

## Law 4541/2018

# Law 4541/2018 brings changes to the legal framework of Limited Liability Companies.

By virtue of Law 4541/2018, which has recently passed by the Greek Parliament and was entered into force upon its publication in the Government Gazette on 31.05.2018 (Bulletin A ' 93), a number of significant changes are introduced in Law 3190/1955 on Limited Liability Companies ("L.L.C.").

A summary of the most important amendments that the new law brings into the legal regime of L.L.C. is set forth here below.

### *Trade name:*

The trade name of an L.L.C. may be formed henceforth not only by the names of the partners or the business activity but also by other verbal indications (imaginary trade name) and can be written partly or entirely with roman characters.

For its international transactions an L.L.C. may be attributed as "Limited Liability Company" or "Single Member Limited Liability Company" if it is a sole-partner entity; the respective abbreviations will be "L.L.C." or "LTD" and "Single Member L.L.C." or "Single Member LTD".

### *Capital:*

The amount of the capital is freely determined by the partners; the capital is formed either by cash or by contributions in kind that can be valued in cash.

The nominal value of each of the capital parts is at least one (1) euro henceforth (instead of 30 euros) while the nominal value is equal for all capital parts.

### *Incorporation and publicity formalities:*

Apart from being incorporated by way of execution of a notarial deed (public document) an L.L.C. may also be incorporated by way of execution of a private document (corporate agreement), provided that the content of the model Articles of Incorporation provided for by Law 4441/2016 and specifically determined by Decision No. 31637/2017

of the Minister of Finance and Development is adopted without any deviation.

It is now explicitly provided that an L.L.C. acquires legal personality solely upon its registration with the General Business Registry (G.B.R.), whereas the publicity regime applying to the L.L.C. is fully harmonized with the relevant provisions of Law 3419/2005 on G.B.R.

It is further explicitly stipulated that an L.L.C. is mandatorily established for a definite period of time; the duration of any L.L.C. which, prior to the entry into force of Law 4541/2018, has been set for an indefinite period of time shall expire on 31 December 2021, unless its partners decide to set a specific expiration date by amending the Articles of Association of the L.L.C. before said above deadline.

### *Partners' meetings:*

Apart from the registered offices of the L.L.C. the partners' meetings may be held wherever in Greece or abroad, provided that it is so stipulated in the Articles of Association or all partners agree each time to the place of their meeting. The partners' meetings may also be held by teleconference if so provided for in the Articles of Association or agreed by all partners, whereas any partner living abroad or having a sound reason (e.g. sickness, disability) for not attending in person a meeting is entitled to claim his participation in that meeting by teleconference as well.

The partners are invited by the Administrator of the L.L.C. to participate in any meeting (either annual/ordinary or extraordinary) by any appropriate means, the emails included.

The revival of an already dissolved L.L.C. is now added in the exclusive competence of the partners' meeting.

*Administrators:*

The administrator(s) of an L.L.C. may be revoked at any time following a partner's resolution adopted by an absolute majority of both the total number of partners and the total number of capital parts represented by them unless otherwise provided in the Articles of Association. If the administration has been appointed for a definite period of time the Articles of Association of the L.L.C. may provide for certain reasons of revocation of the administrator(s); if to the negative, the administrator(s) may claim an indemnity from the L.L.C. in case he/they is/are revoked without a sound reason.

In case of a two-member L.L.C., where one of the partners has been assigned as administrator and where these two partners do not agree on the revocation of the partner-administrator, such dispute may be brought to the court, which will decide upon such revocation only for a sound reason and without any prior resolution of the partners to be required.

The right to revoke the administrator(s) is now vested also with the minority of 1/10 of the partners representing 1/10 of the capital of the L.L.C. by filing a petition to the court, which will decide upon such revocation only for a sound reason. Said provision is introduced as a mandatory one, meaning that any contrary provision in the Articles of Association is null and void.

*Annual financial statements:*

New provisions are introduced for purposes of harmonization with the existing provisions of the domestic legislation (such as Law 4308/2014 on Greek Accounting Standards etc.) on the drafting, audit and publication of the financial statements of the L.L.C.

