

RESUMÉ

The name of this diploma thesis is “Forced termination of minority shareholders in a joint-stock company”. This topic is rather broad and comprises a variety of different ways how to rid the company of one or more shareholders. It was my decision not to cover a number of legal concepts superficially and rather focus on one in more detail. This diploma thesis therefore aims attention at the legal regulation of squeeze-outs, embodied in § 183i to § 183n of the Commercial Code.

In 2005 a controversial law was enacted, that allowed the major shareholder (owning at least 90% of all the shares) to acquire all the rest of shares in the company from its current owners, irrespective of their will. Squeeze-outs are very common in developed countries and it would not be all that controversial had it not been for the exceptionally poor quality of the law. The regulation of squeeze-outs at the time of its enactment contained a number of ambiguities and generally provided weak protection to minority shareholders whose shares were to be acquired by the major shareholder. Since then the legal regulation has improved immensely and at this point it is safe to say that it is compatible with the Constitution and general requirements for protection of minority shareholders.

The purpose of this thesis is to inspect the current state of legislation and its problems. The thesis is divided into five main chapters (that consist of more subchapters). Chapter one deals with the basics – the definition of squeeze-outs, its economic purpose and compatibility with the constitutional law. Chapter two provides some salient terminology and then describes the process of decision-making in the general meeting. Chapter three is concerned with the compensation that minority shareholders receive for their shares and the way it is determined. Chapter four is the longest and the most important chapter. It explains how minority shareholders may sue the major shareholder for more compensation. The court proceedings are a vital

element of minority-shareholder protection and therefore special attention is paid to them. Finally Chapter five outlines the way the major shareholder obtains the ownership of the shares and how the compensation is paid to the minority shareholders.

All in all the institute of squeeze-out is very useful as it enables the company to run much smoother and therefore cut costs. When there is only one shareholder in the company, he can do all the decision-making without having to vote. On the other hand squeeze-outs have very serious implications for the minority shareholders as they are deprived of their property. For that reason it is crucial that they get a fair compensation. This thesis deals primarily with the safeguards that ensure that minority shareholders do receive a full compensation.