

# New variable capital company in Bulgaria

PETERKA PARTNERS

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Main parameters v.  
limited liability company and  
joint stock company

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**Limited Liability Company**

**Joint Stock Company**

**Variable Capital Company**

**Company size**

Can be any size

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- Personnel of less than 50 people; and
- Annual turnover does not exceed BGN 4 000 000 (approx. EUR 2 000 000) and/or asset value does not exceed BGN 4 000 000 (approx. EUR 2 000 000)

**Minimum registered capital**

BGN 2  
(approx. EUR 1)

BGN 50 000  
(approx. EUR 25 000)

No registration of capital, variable capital ascertained after the end of each financial year by a decision of the General Meeting



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**Shares value**

Minimum value of BGN 1 (approx. EUR 0.5)

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Minimum value of BGN 0.01 (approx. EUR 0.005)

**Privileged shares e.g., guaranteed dividend, higher voting rights in General Meeting etc.**

No such shares

Privileged shares may be issued if set out in AA

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### Limited Liability Company

### Joint Stock Company

### Variable Capital Company

### Transfer of shares and related

- Transfer of shares can be limited and subjected to certain rules but not prohibited
- Decision of General Meeting required for acceptance of a new member
- Notarized contract for transfer required
- Registration with company register

- Transfer of shares can be limited but not prohibited
- No decision of General Meeting or registration of the transfer with the company register needed
- No notarization of transfer required
- Entry in the Book of Shareholders required, not with company register

- Transfer of shares can be prohibited for a certain period, different limitations can be foreseen in the AA
- No decision of General Meeting needed unless otherwise provided in the AA; no registration of the transfer with the company register needed
- Notarized contract for transfer required, unless otherwise provided in the AA
- Entry in the Book of Shareholders required, not with company register



## Limited Liability Company

## Joint Stock Company

## Variable Capital Company

### Transfer of shares and related

- LLC cannot acquire own shares

- Shares cannot be subject to invalidation and company capital cannot be decreased on such ground

- No specific framework for acquisition of shares/options by employees

- JSC can acquire own shares in cases set out in the law, nominal value of own shares cannot exceed 10% of the capital (except where shares are acquired to decrease the capital); shareholder rights on such shares cannot be exercised by the company and must be transferred within 3 years

- Shares can be subject to invalidation

- No specific framework for acquisition of shares/options by employees, except for publicly listed companies

- VCC can acquire own shares up to 50% of the total nominal value of shares, cannot exercise shareholder rights on such shares

- Shares can be subject to invalidation but in more limited cases

- Specific framework for acquisition of share options by employees in place



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**Capital maintenance**

Managing director must convene General Meeting if losses exceed 1/4 of registered capital

Board of directors/management board must convene General Meeting if losses exceed 1/2 of registered capital

Not applicable due to the lack of registered capital

**Liability of the shareholders/members**

Limited to the value of the contribution in the company capital

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## Limited Liability Company

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## Governing Bodies

- General Meeting of Shareholders (Sole Shareholder) - resolves on strategic matters
- Managing Director - one or more individuals appointed by the General Meeting (Sole Shareholder) - in charge of day-to-day management and legal representation before 3<sup>d</sup> parties

- General Meeting of Shareholders (Sole Shareholder) - resolves on major corporate matters
- Board of Directors (one-tier system) and Management Board (two-tier system) – three to nine individuals or legal entities - resolve on strategic matters outside competence of General Meeting and deal with day-to-day business activities.
- Supervisory Board (two-tier system) - one or more individuals exercising control over activity of Management Board

- General Meeting of Shareholders (Sole Shareholder) - resolves on major corporate matters
- Managing Director/Management Board – individual/s and/or legal entity/ies - resolve on strategic matters outside competence of General Meeting and deal with day-to-day business activities