with the invitation to the general meeting at least fourteen days prior to the session of the company's general meeting which is to decide on the division.

(3) A copy of the draft terms of division shall be given to each creditor and to the workers' council, where one has been set up, free of charge on request by the following working day at the latest.

Article 630

Consent of the general meeting to a division

(1) Unless otherwise provided in this article, the provisions laid down in Article 585 of this Act shall apply mutatis mutandis to the general meeting's consent to division. The general meeting of a limited liability company as a transferring company must adopt a resolution on the consent to division, which must be certified by a Notary Public, with at least a three-quarter majority.

(2) If the division does not preserve capital ratios, the resolution giving consent to the division shall be valid if nine-tenths of the subscribed capital votes in favour of it. Where this majority has not been achieved at the general meeting the resolution shall only be valid if, within three months of the session of the general meeting, sufficient holders of shares who voted against the resolution or who did note participate in the vote send a declaration of consent to the division in order for that majority to be achieved. Declarations of consent must be drawn up in the form of a notarial record in which the draft terms of division are included.

Article 631

Exclusion of reasons to contest

(1) The provisions of Article 604 of this Act shall apply mutatis mutandis to the exclusion of the reasons for contesting the resolution by the general meeting of the transferring company on the division.

Article 632

Special requirements for consent of the general meeting to a division

(1) If individual holders of shares in the transferring company have rights under the articles of association or the contract of members in connection with the business conduct, the appointment of the management or the supervisory board or in connection with consent to the transfer of shares, and under the draft terms of division they will not be guaranteed equal rights in the new companies, the consent of these holders of shares

shall also be required in order for the resolution of the general meeting giving consent to the division to be valid.
(2) If the articles of association or the contract of members of the transferring company provide that particular resolutions of the general meeting require a majority larger than three-quarters of the subscribed capital represented in the voting or three-quarters of all votes in order to be valid, such a majority shall also be required in order for a general meeting resolution giving consent to the division to be valid, unless the articles of association of the new companies guarantee equal protection of minority rights.
(3) Holders of shares may also give the consent referred to in the first or second paragraph of this article outside the general meeting provided the declaration is submitted to the transferring company no later than three months after the adoption of the resolution giving consent to the division at the general meeting. The declaration of consent referred to in the preceding sentence must be given in the form of a notarial record in which the draft terms of division shall be included.

Article 633

Offer of monetary compensation

(1) In a division where the capital ratios are not preserved each holder of shares in the transferring company who at the general meeting of the transferring company lodged an objection for the record against the resolution giving consent to the division may require the new companies as joint and several debtors to take over the shares which the new companies are obliged to provide to him for the purpose of the division against payment of appropriate monetary compensation. A holder of shares who retains the same shares in the capital of the new companies as he had in the capital of the transferring company prior to the division shall not have the right to monetary compensation referred to in the preceding sentence.
(2) When shares in the transferring company are freely transferable and the articles of association or the contracts of members of individual new companies or all of the new companies make the transfer of shares conditional upon the permission of the new company or of individual holders of shares in the new company, each holder of shares in the transferring company who at the general meeting of the transferring company lodged an objection for the record against the resolution giving consent to the division may require each of these new companies to take over the shares which it is obliged to provide to him for the purpose of carrying out the division against payment of appropriate monetary compensation.
(3) When an individual new company has a different organisational form to the transferring company, each holder of shares in the transferring company who at the general meeting of the transferring company lodged an objection for the record against the resolution giving consent to the division may require that new company to take over the shares which it is obliged to provide to him for the purpose of the division against payment of appropriate monetary compensation.
(4) The right referred in the first, second or third paragraph of this article shall also be enjoyed by a holder of shares in the transferring company who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.
(5) Persons entitled to monetary compensation under the first, second or third paragraph

of this article must be given suitable protection for fulfilment of the obligation to pay monetary compensation.
(6) The provisions laid down in the second and third paragraphs of Article 600 and in Articles 601 to 603 of this Act shall apply mutatis mutandis to the right to monetary compensation under the first, second or third paragraph of this article.

