

# TSG TSG NEWSLETTER

TOMIĆ SINDJELIĆ GROZA

Advokatska kancelarija TSG TOMIĆ SINDJELIĆ GROZA informiše o aktuelnostima u radu kancelarije i zakonodavnom reljefu RS | Die Rechtsanwälte TSG TOMIĆ SINDJELIĆ GROZA informieren über aktuelle Themen der Kanzlei und des Rechtsrahmens der RS | The aim of the TSG Newsletter is to help clients and associates understand trends and legal developments in various areas of the law in the RS | Юридическое бюро ТСГ ТОМИЧ СИНДЖЕЛИЧ ГРОЗА информирует о самых актуальных событиях, о работе конторы и законодательном рельефе РС | Glavna urednica|Chefredakteurin|Editor-in-Chief|Главный редактор: Ljubica Tomić |Prevodi|Übersetzungen|Translations|Переводы: Andrijana Mihailović, Mirjana Zdravković, Viktorija Topalović |Lektor|Lektor|Proofreader|Лектор: Ivana Radović, Magda Braun |Print & Online urednica|Print & Online-Redakteurin|Print & Online editor|Печать & Онлайн-редактор: Mirjana Zdravković

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## New in Serbia: Company Director Disqualification

The new amendments to the Company Act of the Republic of Serbia allow for company director disqualification.

All directors have a fiduciary duty to do their best for the good of the company. A director must always declare to the executive board or the supervisory board his personal interest in any legal transaction or any legal action the company proposes to enter into.

If a director of a Serbian company is in breach of his fiduciary duties related to his personal interest, the court can make a disqualification order against him. In certain cases, the court may issue such order against a member of the supervisory board, a company representative or a procurator.

The disqualification period is limited to a maximum of one year. In addition to disqualification, the law provides for (1) liability for damages and (2) rescission of the legal transaction or the legal action.

Once the court order on disqualification becomes final, the court will provide it to the Business Registers Agency so that it may be entered into the Central Register of Temporary Restrictions. To search for disqualified company directors by names of companies relevant to their disqualification please visit:

<https://crp.apr.gov.rs/eregistrationportal/Public/Manage/ActiveRestrictions>

What does it mean for a disqualified director?

Serbian law has only partially regulated disqualification (in Article 67 of the Company Act), therefore the spectrum of its legal consequences is not clear.

There are no explicit rules banning the disqualified director from becoming a director in another company, or being involved in formation of new companies.

With all being said, it is unclear whether the effects of director disqualification apply solely to the parties in dispute, namely to the company and the director (*inter partes*) or extend also to third parties (*erga omnes*).

Bearing in mind that these amendments to the Company Act are part of the measures under the Programme to Improve Rankings of the Republic of Serbia in the World Bank's Doing Business List covering the 2018-2019 period, it is reasonable to expect additional changes in the Serbian law to fully achieve harmonization of the national law with the EU law. This would mean having more detailed regulations on the effects of



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director disqualification on third parties (*erga omnes* effects), as provided in the EU countries.

For any further questions, please do not hesitate to contact valentina.momcilovic@tsg.rs or office@tsg.rs.