

PETERKA PARTNERS

THE CEE LAW FIRM

LEX COVID – PART II

New governmental proposals to mitigate certain impacts of Covid-19 related to legal persons

On March 31, 2020, the Czech Government adopted the Draft Act on Particular Measures to mitigate the Impact of the Coronavirus Pandemic on persons participating in court and other proceedings, injured persons, victims of crime and legal entities (the COVID Lexicon for Justice, Insolvency and Enforcement), known as Lex Covid.

Free movement restrictions arising from the extraordinary measures adopted by the Czech Government, the Ministry of Health and Regional Hygienic Authority with the aim of tackling the pandemic situation related to Covid-19 (“**measures**”) have had a significant impact on the meetings of legal entities’ bodies and their corporate processes, especially when these entities did not allow in their foundation deeds or articles of association for the “per-rollam” option or for the use of technical means for the decision-making of their bodies.

Therefore, the adopted changes namely focus on making corporate processes easier and consist of following:

- **The decision-making of bodies will be possible also by technical means or per-rollam, even though such option is not allowed for in an entity’s foundation deed or articles of association.** This option will also be possible for cooperatives whose general meetings are fulfilled by the meeting of delegates.
- **The term of office of elected members in entities’ bodies (“member”), whose offices terminated or terminate during the measures (even also in the situation if such office terminates before Lex Covid comes into force), shall be automatically extended or renewed for the period of 3 months following the date of the termination or cancellation of the measures.**
- **The option of “cooptation” of a member (i.e., election of missing members by members of the respective body themselves, if the total number of missing members is not below half of the total number of such members) will be allowed in all bodies, even if such an option is not allowed in an entity’s foundation deed or articles of association.**
- **The period for the summoning of a general meeting which approves an entity’s financial statement will be extended for 3 months after the termination of the measures, but until 31 December 2020 at the latest;** at this moment, a general meeting shall be held within 6 months following the end of the respective accounting period, i.e., usually on 30 June.

The rights and obligations set by the Draft shall apply only during the duration of the measures, which limit or make the meeting of the entity’s body impossible, but not later than 31 December 2020, unless it is set by the Draft expressly otherwise.

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This document reflects the status as of April 14, 2020.

Lex Covid is now being discussed and adopted by the Parliament of the Czech Republic, and some amendments may occur.

We are closely monitoring the situation and will keep you updated.

This document is for informational purposes only and may not be considered a legal opinion or advice on how to proceed in a particular case.