

## NEWSLETTER NO 27. Of the Association of Corporate Lawyers

For all those who has forgotten or has not know, the web site of the Association is  
[www.udruga-korporativnih-pravnika.hr](http://www.udruga-korporativnih-pravnika.hr)

### WHAT WAS HAPPENING DURING APRIL

- 1. We are introducing you our colleagues lawyers, members of our Association**
- 2. Seminar on Amendments of the Trading Companies Law was held**
- 3. Young Corporate Lawyers Project**



#### **1. We have visited PBZ Card Ltd.**

Today the Association of Corporate Lawyers counts almost 200 members who are, as prominent legal experts, employed by some 80 significant trade entities of the Republic of Croatia. One of the important goals of our Association is also networking in the sense of exchange of information, cooperation and usage of best practices. To know each other as well as possible, in every newsletter we are going to present a corporation, its legal services and members of the Association employed by that entity.

The first one has been PBZ CARD Ltd. and our members Bojana Štetić and Mario Madjerić.

We have visited colleagues and had a chat in their working environment. We are content to conclude that our members Bojana Štetić and Mario Madjerić hold high and successful professional positions in their company, PBZ Card Ltd. That should be the goal of not only Association members, but also of all corporate lawyers. You can estimate our conclusions alone when you finish reading the interview we present you in the continuance.



#### *1. Could you please present us your company, PBZ Card for the beginning?*

PBZ Card is a member of PBZ Group comprising Privredna banka Zagreb Inc. and its subsidiaries - PBZ Real Estates, PBZ Leasing, PBZ Invest, PBZ Building Society, Međimurska banka Inc. We are the largest subsidiary of Privredna banka Zagreb Inc. PBZ Card is a leader in card business in the Republic of Croatia. Its business operations are based on cooperation with leading world card organisations – American Express, MasterCard and Visa.

The card portfolio of PBZ CARD is made of 2 million cards. 254 employees take care about them every day. PBZ CARD has developed its leading position uniting the rich tradition of

mentioned word recognised brands and contemporary technology, cherishing individual approach to each and every client, business partner and employee.

In 1972, first American Express Cards started to be issued on the Croatian market, while the implementation of the contemporary technology is best illustrated by implementation of chips on the complete card portfolio. That is the fact that makes PBZ CART the first card company in Croatia.

*2. Could you please describe us the structure of your legal services and give us the number of the people they employ? How could you describe the status of lawyers within your company?*

Mario: PBZ Card employs two lawyers at the moment: Bojana and me. Bojana was employed earlier and has used her attitudes and worked persistently resulting in her present position and in a strengthened role of the lawyer in general.

Bojana: The position of any lawyer in the company depends on several factors – in addition to the competency, his/her personality is also important, then the receiver of legal opinion – the maker of a business decision that is based on that legal opinion and the important thing is the “occurrence“ of a business event that will prove the need for a layer and strengthen in such a way his/her importance regarding prevention of business risks.

The president of our Managing Board is aware of the importance of business risk prevention and therefore when he makes business decisions he always seeks for and takes into consideration legal opinion. We work as a team and that is an important precondition for a high quality legal opinion and consequently a high quality business decision.

If we can say it in a few words, when we talk about the importance of corporate lawyers - the inflation of new acts and laws has brought corporate lawyers into “style“.

Mario: Any lawyer's importance grows up when the company faces problems. By that moment a corporate lawyer can be an invisible element of a good business decision. I would like to say that sales are, for example measurable, but which is the way for measuring the operational risk that you have prevented with a good legal advice?

Bojana: We can say that our position inside the company is a good one and that it has been continuously strengthening. We have earned the confidence of the key management, and the obtained importance is also reflected in the fact that the position of the sector executive director has been conferred to a lawyer as well. A continuous raising of the awareness of the importance of legal services in the company, the inflation of acts and laws, inquiries of users and sale points, every day more complex contractual relationships – all that contributes to further strengthening and appreciation of the role of the corporate lawyer in business operations of our company.