Article 634

Application for the entry of a division

(1) The management of the transferring company and the managements of the new companies must simultaneously apply for the entry of the division and the entry of the new companies in the register.
(2) For the proposal of the entry of division, the provisions of the second paragraph of the Article 590 with the exception of Points 2 and 8 and third to fifth paragraph of Article 590 shall be applied *mutatis mutandis*. The application for entry of a division must be accompanied by:
1. the declarations of consent of the individual holders of shares, if required;
2. in the case of new companies the documents which need to be submitted when the formation of the company is entered in the register;
3. proof of the provision of protection under the fifth paragraph of Article 533j of this Act.

Article 635

Entry of a division; legal consequences of a division

(1) The registration body covering the area in which the registered office of the transferring company is located shall simultaneously enter the division and the formation of the new companies. If in the case of a partial division the transferring company reduced its subscribed capital, this reduction shall be entered in the register at the same time as the division and formation of the new companies are entered. In the case of the entry of new companies the entry in the register must state that the company was formed by means of a division and the registered name of the transferring company, and also the registration number under which the transferring company is entered in the registered. And for the transferring company in the case of a complete division the entry in the register shall state that the company was wound up for the purpose of the division, and in all cases of division the registered names of the new companies and the registration numbers under which they were entered in the register.
(2) The entry of a division in the register shall have the following legal consequences:
1. The assets of the transferring company together with the liabilities shall transfer to the new companies in accordance with the draft terms of division.
2. In the case of a complete division the transferring company shall cease to exist. In the case of a partial division the amendments to the articles of association of the transferring company envisaged in the draft terms of division shall enter into force. This must be specifically mentioned in the entry.
3. Holders of shares in the transferring company shall become holders of shares in the new companies in accordance with the draft terms of division. The rights of third persons to shares in the transferring company shall simultaneously transfer to shares in the new companies which are provided for the purpose of carrying out the division and to the rights to any cash payments.
(3) After the division has been entered in the register any defects in the division shall not

alter the legal consequences set out in the second paragraph of this article. A plaintiff who lodged a suit to establish as null or to contest the resolution giving consent to the division prior to the entry of the division in the register may change the suit without the consent of the defendant by demanding compensation for damage incurred as a result of the entry of the merger by acquisition in the register.
(4) Until a debtor of the transferring company has been informed as to which of the companies participating in the division the claim on that debtor has been allocated to, the claim may be fulfilled by any of them.
(5) Until a creditor of the transferring company has been informed as to which of the companies participating in the division his claim has been allocated to, he may demand fulfilment from any of them.
(6) The provisions laid down in Article 244 of this Act shall apply mutatis mutandis to the exchange of shares in the transferring company, and for the combining of shares the provision laid down in Article 376 of this Act; the permission of the court shall not be required.

Article 636

Protection of creditors and holders of special rights

(1) For all the liabilities of the companies arising up until the entry of the division in the register, in addition to the company to which a particular liability was allocated in the draft terms of division all the other companies participating in the division shall also be jointly and severally liable up to the value of the assets allocated to them in the draft terms of division reduced by the liabilities allocated to them in the draft terms of division. The preceding sentence shall not apply to liabilities for which protection under the second paragraph of this article has been provided.
The provisions of Articles 592 and 593 of this Act shall apply mutatis mutandis for the protection of creditors and holders of special rights, assuming that the division jeopardises fulfilment of the creditors' claims.

Article 637

Right to be informed

(1) Any person whose legal interests are affected by a division may demand from any of the companies which participated in the division an explanation as to the allocation of particular parts of the assets and liabilities.
(2) Decisions on the right set out in the first paragraph of this article shall be made by the court. The proposer must demonstrate the probability of his legal interest. The court may order the submission of the books of account and other documents and instruct the company to enable the proposer or an expert to inspect the books of account or other documents. The proposer and the expert referred to in the preceding sentence must protect all data concerning the company as confidential.

