

European Economic Interest Groupings in Slovakia

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European Economic Interest Grouping (hereinafter „EEIG“) entered into Slovak legal system jointly with the accession of Slovakia into the European Community from 1st May as a new form of legal entity. Here it is dealt with (i) **the process of establishment**, (ii) **Slovak implementation law** and (iii) **possibilities of its use in Slovakia**.

The process of establishment

At the beginning, it should be distinguished between an establishment of an EEIG and the constitution of an EEIG by the entry into the commercial register.

EEIG is established by signing of the contract for the formation by at least two legal entities, within the meaning of article 4 of Regulation from two different EU Member States. If the contract is concluded under Slovak law, the signatures must be authorised by the public notary (like e.g. in Austria, all members of an EEIG have to sign before the notary). These signatures can be authorised also by the Office of Municipality or by the District Office.

This contract for the formation **must include, at least:**

- The name of the EEIG preceded or followed either the words “European Economic Interest Grouping” or by the initials “EEIG”, unless those words or initials already form a part of the name. The business name of the EEIG cannot be same or interchangeable with a business name of other business company
- The official address of the grouping, with a seat in Slovakia
- The name, business name, legal form, permanent address or registered office, and the number and place of registration, if any, of each member of the EEIG (like in all other EU Member States)
- The duration of the EEIG, except for being indefinite
- Name, surname, date of birth and birth number (if available) of the first managers of the EEIG
- The manner of representation of the EEIG by the manager/managers

Until entry into the Commercial register, **only the activities leading to the registration are allowed**. It means that if the EEIG performs other type of activities, these activities are automatically void. After the registration, the members acting collectively should ratify all the activities carried out before by the authorised persons during period of three months. It means that all activities carried out before a registration of the EEIG must be approved by the EEIG itself, regardless of a type of activity (it must be stressed that these activities should be ratified by the EEIG through the members acting collectively as a supreme body of the EEIG). If these activities are not authorised by such a manner, they shall become void. The persons who acted in the name of EEIG shall be liable joint and several to fulfil the duties arising from such kind of activities.

After the conclusion of the contract for the formation, the manager or all managers shall submit an application to the Commercial Register, which is relevant for the seat of the EEIG. In Slovakia, they are seven commercial registers, administered by the district courts.

That application must be submitted on a special form. If the managers do not fulfil this obligation, the EEIG shall not be registered, i.e. it shall not become a legal person. The application must be signed by all the managers and authorised by the public notary. Under Slovak law, each business company (the EEIG is seen like a business company under Commercial Code) must be registered **within five workdays**, naturally only if all requirements are met.

If a commercial register refuses the registration, the manager/managers are entitled to submit a protest. A decision on this protest must be passed within five workdays.

A process of registration is **charged by approx. 250 EURO**. Judicial fees must be paid up jointly with the application. Naturally, it is possible to submit that application under proxy, a signature on the power of attorney must be also authorised by the public notary.

The manager of EEIG must be a natural person. A legal person cannot be a manager of EEIG, although it can be a member of EEIG. It must be also pointed out that the Trade Act stipulates requirements, which must be met by a manager. These requirements are:

- At least 18 years of age
- Capacity to contract
- Impunity

After the registration, the managers of the EEIG are obliged to submit to the Commercial register (Collection of the Documents)

- (i) All the amendments of the contract for forming the EEIG,
- (ii) The decision of the members of the EEIG appointing or withdrawing the managers
- (iii) Proposal of the transfer of the registered office within the EU
- (iv) Release of the member of the EEIG from the debts and other duties arisen from the membership,
- (v) Notice of the assignment of the membership in the EEIG and
- (vi) Other documents required to be submitted by the Regulation.

Slovak implementation law

The Slovak Implementation Law was passed on March 11, 2004 and it came into force with the accession of the Slovakia into European Communities. This Act was published in the Collection of Acts under number 177/2004.

As for the EEIG and the law applicable for business companies to be applied, it should be pointed out that this law is applicable especially for

- The establishment and the formation of the EEIG
- Representing the EEIG before its formation
- Restriction of competition (applicable for the managers of the EEIG)
- Nullity of the EEIG
- Liquidation of the EEIG and

- Winding up and termination of the EEIG

It must be stressed that the difference between the Regulation and the Commercial Code can be seen also in a length of the period of the limitation for the debts and the other liabilities of EEIG after the publication of the conclusion of the liquidation of the EEIG. Under the EU Regulation, this period is five years after, which can be longer if relevant national does not stipulate otherwise; this period of limitation could be only longer. A general period of limitation, under Commercial Code, is four years. Therefore, the entrepreneurs entering into relations with the EEIG are more protected by the

- (i) Joint and several liability of the members of the EEIG and
- (ii) Longer period of the limitation.

Possibilities of the use of EEIG in Slovakia

Business environment in Slovakia has only a short history, beginning in 1989. The use of possibilities given by the legal system should be seen within this context. The Civil Code, from the 1991, gives a possibility to form a similar legal entity, called "interest grouping of legal persons". Regardless, this legal possibility is almost without significance, as the entrepreneurs do not use it.

The enlargement of the European Community brings for the Slovak business environment more opportunities of expansion. Like in other "old" Member States, also in Slovakia, a forming of EEIG will be used mainly by SME's. However, the activity leading to the forming of the EEIG should come from the company from the "old" Member State, which has enough knowledge about a functioning of the EEIG.

The main risk may lay down in the several and joint liability of the members of the EEIG. This risk can bring some extent of distrust with this type of legal person. However, there is quite a good chance for the development of the EEIG in Slovakia. The reason can be seen in the necessity of foreign experiences on the market within the Community and the necessity of its use by the Slovak entrepreneurs, willing to enter into Community market as a whole.

Further information:

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Annex:

Slovak Implementation Law in English

*Available for downloading from the website of the European EEIG Information Centre
(www.libertas-institut.com, EWIV/EEIG/GEIE):*

The Slovak Implementation Law in Slovak language

Form of application for the registration into Commercial Register

Form of application for registration of changes to the Commercial Register