*3. What has you made select working in a company and what has you kept there for so long?*

Bojana: When I finished my preparatory working term at the Commercial Court I was thinking about the path to follow. Although I get a job as a counsellor at the County Court, I decided to take a job of a corporate lawyer and became an employee of PBZ Card. The reason for such a choice was in the first line the offered financial conditions. In PBZ Card I started as an employee in the claim services, and after I worked for two weeks there I wanted to quit with the explanation that they need an economist, and not a lawyer. At that

moment all legal affairs of the company were transferred exclusively to an outside attorney-at-law and the legal services did not exist at all. It seemed very illogical and intolerable to me, that such a company did not have legal services. Things were changing with time. When card business was integrated and MasterCard and Visa card business were transferred from Privredna banka Zagreb Inc. into PBZ Card in 2006, a new organisation chart was also made foreseeing a position of the head of legal affairs and I started to perform legal counselling for the company as a corporate lawyer.

Mario: I came to PBZ Card in 2008. By that moment I was the head of the legal department in the company DIV Ltd., Samobor (the manufacturer of screware). Such a position in a private company helped me to develop the attitude that the lawyer should not only say whether a decision and/or any activity is legal or not, but also should help in finding solutions for various business problems within the frames of legal regulations. What I would like to say is that sometimes our colleagues read the law strictly and perform their job in the easiest way possible and make a distance from their personal responsibility at the same time. They are afraid to interpret laws to avoid any mistake. I consider that the lawyer is the person who should offer solutions and not only to say "no way".



#### *4. Which legal services your department is performing?*

Bojana: There are so many various and interesting things. What I would like to point out is that the first job is the legal prevention. I, personally, prefer preparation of legal opinion since that job requires awareness and cross-referencing of rules and regulations, analytic approach, your personal logic and ability to connect are important, your acquaintance with business processes, financial background. Legal opinion is an integral part of almost every business decision.

Mario: Since 2007, when Jumbo, a travel agency was bought, the need for legal support has been strengthening for that part of business operation as well. Tourism is a very challenging industry branch with a lot of rules and regulations: ship owners, aircraft, a lot of strangers with whom you are contracting a range of services from lodging on, since Jumbo Travel Services works partially as an agency, and partially as a travel organiser. In card business operation, there are a significant quantity of "refined" criminal – the most frequent is card criminal with international elements with the purpose of obtaining of illegal material benefits. Regarding legal suits we do not have a lot of them, if we exclude claims for collecting card debts.

#### *5. How do you keep in pace with amendments and modifications in the legislation?*

Bojana: We try to, but, unfortunately, we have been facing the hyper inflation of acts and laws, and in the first line badly translated laws. On the other hand, when we try to know experiences of our foreign colleagues from implementation of those new acts and laws, it is

not rare to know that such a law has not been adopted in other EU member states at all. Such an answer we obtained last week in the Ministry of Finance at the meeting with the topic of the Law on Consumer Crediting. Analysing the stated law with the aim of its implementation we are facing a range of illogical facts – I will give you just an example – the law requires silence when the fill-in form is being filled, the form that comprise eight pages in the moment when the tendency of introduction of the electronic signature is tending upwards. In every case, laws pop up every day only to comply with the required standard for accession to the European Union, without any previous analysis on the effect of such laws on business operation of Croatian companies.

Mario: The Managing Board supports education and training. Unfortunately, we are rarely able to take part in training and seminars due to lack of time.

#### *6. How do you see yourself in the near future?*

Bojana: Earlier or later every person comes to a crossroads and asks himself/herself which way to go. But in economy it is never boring, but many things depend on the offer as well. Trade always offers various business events, “political“ communication is being developed (when , to whom and what to say, when to keep silent), recognition of human reactions (psychology), various and complex business events in trade spur you to study various laws and acts. It is about diversity of activities and every business event teaches you something (ship owners, licences, personal data, card criminal, banking and card business operation within the frames of the existing and the new laws). Working in PBZ Card is undoubtedly a huge experience: it integrates some 500.000 users and 100.000 sales points.

