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1. EXTRACT FROM THE SLOVENE LAW ON COMMERCIAL COMPANIES OF 27.5.1993

(Unofficial translation by Prof. Dr. Mirko Ilešič)

Chapter 8: ECONOMIC INTEREST GROUPING

Formation, Purpose and Activity

Article 496

- (1) An economic interest grouping may be formed by two or more legal or natural persons.
- (2) The purpose of an economic interest grouping shall be to facilitate and stimulate the profit-making activities of its members and to improve and promote the results of their activities, rather than to gain its own profit.
- (3) The activity of an economic interest grouping shall be linked to the economic activities of its members and may only be ancillary in relation to those activities.
- (4) An economic interest grouping may be joined by persons engaging a regulated profession.

Capital and Rights of the Members

Article 497

- (1) An economic interest grouping may be formed without founding capital.
- (2) The rights of the members of an economic interest grouping may not be expressed in securities; any provision to the contrary shall be null and void.

Legal Personality – Capacity to Assume Obligations

Article 498

- (1) An economic interest grouping is vested with legal personality from the day of its entry in the court register.
- (2) In addition to the tasks carried out for its members, an economic interest grouping may also perform in customary way any other commercial activity for its own account.

Liability of the Members

Article 499

- (1) The members shall be liable for the obligations of an economic interest grouping with all their assets. A member joining the economic interest grouping subsequently may in accordance with the contract be exempted from liability for such obligations which have been incurred prior to his accession, provided that such an exemption is made public. Unless otherwise agreed with a third contracting party, the members' liability shall be joint and several.
- (2) The creditors of an economic interest grouping may claim payment from its member only after having failed to satisfy their claims against the grouping itself.

Issuing of Bonds

Article 500

An economic interest grouping may issue securities under the conditions applying to commercial companies and provided that their membership is composed solely of companies which are authorised under the law to issue such securities and which meet the prescribed requirements for their issuance.

The Formation Contract

Article 501

(1) The contract for the formation shall determine the organisation of the economic interest grouping; the contract must be executed in the form of a notarial act and shall be made public.

(2) The contract shall provide mainly for:

- the name of the grouping,
- the names or business names of the members, their legal form, residence or business seat and information on their entry into the Court Register,
- the time for which the grouping is formed, except where it is formed for an indefinite period,
- the purpose and the activity of the grouping,
- the business seat of the grouping.

(3) Amendments to the formation contract shall be executed and published in the same form as the contract itself; such amendments shall have legal effect against third parties as of the day when they were made public.

Membership in the economic interest grouping

Article 502

(1) An economic interest grouping may accept new members under the conditions set down in the formation contract.

(2) Any member may withdraw from the grouping provided that he has settled his obligations. The formation contract may determine additional conditions for withdrawal.

The Assembly of Economic Interest Grouping

Article 503

(1) The assembly of the economic interest grouping adopts decisions in accordance with the formation contract, including those concerning the termination or prolongation of the grouping. The formation contract may

provide that all or certain decisions shall be adopted by a certain quorum or a certain majority; in the absence of such provisions, the decisions shall be adopted by unanimous vote of all members.

- (2) The formation contract may also provide that certain members have a higher number of votes than the others; in the absence of such provision, each member is entitled to one vote.
- (3) The assembly must be obligatorily convened if this is required by at least 25% of all members of the grouping.

Management of the grouping

Article 504

- (1) The economic interest grouping shall have its management, composed of one or more persons.
- (2) A legal person may be a member of the management, provided that it appoints a permanent representative with equal liabilities as if he was a member of the management on his own behalf.
- (3) Members of the management and permanent representatives of legal persons acting as members of management shall be individually or severally responsible to third parties for infringements of laws applicable to the grouping, of its statute and for errors in management. In the events where the consequences were caused with the involvement of several members of the management, the court shall determine their respective shares of liability.
- (4) The formation contract or a decision of the assembly shall determine the manner of management of the grouping, the manner in which the members of management are appointed and their respective rights and powers, as well as the conditions for their removal from office.
- (5) With regard to third parties, the economic interest grouping shall be bound by any act of any individual member of the management, falling within the scope of the activities of the grouping; any limitation of powers shall be without effect against third parties.

Control of business activities

Article 505

- (1) The control over the activities of the grouping that shall be entrusted to auditors, and the control of business records shall be carried out in a manner determined by the formation contract,
- (2) Where the economic interest grouping has issued bonds, the control must be carried out by one or more auditors to be appointed by the assembly; the powers and the mandate of the auditors shall be determined by a separate contract.
- (3) The control of business records of groupings employing more than 100 persons shall be carried out by auditors in the manner and under the conditions applying to companies.

Dealing with third parties

Article 506

All acts and documents of an economic interest grouping, intended for third parties, and in particular all letters, invoices, announcements and different notices and publications shall contain a clear indication of the business name of the grouping, followed by the addition »Economic interest grouping« or the abbreviation »EIG/GIZ«.

Transformation of companies into economic interest grouping or inverse

Article 507

- (1) Any legal person whose activities are compatible with the definition of the activity of an economic interest grouping may be transformed into such a grouping without the extinction of the existing and the creation of a new legal entity.
- (2) An economic interest grouping may be transformed into a company with unlimited liability without the extinction of the existing and the creation of a new legal entity.

Incapacity of a member

Article 508

The economic interest grouping shall be terminated in the case of incapacity or bankruptcy of one of the members or a legal prohibition to engage in business activities, unless the formation contract provides that the grouping shall survive in such a case or unless the assembly unanimously decides otherwise.

Termination and Winding Up

Article 509

(1) The economic interest grouping shall be terminated in the following cases:

- upon expiry of the period for which it was formed,
- upon attainment or extinction of the purpose for which it was formed,
- on the basis of a decision of its members,
- on the basis of a court decision.
- in the case of death, incapacity or a legal prohibition to engage in business activities of a natural person or in the case of termination of a legal person, unless otherwise provided in the formation contract.

(2) Upon the occurrence of one of the causes of termination set forth in the previous paragraph, the winding-up procedure shall be initiated.

(3) The provisions governing the winding up of a joint-stock company shall apply mutatis mutandis to the winding up of an economic interest grouping.

2. IMPLEMENTATION LAW FOR THE EGIZ (EEIG) IN SLOVENIA

(as part of the Company Law Amendments Act), as per 1.8.1999

(set up by Prof. Mirko Ilešič, translated by Tomaž Ilešič)

ARTICLE 84

The new articles 509a and 509b shall be inserted after article 509:

Article 509a

(1) The Republic of Slovenia provides for establishment of European Economic Interest Grouping (hereinafter: European Grouping) according to the provisions of EC Regulation No. 2137/85 of 25th June 1985 .

(2) For matters of European Groupings not expressly covered by the Regulation, provisions covering Economic Interest Grouping shall be applicable.

Article 509b

(1) European Groupings shall have legal personality upon entry in the Court Register of the Republic of Slovenia.

(2) A legal entity can be a manager of a European Grouping's board provided that a physical person as a permanent representative with the same liability is appointed as proxy.

(3) Membership in the European Grouping ceases automatically, shall the bankruptcy or liquidation procedure be initiated.

(4) All European Grouping's acts and documents, sent to third parties, shall bear the full specified name of the European Grouping followed by "European Economic Interest Grouping" or the abbreviation "EEIG".