The possibility of creating additional reserves is now explicitly introduced, added to the existing obligation of forming an ordinary reserve; such possibility may

either be provided for in the Articles of Association or implemented following a partners' resolution adopted by an absolute majority of the total number of partners representing at least 65% of the capital of the L.L.C.

*Corporate books:*

It is now explicitly provided that the bookkeeping (in Greek language) may be done either electronically or manually by the administrator(s).

*Partner's exit:*

The principle of the partner's freedom to exit the L.L.C. is explicitly introduced, unless otherwise provided in the Articles of Association. Subject to any contrary statutory provision, each partner may leave at any time the L.L.C. following a declaration addressed to the administrator(s). The Articles of Association may also provide that the capital parts held by the leaving partner will be acquired by a person designated by the L.L.C. either in the value agreed between the L.L.C. and the leaving partner or in the actual value of said capital parts to be determined by the court (interim measures proceedings).

*Amendment of the Articles of Association:*

In order for the Articles of Association to be amended a partners' resolution is required, which is adopted henceforth by the absolute majority of the total number of partners representing at least 65% of the total capital of the L.L.C. (instead of a majority of 3/4 of the number of partners representing 3/4 of the company's capital parts, which applied so far).

In the cases of (i) revocation or withdrawal of the administrator(s), (ii) transfer of the capital parts, (iii) transfer of the capital parts *causa mortis* and (iv) exit or exclusion of a partner, the new (codified) text of the Articles of Association may be solely drafted by the administrator(s) and executed in the form of a notarial deed without any prior partners' resolution to be required. The amended Articles of Association are further subject to the publicity formalities (i.e. registration with the G.B.R.).

*Dissolution and liquidation:*

Unless otherwise provided by the Articles of Association, the dissolution of an L.L.C. is decided by a resolution of the partners' meeting adopted by a

majority of 2/3 of the total number of partners representing 2/3 of the total capital.

Within one (1) month from the dissolution of an L.L.C. its administrator(s) has/have to prepare the financial statements of the last accounting period, which are subject to the partners' approval and the publicity formalities (i.e. registration with the G.B.R.).

In the event that the liquidation stage exceeds three (3) years the liquidator(s) is/are obliged to convene a partners' meeting, to which he/they submit(s) a plan for the acceleration and conclusion of the liquidation. If said above plan is not approved by the absolute majority of the total number of partners representing at least 65% of the total capital of the L.L.C., the minority of the partners (1/10) representing also 1/10 of the company's capital parts are entitled to ask the court to do so.

*Revival:*

An L.L.C. may henceforth revive in the following cases:

- (i) if dissolved following expiration of its statutory duration;
- (ii) if dissolved following a partners' resolution; or
- (iii) if, following the entry into bankruptcy proceedings, a compromise has been reached as per the provisions of the Bankruptcy Code.

The revival is subject to the unanimous resolution of the partners' meeting while said resolution together with the new Articles of Association are further subject to the publicity formalities. However, a

partners' resolution for the revival of the L.L.C. cannot be adopted in case the distribution of the company's assets has already begun.

*Establishment of a branch or agency of a foreign L.L.C.:*

The establishment in Greece of a branch or agency of an L.L.C. registered in an EU Member State or an EEA country is simplified since it will now take place by registering only with the G.B.R. following submission by the interested foreign entity of a number of documents and data specified in the new law.

The establishment in Greece of a branch or agency of an L.L.C. registered in a foreign country (other than an EU Member State or an EEA country) is subject to the prior state approval (of the General Secretariat of Commerce and Consumer Protection of the Ministry of Finance and Development or of the competent Regional Authority, as the case may be) and registration of said approval with the G.B.R. following submission by the interested foreign entity of a number of documents and data specified in the new law. It is worth noting that such establishment is also subject to reciprocity.

*Other provisions for the L.L.C.:*

An explicit provision is introduced for the exclusive jurisdiction of the First Instance Court of the registered offices of the L.L.C. for any disputes raised by operation of the provisions of Law 3190/1955 on L.L.C. (as hereby amended).

Within a year as from the entry of the new law into force and subject to the issuance of a Presidential Decree there will be a codification of Law 3190/1955 on L.L.C.

## Contact

For any further comment or query, please contact the KG lawyer you are in contact with.



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