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## Commercial Associations Act

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Amended by the following acts

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24.03.2004	RT I 2004, 24, 166	16.04.2004
16.12.2004	RT I 2004, 89, 613	07.01.2005
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27.11.2005	RT I 2005, 61, 478	01.12.2005
06.12.2006	RT I 2006, 61, 456	01.01.2007
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05.12.2012	RT I, 18.12.2012, 3	19.12.2012
27.02.2014	RT I, 21.03.2014, 3	31.03.2014
19.06.2014	RT I, 29.06.2014, 109	01.07.2014, the titles of ministers replaced on the basis of subsection 4 of § 107 <sup>3</sup> of the Government of the Republic Act as of the wording in force on 1 July 2014.
05.04.2017	RT I, 20.04.2017, 1	15.01.2018
18.05.2020	RT I, 23.05.2020, 2	24.05.2020
13.04.2022	RT I, 05.05.2022, 1	01.02.2023, amended in part [RT I, 23.12.2022, 2]
01.06.2022	RT I, 20.06.2022, 1	01.07.2022
07.12.2022	RT I, 23.12.2022, 2	01.02.2023

# Chapter 1

## GENERAL PROVISIONS

### § 1. Definition

(1) A commercial association (hereinafter *association*) is a company the purpose of which is to support and promote the economic interests of its members through joint economic activity in which the members participate:

- 1) as consumers or users of other benefits;
- 2) as suppliers;
- 3) through work contribution;
- 4) through the use of services;
- 5) in any other similar manner.

(2) An association shall be liable for its obligations with all of its assets. A member of an association shall not be personally liable for the obligations of the association. The articles of association may prescribe that the members are solidarily liable for the obligations of the association with all of their assets (full personal liability) or are liable to the extent determined by the articles of association (additional liability).

(3) Unless the articles of association prescribe the personal liability of the members of the association for the obligations of the association, the share of the association capital shall be at least 2500 euros. If the articles of association prescribe the additional liability of the members of the association, the amount of additional liability of the members shall be at least 2500 euros.

[RT I 2010, 22, 108 - entry into force 01.01.2011]

(4) [Repealed – RT I 2009, 57, 381 – entry into force 01.01.2010]

### § 2. Business name

(1) The business name of an association shall contain the word “ühistu” [association] and an appendage referring to the area of activity of the association.

(2) If all the members of an association are associations, the word “keskühistu” [central association] may be used in the business name of the association.

### § 3. Application of Commercial Code

(1) The provisions of the Commercial Code concerning private limited companies apply to associations, unless otherwise provided for in this Act.

[RT I 2010, 22, 108 - entry into force 01.01.2011]

(2) The provisions of §§ 525<sup>1</sup> and 525<sup>2</sup> of the Commercial Code do not apply to associations.

[RT I 2010, 22, 108 - entry into force 01.01.2011]

## Chapter 2

### FOUNDATION

### § 4. Founder of association

(1) An association may be founded by at least two persons. A founder may be a natural person or a legal person.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(2) [Repealed – RT I 2009, 51, 349 – entry into force 15.11.2009]

### § 5. Memorandum of association

(1) In order to found an association, the founders shall enter into a memorandum of association.

(2) The memorandum of association shall set out:

- 1) the business name, registered office and address of the association being founded;
- 2) the purpose of the association;
- 3) the names and residences or registered offices of the founders;
- 4) the proposed amount of share capital;
- 5) the amount of share capital upon foundation, if the members of the association are not personally liable for the obligations of the association;
- 6) the obligations of the founders with regard to the association;

[RT I 2006, 61, 456 - entry into force 01.01.2007]

- 7) the names, personal identification codes and residences of the members of the management board and, if a supervisory board is formed, the names, personal identification codes and residences of the members of the supervisory board;
- 8) the names, personal identification codes and residences of auditors and controllers;
- 9) the names, personal identification codes and residences of procurators, if appointed;
- 10) the projected costs of foundation and the procedure for payment thereof.

(3) Upon entry into a memorandum of association, the founders shall also approve the articles of association of the association as an appendix to the memorandum of association.