Section 3

DIVISION BY ACQUISITION

Article 638

Application of provisions

(1) The provisions laid down in Articles 624 to 637 of this Act shall apply mutatis mutandis to a division by acquisition, unless otherwise provided in this article. With respect to the application of the preceding sentence, the following shall apply:
1. The draft terms of division shall be replaced by a contract on division and acquisition,

which must be concluded in the form of a notarial record. The contract on division and acquisition shall be concluded by the managements of the transferring company and the acquiring company;
2. The new company shall be replaced by the acquiring transferring company;
3. If the transferring company reduces the subscribed capital in the case of a partial division by acquisition the provision of the first sentence of the second paragraph of Article 625 of this Act shall not apply;
4. The provision of Article 375 of this Act shall apply mutatis mutandis in the case of a complete division by acquisition.
(2) If the acquiring company increases its subscribed capital due to division, the provisions of Article 588 and the second paragraph of Article 591 of this Act shall apply mutatis mutandis. In this case the increase in the subscribed capital must be entered in the register at the same time as the entry of the division.
(3) The provisions laid down in this act on merger by acquisition shall also apply mutatis mutandis to the acquiring and transferring companies participating in a division.

Chapter 4
MERGER AND DIVISION OF PERSONAL COMPANIES

Article 639
Application of provisions to the merger and division of personal companies

The provisions laid down in this Act on mergers and divisions involving limited liability companies and the provisions relating to the merger or division of limited liability companies shall apply mutatis mutandis to mergers and divisions involving personal companies. A resolution on a merger or a division shall require the consent of the personally liable members in a personal company and the consent of the members in a company with share capital who after the merger or division will be liable for the obligations of the company with all their assets.

Chapter 5
TRANSFER OF ASSETS

Article 640
General

(1) A public limited company, a limited partnership with share capital or a limited liability company may transfer its assets as a whole to the Republic of Slovenia or to a self-governing local authority in the Republic of Slovenia.
(2) The provisions laid down in this Act on a company which is being taken over shall apply mutatis mutandis to a company which transfers its assets as per the preceding paragraph. Upon the entry of the transfer of assets in the register that company shall cease to exist. Its assets shall transfer to the recipient. Compensation for the transferred assets shall be allocated in proportion to the shares or interests.

Article 641
Validity of a contract

(1) A contract under which a company undertakes to transfer its assets in accordance with the preceding article shall be valid only on the basis of the consent of the general meeting of the company. In order for the resolution of the general meeting to be valid it shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The company’s articles of association or the contract of members may stipulate a larger majority.

(2) The provisions laid down in this Act on the merger of public limited companies shall apply mutatis mutandis in respect of notification of shareholders, the progress of the general meeting and the rights of shareholders.

Chapter 6
CHANGE OF ORGANISATIONAL FORM
Section 1
CONVERSION OF A PUBLIC LIMITED COMPANY INTO A LIMITED PARTNERSHIP WITH SHARE CAPITAL
Article 642
Terms and conditions

(1) A public limited company may be converted into a limited partnership with share capital.

(2) The conversion shall require a resolution to be passed by the general meeting and at least one general partner to join. In order for the resolution of the general meeting to be valid it shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The articles of association may stipulate a larger majority and lay down other requirements. The resolution shall state the registered name of the company and set out the changes which are necessary in order for the conversion. The joining of personally liable partners must be verified in the form of a notarial record.

(3) A balance sheet in which the assets items and the liabilities of the company are set out as at the values on the day the account is compiled shall be submitted to the general meeting at which a decision is taken on a reorganisation. The account shall be compiled as at the day on which the general partners begin to participate in the profit or loss of the company. If that day is after the resolution on the conversion the account shall be drawn up as at a day no earlier than six months prior to the resolution on the conversion.

(4) The founders shall be replaced by general partners.

Article 643
Notification of a conversion

(1) The personally liable partners shall be reported for entry in the register at the same time as the resolution on the conversion. The original documents or authenticated copies confirming their joining of the partnership shall be submitted together with the registration application.

