

## CHANGES IN CORPORATE LAW

In April 2015, the Law of Ukraine "On amendments to some legislative acts of Ukraine on protection of investors" was adopted. It comes into effect from May 1, 2016. The main purpose of this Law is to enhance investors' protection and create conditions under which joint stock companies will be more attractive for investment.

Although the Law makes a number of important changes directly to the Law of Ukraine "On Joint Stock Companies" and aims to establish more stringent requirements for corporate governance of joint stock companies, some of the innovations presented by the Law will have an impact on all companies, regardless of their form of existence.

Thus, the Law introduces the institute of "derivative complaint", which allows the owner of any company, who jointly owns 10 and more percent of the charter capital or ordinary shares, to claim for the benefit of the company against company officials for damages that were caused by their guilty acts or omissions. It should be noted that earlier the possibility of submitting such a claim had no basis in law, and therefore the introduction of institute of "derivative action" is intended to tighten the control over the company officials by its owners and increase the responsibility of company officials.

Other changes introduced by the Law concern exclusively joint stock companies and are as follows:

- public joint stock companies and joint stock companies, in the charter capital of which more than 50% of shares (parcels, stock) directly or indirectly belong to the state, have to include to the supervisory board at least two independent directors, i.e. persons who have no ties with the company management, its affiliates or shareholders that may affect their independence;
- there was established the minimum quantitative composition of supervisory board members in public companies;
- public joint stock companies and joint stock companies, in the charter capital of which more than 50% of shares (parcels, stock) directly or indirectly belong to the state, are obliged to create within the Supervisory Boards the Committees on audit, on the determination of remuneration to the company officials and on the appointment, the composition of such committees should be formed mainly of independent directors;
- the criteria and procedure for the approval of contracts for which there is interest were changed;
- the order for payment of dividends by joint-stock companies as through the accounts of the custodian or directly to bank accounts of shareholders was established;
- the procedure for determining the market value of equity securities that are traded on stock exchanges was improved;
- the list of ways to send messages to shareholders by joint stock companies was set;
- the procedure for converting the joint stock company into another entrepreneurial company was detailed.

At the end it should be noted that the provisions of the Law on the minimum quantitative composition of the supervisory board, the inclusion of independent directors into the supervisory

board and the establishment of mandatory committees comes into effect from May 1, 2016 for public joint stock companies whose shares are included in the stock register of one of the stock exchanges, and from January 1, 2018 – for all public joint stock companies, but the provisions of the Law do not apply in respect of private joint stock companies.

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According to the research, The Legal 500 EMEA 2016 rated high the work of Antika Law Firm in the fields of commercial, corporate law, M&A, energy and dispute resolution.

Alexander Burtovoy, ‘highly experienced in project finance and energy efficiency projects’, this year headed the “Leading lawyers” list in the Energy practice.

All partners of the firm have received individual recommendations in the said practices. Alexey Kot was marked in corporate and commercial law and M&A as ‘well known in Ukraine and abroad for his skills’. In addition, he ‘gives extremely good support’ to the clients in arbitration. Andrey Kuznetsov, to the client’s opinion, is ‘intelligent and responsive’ and was recommended by The Legal 500 EMEA 2016 in the practice of dispute resolution. Alexander Burtovoy was characterized as ‘highly responsive, and good at minimizing risks’ and mentioned in the practices of commercial, corporate and M&A.

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*More information can be found at:*

<http://www.legal500.com/c/ukraine/commercial-corporate-and-manda>

<http://www.legal500.com/c/ukraine/energy>

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This Legal Alert is intended as a general overview of latest changes in legislation of Ukraine and does not constitute a legal advice.

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