(4) A memorandum of association and the articles of association approved therewith shall be notarised and signed by all founders. A representative of a founder may sign the memorandum of association and the articles of association approved therewith if the authorisation document granted to the representative is notarised. The articles of association may be amended after entry of the association in the commercial register pursuant to the procedure provided for in § 48 of this Act; amendment of the articles of association does not require amendment of the memorandum of association.

## **§ 6. Articles of association**

(1) The articles of association of an association shall set out:

- 1) the business name and registered office of the association;
  - 2) the purpose of the association;
- [RT I 2006, 61, 456 - entry into force 01.01.2007]
- 3) the size and procedure for payment of the contribution;
  - 4) an amount which a member may pay to the association in addition to the contribution, or the procedure for determination of such amount;
  - 5) the procedure for assigning additional duties to members;
  - 6) the procedure for the valuation of non-monetary contributions if the contributions or other payments may be made as non-monetary contributions;
  - 7) the procedure and term for calling the general meeting;
  - 8) the number of members of the management board and, if a supervisory board exists, the number of members of the supervisory board, which may be expressed as a specific number or a minimum and maximum number;
  - 9) the control bodies of the association, their competence and term of authority;
  - 10) the beginning and end of the financial year of the association;
  - 11) the procedure for the covering of loss;
  - 12) the procedure for the distribution of assets upon dissolution of the association;
  - 13) other obligatory terms and conditions provided by law.

(2) The articles of association may also prescribe other conditions which are not contrary to law. If a provision of the articles of association is in conflict with law, the provision of law applies.

(3) If the articles of association do not prescribe a term for the association, it is deemed to be founded for an unspecified term.

(4) The articles of association may prescribe that a member of the association may be required to pay more than one contribution and that supplementary conditions may be provided for in connection therewith.

(5) The articles of association may also prescribe the obligation of members of the association to participate in the association with several contributions (mandatory holding), and the mandatory holding shall be equal in respect of all members, or shall depend on the extent of use of the assets of the association or other possibilities by the member.

(6) Unless the articles of association prescribe the personal or additional liability of the members of the association for the obligations of the association, the provisions concerning private limited companies apply upon payment of a non-monetary contribution.

## **§ 7. Petition for entry in commercial register**

(1) In order to enter an association in the commercial register, the management board shall submit a petition to the commercial register and the petition shall set out all the information specified in § 8 of this Act. The petition shall be signed by all members of the management board. The following shall be appended to the petition:

- 1) the memorandum of association;
- 2) the articles of association;
- 3) the names and personal identification codes of the members of the management board, auditors and controllers and, if a supervisory board exists, the names and personal identification codes of the members of the supervisory board;

[RT I 2006, 61, 456 - entry into force 01.01.2007]

3<sup>1</sup>) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

4) [repealed – RT I 2009, 13, 78 – entry into force 01.07.2009]

4<sup>1</sup>) information on the planned principal activity;

[RT I 2006, 61, 456 - entry into force 01.01.2007]

5) the e-mail address and other telecommunications data (telephone and fax numbers, Internet website address, etc.) of the commercial association;

[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

6) other documents provided by law.

(2) Any other petition submitted to the commercial register shall be signed by a member of the management board. A petition for the entry of a new member of the management board in the commercial register shall be signed by the new member of the management board, who shall certify in the petition that he or she has the rights to be a member of the management board pursuant to law. If the members of the management board only have the right to represent the association jointly, all the members of the management board entitled to represent the association jointly shall sign the petition submitted to the register.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(3) A commercial association shall not be entered in the commercial register if the petition for entry in the commercial register is submitted after one year has passed since the conclusion of the memorandum of association.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(4) In the case of submission of a petition for amendment of information entered in the commercial register, the resolution of the body of the association which decided on the amendment, the minutes of the meeting and other documents which are the basis for the entry shall be appended to the petition.

(5) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(6) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

## **§ 8. Information to be entered in commercial register**

The following shall be entered in the commercial register:

1) the business name of the association;

2) the registered office, address and e-mail address of the association;

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

2<sup>1</sup>) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

3) the date of entry into force of the articles of association;

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

4) the names and personal identification codes of the members of the management board;

[RT I 2006, 61, 456 - entry into force 01.01.2007]

5) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

5<sup>1</sup>) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

6) the beginning and end of the financial year of the association;

7) [repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

8) other information provided by law.