(2) The provisions laid down in Point 1 of the second and third to fifth paragraph of Article 590 of this Act shall apply mutatis mutandis to the notification for the entry of the conversion in the register.

Article 644
Effect of registration

The limited partnership with share capital shall exist as from the entry of the conversion in the register. The general partners shall be liable without limitation to the creditors of the company also for the liabilities which originated before they joined.

Section 2
CONVERSION OF A LIMITED PARTNERSHIP WITH SHARE CAPITAL INTO A PUBLIC LIMITED COMPANY
Article 645
Terms and conditions

(1) A limited partnership with share capital may be converted into a public limited

company by resolution of the general meeting and with the consent of all the general partners.
(2) The resolution shall state the registered name of the company and the composition of the management , and set out any changes which are necessary in order for the conversion.
(3) The last annual report shall be submitted to the general meeting at which a decision is taken on a conversion. The provisions laid down in this Act on the bodies of a public limited company shall apply mutatis mutandis to the composition of the bodies of the public limited company.
Article 646
Notification of a conversion
The members of the management shall be reported for entry in the register at the same time as the resolution on the conversion. The provisions of Article 643 of this Act shall apply mutatis mutandis to the notification of a conversion.
Article 647
Effect of registration
The public limited company shall exist as from the entry of the conversion in the register. The general partners shall be excluded from the company but they shall continue to be liable for the liabilities that originated prior to the entry of the conversion in the register.
Section 3
CONVERSION OF A PUBLIC LIMITED COMPANY INTO A LIMITED LIABILITY COMPANY
Article 648
Terms and conditions
(1) A public limited company which has fewer than 50 shareholders may be converted into a limited liability company pursuant to a resolution passed by the general meeting, provided it fulfils all the conditions for the formation of a limited liability company.
(3) The resolution on the conversion must be adopted by a majority of at least ninetenths of the subscribed capital. When calculating the size of the capital majority, the company's own shares shall be subtracted from the capital. The articles of association of the public limited company may stipulate a larger majority of the capital and lay down other requirements.
(3) The announcement of the conversion as an item on the agenda shall only be correct if it is submitted together with a statement from the company offering for the record to acquire the business shares formed by the conversion, for appropriate compensation, of those shareholders who oppose the conversion.
(4) The resolution shall state the registered name of the company and set out the other characteristics that are necessary in order for the conversion.
(5) The amount of subscribed contributions may be set differently to the lowest issue value of the shares. If the nominal value of the business shares is different to the lowest issue value of shares this decision must be confirmed by each shareholder who is unable to participate with respect to the total lowest issue value of his shares. That consent must be confirmed in the form of a notarial record.
Article 649
Notification of a conversion
The managers shall be reported for entry in the register at the same time as the resolution

on the conversion. A list of the members, stating their names, surnames and addresses and their basic contributions, signed by the person submitting the notification, shall be submitted together with the notification for entry. The provisions of Article 643 of this Act shall apply mutatis mutandis to the notification of a conversion.

Article 650

Effect of registration

The limited liability company shall exist as from the date of entry in the register. Shares shall become business shares. The rights of third persons deriving from shares shall be exercised as rights deriving from a business share.

Article 651

Exclusion of reasons to contest; monetary compensation

(1) Each shareholder who registered an objection at the general meeting against the resolution on a conversion may require the company to take over his business shares against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(2) A general meeting resolution on a conversion may not be contested because the monetary compensation referred to in the first paragraph of this article which is offered by the company is inappropriate or because no monetary compensation was offered.

(3) The provisions of Article 603 hereunder shall apply as appropriate to the right to monetary compensation. If action has been lodged to contest the resolution on a conversion or to have it declared null the period for lodging an application to have appropriate monetary compensation determined shall begin to run on the day a court ruling refusing the claim becomes final or on the day the action is withdrawn.

