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DZP's legal and tax alerts.

Company obligations regarding mandatory dematerialisation of shares

On 1 January 2020, a significant part of the provisions of the Act of 30 August 2019 amending the Code of Commercial Companies mainly concerning the introduction of mandatory dematerialisation of bearer and registered shares in joint-stock companies and limited joint-stock partnerships, which are not subject to mandatory dematerialisation within the meaning of the provisions of the Act on Public Offerings, the Act on Trading in Financial Instruments and related regulations, enters into force.

What will happen to shares in document form?

On 1 January 2021, all shares will by force of law cease to be valid and shareholders will be the persons listed in the shareholder register. After this date, shares will not take the form of a document confirming the shareholder's status, but only a document needed to update the shareholder register, though only until 1 January 2026. After this date, shareholders whose share documents have not been submitted to the company and are not included in the shareholder register will lose protection for their rights under the shares.

Information about shareholders and their shares will be included only in a shareholder register kept by a brokerage house authorised to keep securities accounts or a custodian bank or in a deposit kept by the National Securities Depository.

What obligations will be incumbent on companies in relation to the legislative amendments?

After the introduction of the mandatory dematerialisation of shares, management boards of companies whose shares are in document form will be obliged particularly to:

1. **have a website**, giving information about the company's general meetings – **from 1 January 2020.**
2. **request shareholders five times to submit documents of shares in the company;**

- (a) information on the request should be posted on the company's website in a place reserved for communicating with shareholders;
 - (b) the request should be made by the company in the same way as information on a general meeting being convened;
 - (c) the first request must be made by the company **by 30 June 2020 and the last by 31 October 2020;**
3. **convene a general meeting** at which a resolution will be adopted appointing an entity to keep the company's shareholder register – **before 30 June 2020;**
4. **conclude an agreement on keeping the shareholder register** with a brokerage house authorised to keep securities accounts, a custodian bank or the National Securities Depository before the first request to shareholders, **i.e. by 30 June 2020 at the latest.**

How can we help you?

We are at your disposal regarding the above issues, particularly as regards negotiating agreements on keeping the shareholder register and preparing all related corporate documents required.

Who will my adviser be?



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