## **§ 9. Liability of founders and members of management board and supervisory board upon foundation of associations**

(1) The founders of an association, the members of the management board and supervisory board shall be solidarily liable for damage caused to the association by submission of inaccurate or incomplete information, incorrect valuation of contribution or foundation expenses, or breach of other obligations upon the foundation of the association, unless a founder or a member of the management board or supervisory board proves that he or she was not aware nor should have been aware of the circumstances which caused the damage.

(2) In addition to the members of an association, the persons on whose account the association was founded shall also be liable on the basis provided in subsection 1 of this section. A person is not released from liability regardless of whether or not he or she was aware of circumstances if a member acting on the person's behalf was or should have been aware of such circumstances.

(3) An agreement which derogates from the provisions of subsections 1 and 2 of this section shall only be valid with respect to the creditors of an association if such agreement was entered into in the course of bankruptcy proceedings of the association.

(4) The claims provided by subsections 1 and 2 of this section expire after five years of the entry of an association in the commercial register.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

## **§ 10. Transactions concluded before entry in commercial register**

(1) Persons who conclude a transaction in the name of an association being founded before entry of the association in the commercial register shall be solidarily liable for performance of the obligations arising from the transaction.

(2) The obligations specified in subsection 1 of this section transfer to the association as of entry of the association in the commercial register if the persons who entered into the transaction had the right to enter into the transaction in the name of the association.

(3) If a person did not have the right to enter into a transaction specified in subsection 1 of this section, the rights and obligations arising from the transaction transfer to the association if the general meeting approves the transaction.

(4) If the assets of the association are not sufficient to satisfy the claim of a creditor of the association, the founders shall be personally and solidarily liable to the creditor of the association for the obligations of the association to the extent that the assets of the association are decreased due to the obligations incurred by the association before entry of the association in the commercial register. The limitation period for such claim shall be five years as of entry of the association in the commercial register.

# **Chapter 3 MEMBERS OF ASSOCIATION**

## **Subchapter 1 Membership**

### **§ 11. Requirements for membership of association**

(1) A natural person or a legal person may become a member of an association.

(2) An association may accept new members after entry of the association in the commercial register.

(3) The articles of association may prescribe conditions which the members must comply with. The conditions established for the members by the articles of association shall be reasonable.

(4) Obligations may be imposed on members only pursuant to the procedure provided for in the articles of association.

### **§ 12. Membership application**

In order to be accepted into the membership of an association, a person shall submit a written application. If the articles of association of the association prescribe the full personal liability or additional liability of the members, consent with these obligations shall be expressed in the application.

### **§ 13. Resolution on acceptance into membership and acceptance into membership**

(1) The management board shall review a person's application unless such right is granted to the general meeting or supervisory board in the articles of association.

(2) The management board or another body entitled to decide on acceptance into the membership shall review a membership application within one month as of the date of submission of the application.

(3) A person becomes a member of an association as of the date of adoption of a resolution on acceptance of the person into the membership of the association, unless a shorter term is prescribed by the articles of association.

(4) Upon acceptance into the membership of an association, the contribution shall be paid unless the articles of association prescribe otherwise.

### **§ 14. Grounds for refusal to accept into membership**

(1) Acceptance into membership may be refused with good reason, which primarily means the following:

- 1) the person does not meet the requirements provided for in the articles of association of the association;
- 2) the association cannot ensure or promote the economic interests of a greater number of members than the existing number of members;

- 3) the person fails to pay the contribution if payment thereof is a prerequisite for membership;
- 4) the person has been excluded from the association earlier due to failure to conform with the requirements provided for in the articles of association or by law.

(2) Upon adoption of a resolution to refuse to accept a person into the membership of the association, the management board shall send to the person a copy of the resolution on refusal to accept the person into the membership of the association. The copy shall be sent within one week as of the adoption of resolution.

(3) A resolution specified in subsection 2 of this section shall set out the reasons for refusal to accept.

(4) If the management board or supervisory board has decided to refuse to accept a person into the membership of the association, a complaint against the resolution may be filed with the general meeting. The term for filing a complaint is one month as of the date of receipt of the copy of the resolution. The articles of association may prescribe a more specific procedure for filing complaints.