Section 4

CONVERSION OF A LIMITED LIABILITY COMPANY INTO A PUBLIC LIMITED COMPANY

Article 652

Terms and conditions

(1) The provisions laid down in this Act on amendments to the contract of members of a limited liability company shall apply to the conversion of a limited liability company into a public limited company. If the withdrawal of business shares is dependent on the permission of the individual members, the resolution on the conversion shall require their consent in order for it to be valid. If in addition to paying their basic contributions the members also have other liabilities towards the company, the resolution on the conversion shall require the consent of these members in order for it to be valid.

(2) The resolution on the conversion shall state the registered name and other amendments to the contract of members which are necessary in order for the conversion. The members who voted in favour of the conversion shall be stated in the record by name.

Article 653

Founding audit and liability of the members

(1) The provisions laid down in this Act on the founding audit of a public limited company shall apply mutatis mutandis to the conversion. The members who voted in favour of the conversion shall be the founders.

(2) In the report it shall be necessary to describe the conversion procedure and set out the economic position of the limited liability company.

Article 654

Notification of a conversion

The members of the management shall be reported for entry in the register at the same time as the resolution on the conversion. A list of the names, surnames and addresses of the members of the supervisory board, the audit report of the members of the management and the supervisory board and the auditors' report shall also be submitted together with the notification. The provisions of Article 643 of this Act shall apply mutatis mutandis to the notification of a conversion.

Article 655

Effect of registration

The public limited company shall exist as from the entry of the conversion in the register. Business shares shall become shares. The rights of third persons deriving from a business shares shall be exercised as rights deriving from a share.

Article 656

Exclusion of reasons to contest; monetary compensation

(1) Each member who registered an objection at the general meeting against the resolution on a conversion may require the company to take over his shares against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(2) A general meeting resolution on a conversion may not be contested because the monetary compensation referred to in the first paragraph of this article which is offered by the company is inappropriate or because no monetary compensation was offered.

(3) The provisions of Article 603 hereunder shall apply as appropriate to the right to monetary compensation. If action has been lodged to contest the resolution on a conversion or to have it declared null the period for lodging an application to have appropriate monetary compensation determined shall begin to run on the day a court ruling refusing the claim becomes final or on the day the action is withdrawn.

Section 5

CONVERSION OF A LIMITED PARTNERSHIP WITH SHARE CAPITAL INTO A LIMITED LIABILITY COMPANY

Article 657

Terms and conditions

(1) A limited partnership with share capital may be converted by resolution of the general meeting and with the consent of all the general partners into a limited liability company.

(2) The balance sheet shall be submitted to the general meeting which is deciding on the conversion. If a balance sheet compiled on the day before the resolution on the conversion is required for purposes of settlement with the general partners, then that balance sheet shall be submitted, otherwise a balance sheet compiled as at a day no earlier than six months prior to the resolution on the conversion, and in accordance with principles envisaged for the settlement with the general partners.

(3) The provisions laid down in Articles 649 and 650 of this Act shall apply mutatis mutandis in respect of the notification of the conversion.

