

Summary

The purpose of regulation of financial assistance to limited liability companies

Purpose of this thesis is to show that the regulation of the financial assistance for acquisition of own shares in case of limited liability company (in Czech: “společnost s ručením omezeným”) does not make sense anymore. As it fails to fulfil its original purpose, and, moreover, it repeatedly causes significant problems to transactions that would bring an economical advantage if it was not for the financial assistance regulation.

Aim of chapter one is to summarize the history and the development of the financial assistance regulation in the Czech Republic as well as in other jurisdictions. Some issues which are typically linked to the financial assistance regulation are shown by the comparison especially with the jurisdiction of the United Kingdom. Significant trends in the financial assistance regulation are also described in chapter one.

Chapter two concerns the current financial assistance regulation in the Czech Republic. Author deals with provision of financial assistance by the limited liability company under act on business corporations. There is also analysis of conditions for lawful provision of the financial assistance – the whitewash procedure. The end of this chapter is focused on unlawful provision of financial assistance and its consequences.

Third chapter is dedicated to provision of financial assistance by a joint-stock company (in Czech: akciová společnost) and its comparison with regulation concerning the limited liability company. It is also described here that there is a difference between public and private company which Czech law does not recognize, but this division is vital for the purposes of financial assistance regulation.

The fourth chapter is dedicated to various transactions whose purpose is to avoid the strict regulation of financial assistance. Aim of this chapter is to point out that the regulation of the financial assistance might be to some extent pointless. By pointless the author means that it is far from impossible to avoid the financial assistance regulation although it comes with a price. This fact causes serious issues for honest transaction with limited budget, while in the same

time fails to lie serious obstacles to bad faith transactions with very little concern to the regulation.

In chapter five the author deals with legal instruments that provide similar level of protection to company's shareholders and creditors as the regulation of financial assistance. Moreover, there are described alternative approaches to the capital, creditor and shareholder protection to the way of financial assistance regulation.

Klíčová slova v angličtině: financial assistance – merger buyout – acquisition