(5) The general meeting shall adopt a resolution concerning the filed complaint at the meeting following the receipt of the complaint and a copy of the resolution shall be sent to the person within one week after the adoption of the resolution.

(6) A resolution of refusal adopted by the general meeting may be contested in a county court within three months as of the date of receipt of a copy of the resolution.

[RT I 2008, 59, 330 - entry into force 01.01.2009]

(7) The articles of association may prescribe that every resolution to refuse to accept a person into the membership of an association may be contested in a county court within three months as of the date of receipt of a copy of the resolution. In such case, the provisions of subsections 4 and 5 of this section do not apply.

[RT I 2008, 59, 330 - entry into force 01.01.2009]

## **§ 15. List of members**

(1) The management board of an association shall maintain a list of members of the association which shall set out:

- 1) the residence or registered office and personal identification code or registry code of a member and, if a person does not have Estonian personal identification code, the date, month and year of birth of the person;
- 2) the amount of the contribution of the member;
- 3) the size and time of payment of the contributions paid;
- 4) information on refund of contributions and transfer of membership;
- 5) the date of acceptance into the membership of the association, leaving or exclusion of members from the association.

(2) Other information may be entered in the list of members.

(3) The registrar of the commercial register has the right to require from the management board of an association submission of valid information in the list of members of the association.

(4) The articles of association may prescribe issue of a written document for the certification of membership.

(5) If a member of an association must be entered in the commercial register (clause 7 of § 8), the management board shall submit a petition for entry of a member of the association in the commercial register or for deletion of a member from the register. Every member who has left or has been excluded from an association may submit a petition in order to have the person deleted from the register, and a successor of a deceased member; a liquidator of a legal person who is a member also has the corresponding right. A resolution on leaving or exclusion or other documents certifying termination of membership shall be appended to the petition.

## **Subchapter 2 Termination of Membership**

### **§ 16. Bases for termination of membership**

(1) Membership in an association shall be terminated:

- 1) if a member leaves the association;
- 2) if a member is excluded from the association;
- 3) if a member is excluded on the petition of a creditor;
- 4) upon the death of a member, unless the articles of association provide for the transfer of membership to a successor;
- 5) upon dissolution of a member who is a legal person;
- 6) upon transfer of membership.

(2) Membership shall be terminated at the end of a given financial year, except in the cases specified in clauses 4 and 5 of subsection 1 of this section. The articles of association may prescribe that the moral rights of members terminate upon leaving or exclusion.

### **§ 17. Leaving**

(1) A member of an association has the right to leave the association until a dissolution resolution is adopted concerning the association.

(2) The articles of association may prescribe that a member of an association shall pay reasonable compensation to the association upon leaving the association if, according to the circumstances, the leaving of the person causes significant damage to the association or may bring about a potential risk to the continuation of the activities of the association.

### **§ 18. Restriction of right to leave**

(1) The right to leave may be precluded by the articles of association or a contract for up to five years as of acceptance into the membership of the association. The right to leave shall not be completely precluded or made unreasonably complicated.

(2) A member may leave an association with good reason, regardless of a restriction specified in subsection 1 of this section. In such case, the member shall pay compensation provided for in § 17 of this Act to the association.

### **§ 19. Application for leaving**

(1) A member shall submit a written application for leaving an association to the management board. The application shall be submitted at least three months before leaving.

(2) The articles of association may prescribe a term for advance notice which is different from that provided for in subsection 1 of this section but such term shall not be longer than five years as of submission of an application.

### **§ 20. Exclusion**

(1) A member shall be excluded from an association on the bases prescribed by law or the articles of association. Regardless of the provisions of the articles of association, a member may be excluded with good reason, above all upon material violation of the requirements of law or the articles of association, significant failure to comply with the resolutions of the general meeting, supervisory board or management board or causing of significant damage to the reputation or interests of the association by the member.

(2) Exclusion shall be decided by the general meeting unless such right is granted to the supervisory board or management board in the articles of association.

(3) A member shall be notified of the resolution of exclusion in writing within two weeks as of the adoption of the corresponding resolution. The notice shall set out the reasons for and bases of exclusion from the association.