Section 6
CONVERSION OF A LIMITED LIABILITY COMPANY INTO LIMITED PARTNERSHIP WITH SHARE CAPITAL
Article 658
Terms and conditions
(1) The conversion of a limited liability company into a limited partnership with share capital shall require a resolution by the general meeting of members and at least one general partner to join. The joining must be confirmed in notarial form.
(2) An account in which the assets items and the liabilities of the company are set out as at the values on the day the account is compiled shall be submitted to the general meeting of members at which a decision is taken on a conversion. The account shall be compiled as at the day on which the general partners begin to participate in the profit or loss of the company. If that day is before the resolution on the conversion the account shall be drawn up as at a day no earlier than six months prior to the resolution on the conversion. The account shall be submitted as a supplement together with the records.
(3) The founders shall be replaced by the partners who voted in favour of the conversion and by the general partners.
Article 659
Notification of a conversion
The general partners shall be reported for entry in the register at the same time as the resolution on the conversion. The provisions of Article 643 of this Act shall apply mutatis mutandis to the notification of a conversion.
Article 660
Effect of registration
The limited partnership with share capital shall exist as from the entry of the conversion in the register. Business shares shall become shares. The rights of third persons deriving from a business shares shall be exercised as rights deriving from a share. The general partners shall be liable without limitation to the creditors of the company also for the liabilities which originated before they joined.
Article 661
Application of the regulations on a conversion into a public limited company
The provisions of this Act on the conversion of a limited liability company into a public limited company shall apply mutatis mutandis to a conversion into a limited partnership with share capital.
Section 7
OTHER CONVERSIONS
Article 662
Conversion of a cooperative into a company
(1) A cooperative may be converted into a public limited company if each member of the cooperative has a share of at least 1 euro.
(2) A conversion shall require a resolution by the general meeting of the cooperative. The management board or the director of the cooperative must deliver to all the members of the cooperative a written proposal for the conversion of the cooperative into a public limited company at the time the general meeting of the cooperative is convened.
(3) The provisions laid down in the second and third paragraphs of Article 648 of this Act shall apply mutatis mutandis with respect to the validity of a resolution by the

general meeting of a cooperative on a conversion into a public limited company.
(4) Before the conversion of a cooperative into a public limited company the cooperative must transfer the assets which, in accordance with the act regulating cooperatives may not be distributed among the members of the cooperative, to the cooperative association of which they are members.
(5) The provisions laid down in this Act on the conversion of a limited liability company into a public limited company shall apply mutatis mutandis to the notification of a conversion and the effect of registration.
(6) A cooperative may be converted into a company other than public limited company if this is stipulated by a specific law.

Article 663

Contents of a resolution on a conversion of a cooperative into a public limited company

(1) Prior to a decision being taken on a conversion of a cooperative into a public limited company, the auditors' reports, in which an assessment must be made of the consequences of the conversion for the interests of the shareholders and creditors, shall be read at the general meeting of the cooperative at which the decision is being taken.
(2) The resolution on the conversion shall determine:
– the registered name and registered office of the company;
- the amount of shares and the beneficiaries, and
- other details necessary for carrying out the conversion.
(3) The rules of the cooperative shall be amended so as to include all the elements prescribed for the articles of association of a public limited company.

Article 664

Conversion of a company into a cooperative

(1) A public limited company can be converted into a cooperative in accordance with mutatis mutandis application of the provisions of this Act on the conversion of a public limited company into other forms of companies, unless otherwise stipulated by a specific law
(2) Other companies may be converted into a cooperative if this is stipulated by a specific law.

Article 665

Conversion of companies with share capital into personal companies and reorganisation of personal companies into companies with share capital

(1) The provisions laid down in this Act on the conversion of a public limited company into another type of company shall apply to the conversion of companies with share capital into personal companies, whereby the resolution on the conversion shall require the consent of the member in the personal company who is liable for the obligations of the company with all his assets.
(2) The preceding paragraph of this article shall apply to the conversion of personal companies into companies with share capital. The personally liable members shall continue to be liable for the obligations of the company incurred prior to the entry of the conversion in the register. Where the company is wound up the provisions laid down in Articles 133 and 134 of this Act shall apply in respect of time-barring.

Article 666

Conversion of institutes into companies

The provisions laid down in this Act on the conversion of a public limited company into

another type of company shall apply to the conversion of institutes into companies, whereby the resolution on the conversion shall require in addition to a resolution from the competent body of the institute in accordance with the founding act or the articles of association also the consent of the founders whose founding shares amount to nine-tenths and of the members who will be liable for the obligations of the company with all his assets after the conversion. The provisions laid down in Article 651 of this Act shall apply mutatis mutandis to founders who did not vote for the resolution on the conversion.

Chapter 7

RESTRUCTURING OF AN ENTREPRENEUR

Section 1

GENERAL

Article 667

FORMS OF RESTRUCTURING OF AN ENTREPRENEUR

(1) An entrepreneur may change its status as follows:

- with the transfer of company to a new company with share capital which is founded for the purpose of the transfer of the entrepreneur's company, or

– with the transfer of company to an acquiring company with share capital.