Mario: Each legal branch integrates its advantages and disadvantages. Taking into consideration the number of attorneys-at law, you have to have good personal connections and it is not easy to survive. Courts offer a comfortable life regarding working time, but financial benefits are worst than in trade and the question is when and whether you are going to be a judge. The economy requires a larger ability of adjustment, in the first line if you are working in a larger company. But, at the other hand it also offers variety, dynamism and economic stability.

## **2. Seminar Amendments of the Trading Company Law held by the academy member, Mr. Jakša Barbić and Ms. Željka Bregeš**

An academy member, Mr. Jakša Barbić and Ms. Željka Bregeš, the head of the Court Register of the Commercial Court of Zagreb, eminent experts in the field of commercial law, held the seminar bound to amendments of the Trading Companies Law (Official Gazette of the Republic of Croatia NN – 137/09).



Due to the full time schedule of the lecturers the seminar was held in two parts. The first part of the seminar was held by the academy member, Mr. Jakša Barbić on 8<sup>th</sup> April 2010. He briefly acquainted the present with reasons for Amendments of the Law on Trading Companies adopted in 2009. The reasons can be generally summarised as harmonisation of the Croatian Company Law with the secondary sources of the European Company Law, unification of Decisions on Registration of Companies into the Court Register, arranging of some issues out of court proceedings that are hold in matters governed by the Law on Trading Companies, as well as noticing and availability of data for shareholders and members of companies and editing improvements and adjustment of the terminology. One of the largest novelties is the possibility of participation of shareholders at general meeting in electronic ways. For such a type of electronic communication, participants have to fulfil conditions prescribed by the Law on Trading Companies and technical preconditions.

Further on, regarding terms of convening of general meetings, differentiation of companies whose shares are registered on the arranged market due to trading has been introduced. The Company having the shares registered in the arranged market do to trading is obligatory to make all the measures to make all the prescribed documents available at its web sites immediately after convening of a general meeting. In case a shareholder uses his/her right over an attorney and when he/she authorises several persons, the company can reject to accept one or more powers of attorney given in such a way. In such a way situations of uncertainty that can occur will be avoided. Now every company can provide for a simpler and safer representation of its shareholders by its free choice. The aim of such a provision on the form of powers of attorney is to make the process of submission of the power of attorney simpler and less complex.

To prevent prolongation and misuse of general meeting challenging procedures, amendments prescribe the right of the suited company to exercise the right of insight into the raised suit prior to the moment it is submitted to it and to require the Court to give it its copy immediately after the expiry of the term by the end of which a suit can be raised challenging the general meeting.

Another EU Directive on the capital enables establishment of a corporation by investing or acquiring of things and rights without auditing of the establishment, but only in two prescribed cases; that directive is implemented by the amendments.

The Academy Member drew the attention to the fact that these amendments had introduced harmonisation with provisions of the Bankruptcy Law, Law on Market of the Capital and the Labour Act. Regarding reporting of companies and informing of shareholders, significant modifications were made, since the law prescribed cases now when there were no obligations of reporting on web sites of the company, while informing of the Supervisory Board of the company on the conditions of the company was intensified.

Regarding limited liability companies the term of basic deposit was quitted, and the obligation of the public notary was introduced for making of a list of company members and its submission to the registration court and the company itself.

The second part of the seminar was held on 21<sup>st</sup> April, 2010 and the lecturer guest was Ms. Željka Bregeš, the head of the Court Register of the Commercial Court of Zagreb who presented a short review of amendments of the Law on Trading Companies to the present per chapters, taking especially into account amendments applying to branch offices, public trading companies, share companies, limited liability companies, merger of companies and foreign trading companies – branch offices.

(The presentation was published at the Association web site: <http://www.udruga-korporativnih-pravnika.hr/dogadanja.htm>).