(4) A complaint against a resolution of exclusion which is adopted by the management board or supervisory board may be filed with the general meeting within one month as of receipt of the notice on exclusion. The articles of association may prescribe a shorter term for filing a complaint but the term shall not be shorter than two weeks. A complaint contesting a resolution of exclusion which is adopted by the general meeting may be filed with a country court within one month after becoming aware of the resolution of the general meeting. [RT I 2008, 59, 330 - entry into force 01.01.2009]

(5) The articles of association may prescribe that a member shall pay compensation specified in subsection 2 of § 17 of this Act upon exclusion.

### **§ 21. Exclusion of member on petition of creditor**

(1) If refund of the contribution or payment of compensation to a member upon termination of the membership of the member is prescribed by law or the articles of association, an application for exclusion of the member from the association may be submitted by the trustee in bankruptcy or creditor of the member within six months after the failure of the execution if a claim of the creditor cannot be satisfied by compulsory execution out of the remaining assets of the member. [RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) A publicly certified copy of an execution document and the documents concerning unsuccessful compulsory execution shall be appended to an application for the refund of the contribution or payment of compensation.

## **§ 22. Death of member**

(1) Upon the death of a member, his or her membership terminates.

(2) The articles of association may prescribe that membership is transferred to the successors or family members of the member of the association or that the association may accept one or more successors as members instead of the deceased member. In order to be accepted into the membership of the association, the successors or family members shall submit an application.

(3) In the case of several successors, they shall designate a joint representative in order to exercise the rights and obligations arising from their membership.

## **§ 23. Dissolution of member who is legal person**

Upon dissolution of a member who is a legal person, its membership terminates.

## **§ 24. Transfer of membership**

(1) A member of an association may transfer the membership of the member to another person who becomes a member of the association after a resolution on the membership of such person is adopted pursuant to the procedure provided for in § 13 of this Act. If acceptance is refused, the person who wished to transfer membership shall remain a member of the association.

(2) For the transfer of membership, the member of the association and the person to whom the membership is transferred shall submit to the management board a joint written declaration in which the member of the association warrants that he or she wishes to transfer the membership to the other person and in which the person to whom the membership is transferred expresses the wish to become a member of the association. [RT I 2009, 13, 78 - entry into force 01.07.2009]

# **Subchapter 3 Rights and Obligations of Members**

## **§ 25. Equality of members**

The members of an association shall be treated equally under equal circumstances.

## **§ 26. Exercise of rights**

Members shall exercise their rights with regard to an association at the general meeting unless otherwise provided by law.

## **§ 27. Right to examine annual report**

(1) At least ten days before the general meeting which decides on approval of the annual report takes place, the management board shall submit the annual report to the members for examination at the registered office of the association.

(2) Each member of the association has the right to receive a copy of the annual report at the expense of the association unless the articles of association prescribe otherwise.

## **§ 28. Right of members to obtain information**

(1) A member of an association has the right to receive information on the activities of the association from the management board at the general meeting.

(2) A member has the right to examine the documents of the association by a resolution of the general meeting unless this damages the economic interests of the association.

(3) The articles of association may prescribe that the members have other rights to obtain information.

(4) If the management board refuses to give information or refuses to provide documents for examination, a member may demand that the legality of the member's demand be decided by the general meeting or submit, within two weeks after holding the general meeting, a petition to a court in a proceeding on petition in order to obligate the management board to give information or to provide documents.

[RT I 2005, 39, 308 - entry into force 01.01.2006]

## **§ 29. Distribution of profit**

(1) The net profit of an association shall be transferred to the reserves which are not subject to distribution between the members of the association.



(2) The articles of association may prescribe that payments are made to the members of the association from net profit or from profit of the previous financial year from which uncovered losses of previous years have been deducted (hereinafter *dividend*). Dividends may be paid exclusively on the basis of the approved annual report. If an association prepares the annual report of the consolidation group, the distribution of profit shall be decided on the basis of the consolidated reports of the consolidation group.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

### **§ 30. Amount and payment of dividends**

(1) The amount of a dividend shall be approved by the general meeting. The management board or, if a supervisory board exists, the supervisory board shall make a proposal on the amount of a dividend. The general meeting shall not decide on payment of a dividend which is greater than prescribed in the proposal of the management board or supervisory board.