With the transfer, the company and the rights and obligations of the entrepreneur in respect of the company shall be transferred to the company. The company shall enter into all legal relationships connected with the transferred company of the entrepreneur as its universal successor in title.

Section 2

TRANSFER OF COMPANY TO A NEW COMPANY WITH SHARE CAPITAL

Article 668

Terms and conditions

(1) The entrepreneur must adopt the resolution on the transfer of company in writing.

(2) The following must be stated in the resolution on the transfer:

– the registered name and registered office of the entrepreneur;

- the statement on the transfer of a company, and

- the value of the company (assets, rights and obligations related to the company) and a precise description of the company. Reference can be made to documents such as annual balance sheet, interim balance sheet or appropriate accounting statement if their contents can be used as the basis for determining the value of the company subject to transfer. The submitted documents as at the day of application of the transfer of the company in the register may not be older than three months.

(3) The resolution on the transfer must be accompanied by the articles of association of the company and a statement that the company has been founded by means of a transfer of an entrepreneur's company.

Article 669

Application of the rules on foundation

(1) The provisions laid down in this Act on the formation of companies shall apply to the formation of new companies, with the exception of the second paragraph of Article 191 of this Act.

(2) The formation of a company must be examined by a founding auditor. The provisions laid down in this Act on the founding audit of a public limited company shall apply mutatis mutandis to this founding audit, but a founding report under Article 193 of this

Act shall not be required. If the value of the transferred company does not exceed the value determined in the fourth paragraph f Article 476 hereof the founding audit shall not be require for a limited liability company.

Article 670

Application for the entry of a company transfer

(1) An entrepreneur must file an application to enter a company transfer with the registration body.

(2) Before filing an application to enter a company transfer in the register, the entrepreneur must publish the intended transfer. The provisions laid down in the second paragraph of Article 75 of this Act shall apply mutatis mutandis for such publication.

(3) The application for the entry of a company transfer must be accompanied by:

- the resolution on the transfer of a company, and
- the documents which need to be submitted when the formation of the company is entered in the register.

Article 671

Effect of the transfer of a company to a new company

(1) A registration body shall simultaneously enter the transfer of a company and the formation of a new company. When entering a new company in the register it must be noted that the company was founded by means of the transfer of an entrepreneur's company.

(2) With the entry of the transfer in the register, the entrepreneur shall stop performing the activity and the entrepreneur's company shall be transferred to the new company in accordance with the resolution on the transfer of the company, while the entrepreneur shall become a holder of shares of such new company.

(3) The registration body shall be obliged to inform AJPES of the registration of a company transfer so that AJPES can delete the entrepreneur from the Business Register of Slovenia.

Article 672

The entrepreneur's liability

If the company fails to meet all the obligations incurred by the entrepreneur in respect of the company before the entry of the company transfer in the register, the entrepreneur shall be liable for such obligations with all his assets. The provisions of Articles 133 and 134 shall apply *mutatis mutandis* for time-barring.

Section 3

TRANSFER OF COMPANY TO AN ACQUIRING COMPANY WITH SHARE CAPITAL

Article 673

Application of provisions

(1) The provisions laid down in Articles 668 to 672 of this Act shall apply mutatis mutandis to the transfer of a company to the acquiring company and:

- the resolution on the transfer of a company shall be replaced with the contract on the transfer of the company made between the entrepreneur and the management of the acquiring company in the form of a notarial record, and
- the new company shall be replaced by the acquiring company;

(2) If the acquiring company increases its subscribed capital due to the transfer of company, the provisions of Article 588 of this Act shall apply mutatis mutandis. In this

case the increase in the subscribed capital must be entered in the register at the same time as the entry of the transfer of company.
(3) The provisions laid down in this Act on merger by acquisition shall apply mutatis mutandis to the acquiring company.