

EXPULSION OF SHAREHOLDER AND TERMINATION OF HIS PARTICIPATION IN THE LIMITED LIABILITY COMPANY

ABSTRACT

The purpose of my thesis is to analyze the legal regulation regarding exclusion of a shareholder and termination of his participation in a limited liability company in the Czech Republic. I have chosen this topic because of a lack of scholarly interest in this particular question of corporate law, even though it is a highly practical matter. The study analyzes law, commentaries, books, articles and relevant case law and compares the current legal regulation with the new legal regulation represented by the new Civil Code and the Act on Commercial Corporations. The main contribution of this paper is in providing a critical perspective on this new legal regulation and in identification of future eventual interpretative problems.

The thesis is composed of four chapters, each of which deals with different aspects of a view on problems of unilateral termination of a participation of shareholder in the limited liability company. Chapter One is introductory and explains the provisions of legal regulation of unilateral termination of participation of shareholder.

Chapter Two is subdivided into three main parts. Part One focuses on expulsion of shareholder by the general meeting of the company. Part Two is closely concentrated on a procedure of member expulsion, the so called “kaduční řízení“, and compares the current and new legal regulation. I consider this part of my thesis very interesting because it analyzes in detail the new legal regulation of this dilemma and investigates a lot of potential interpretative problems. Part Three concludes the issue of member expulsion with expulsion of shareholder by a court decision, accenting relevant case law.

Chapter Three mentions the situation of unilateral termination of participation of shareholder in the limited liability company based on his decision, without approval of the company or other shareholders. The chapter is based on case law and consists of two parts. Part One deals with termination of participation of shareholder in the company by a court decision. Part Two concentrates on problems resulting from the inheritance of share.

Chapter Four is, above all, a reflection of the new institute of abandonment right of the shareholder grounded in the Act on Commercial Corporations and documents related to the abandonment right (with a passage devote to abandonment right in the Act on Transformation of Corporations).

Conclusions are drawn in the Closing Chapter and it is suggested to be careful while using and commenting the new legal regulation.