Amendments regarding share companies refer to entering of things and rights, exercising of own shares, supervisory board, general meeting, increase of share capital, effects of challenging, entering into the Court Register, decisions for which annulment has been required by a legal suit. It should be noted regarding amendments referring to entering of things and rights, that the application shall comprise a note that the company is being incorporated by investment of things and rights without auditing the incorporation, a description of things and rights that have been invested, the value of things and rights, a statement of the applicant that the value of things, i.e. rights that are being invested corresponds to the lowest amount for which shares are being emitted, the person of the assessor, the method of assessment that has been applied and a statement of the applicant that it has not been acquainted with any extraordinary circumstances that could affect the amount of weighted average value of securities, i.e. the value of things and rights prior to their investment into the company. Every such application shall be accompanied by corresponding documents. Regarding acquisition of own shares, a difference shall be made between two types of acquisition with or without authorisation of the general meeting. Regarding modifications referring to the supervisory board, Ms. Bregeš has especially emphasised that when a resignation of a supervisory board member is being withdrawn, elected and appointed members shall be differentiated. Elected members can withdraw their resignations with the approval of the general meeting, while appointed members with the approval of the person or the entity who appointed them. Regarding extension of the competence of the general meeting, it should be noticed that the stated body of a share company makes the decision on registering of shares of the company on the arranged market due to trading and on withdrawal of shares from that market.

Changes regarding limited liability companies refer in the first line to business shares, investment of things and rights, additional activities, entering into the Court Register and keeping of business share book. The obligation of a member to pay in cash is not obligatorily in proportion with business shares of that member who has obliged himself/herself to additional activities. Regarding entering into the Court Register, all members of the company shall be entered into the Court Register including data foreseen for the sole member of the company by the Court Register Law.

### **3. Young Corporate Lawyers Project**

The Association aims are in the first line directed to young corporate lawyers at the level of achievement of conditions and possibilities of passing of the bar exam and at the level of possibility of working in the capacity of corporate lawyers. Therefore it is necessary to provide for conditions, within the Associations, for active engagement of young people into activities of the Association not only to promote the future membership of the Association in the sense of organisational strengthening, but also due to harmonisation of Association activities with other similar associations from abroad. It is not easy to determine such activities in advance and the Statutes of the Association do not foresee for the organisation. Therefore it would be appropriate to make a pilot project with the stated topic, and to consider possible changes of the Statutes on the basis of the results of such a pilot project.

The project should be wide open not only for participants (it should not necessary include the Association members only due to the fact it is all about young persons who have not fulfilled conditions for passing of the bar exam), but also for themes and topics.

The Association of Corporate Lawyers is going to organise the performance of the Project – Young Corporate Lawyers. The aim of the working team is collecting of data on attitudes and needs of young corporate lawyers bound to specific qualities of corporate lawyer business tasks, analysis and processing of collected data, collecting of data on operation of organisational forms of young corporate lawyers abroad and their analysis, analysis of the need for organisation of “classes” of corporate layers and preparation of a draft of the Programme of Activities of Young Corporate Lawyers. Working team members can extend the determined aim as well.

Participants of the project are young corporate lawyers, and those how attend to be, and that are less than 35 years old.

The working team shall submit a written report on execution of the Project Young Corporate Lawyers to the Association President. The report shall include analysis and assessment of collected data, as well as a draft of the Programme of Activities of Young Corporate Lawyers.

The Secretary of the Association shall have a function of a coordinator between the Working Team and the Association.

**4.** We remind all the colleagues again that the Rule Book on the Register of Conciliators and Standards for Accreditation of Conciliation Institutions was adopted (and published at the Association web site: <http://www.udruga-korporativnih-pravnika.hr>) and invite all of you who comply with the conditions from Article 9 of the Rule Book to obtain a certificate issued by an accredited institution and to register yourselves with the Ministry of Justice; after that you should submit your Resolutions on Registration into the Register to the Association to enable possible organising of a Conciliation Centre

We repeat our invitation to all the members younger than 35 to apply for the scholarship for 2010 Annual IBA Conference in Vancouver. Terms and condition are published at the Association web site

### **WHAT ARE WE PREPARING FOR MAY?**

**The Annual General Meeting of the Association of Corporate Lawyers shall be held in the premises of the Croatian Conciliation Association, Teslina Street No. 1/1, on 27<sup>th</sup> May, 2010 at 15:00.**

**We invite you to be active!**  
**Send us letters, proposals, supplements for our and yours**  
**Newsletter – and web site.**

In Zagreb, April 2010

Association of Corporate Lawyers

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