(2) If, according to the articles of association, dividends must be paid to the members, a share of profit (dividend) shall be paid to the members of the association according to their participation in the activities of the association.

(3) The articles of association may prescribe that a dividend is paid to a member in an amount in proportion to the contribution of the member. Such dividend shall not be greater than the dividend paid to the member according to the participation of the member in the activities of the association or an interest calculated on the basis of an ordinary long-term deposit.

(4) A member has the right to demand payment of a dividend prescribed by a resolution of the general meeting.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

(5) The dividend shall be paid in money.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

### **§ 31. Legal reserve**

(1) An association must have a legal reserve, the amount of which is prescribed in the articles of association and which may not be less than 1/10 of the share capital. A legal reserve is formed from annual net profit transfers and other transfers entered in the legal reserve pursuant to law or the articles of association.  
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If, pursuant to the articles of association, dividends may be paid from profit, at least 1/20 of the net profit must be entered in the legal reserve during each financial year. When the legal reserve reaches the amount prescribed in the articles of association, the increase of the legal reserve on the account of net profit is terminated.  
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) Upon a resolution of the general meeting, legal reserve may be used to cover loss if it is impossible to cover the loss from undistributed profits from previous periods.

### **§ 32. Other reserves**

The articles of association may prescribe that, in addition to the legal reserve, other reserves are formed from which payments to the members shall not be made. The articles of association shall determine the procedure for and purpose of use of such reserves.

### **§ 33. Compensation paid upon termination of membership**

(1) Upon termination of membership, a member has the right to the refund of the paid contribution.

(2) The articles of association may prescribe that upon termination of membership the contribution is not refunded, but the member shall be paid as compensation the share of the assets which the member would receive if the association were dissolved on the date of the termination of the membership. The legal reserve shall not be taken into account upon grant of the compensation.

(3) Compensation shall be paid within three years as of termination of membership unless the articles of association prescribe a shorter term. The general meeting may reasonably extend the term for the payment of compensation as compared to law or the articles of association if, according to the circumstances, making of the payment causes significant damage to the association or may bring about a potential risk to the continuation of the activities of the association.

(4) The provisions of this section also apply to a successor of a deceased member if the successor does not become a member of the association.

### **§ 34. Liability of members of association**

(1) If the articles of association prescribe the full personal liability or additional liability of the members of the association, the provisions concerning the liability of general partnerships and partners thereof correspondingly apply to the liability of the association and the members thereof.

(2) The liability of members can be changed, increased or reduced by amendment of the articles of association. Reduction or preclusion of the liability of a member applies with regard to third persons as of making the corresponding entry in the commercial register. The obligations of persons which have arisen before entry into force of the resolution on amendment of the articles of association shall remain in force.

(3) The provisions of the Commercial Code concerning the reduction of share capital of private limited companies correspondingly apply to the reduction of share capital.

### **§ 35. Supplementary payments**

(1) The articles of association may prescribe that members of the association shall pay supplementary contributions if the net assets of the association are less than one-half of the share capital. The obligation to make supplementary payments is unrestricted unless the articles of association limit the payment to a specific amount or proportion to the contribution of a member.

(2) A member is required to pay the supplementary contribution in proportion to the amount of the contribution of the member unless the articles of association prescribe otherwise.

### **§ 36. Prohibition on restriction of liability**

A provision of the articles of association which limits the liability of members for a period of time or limits the obligations of a member is void.

### **§ 37. Liability of new members and former members of associations with full and additional liability**

(1) A person who becomes a member of an association with full or additional liability shall also be liable for the obligations of the association which arose before the person became a member.

(2) A former member of an association shall also be solidarily liable with the other members for an obligation of the association which arose before termination of the membership of the member if performance of the obligation falls due before termination of the membership or five years after the termination. The obligation to make a supplementary contribution applies within the same term.

(3) An agreement which is in conflict with the provisions of subsections 1 or 2 of this section does not apply with regard to third persons.

## **Chapter 4 MANAGEMENT OF ASSOCIATION**

### **§ 38. General meeting**

(1) The members of an association shall exercise their rights in the association at the general meeting.

(2) The general meeting is the highest body of an association.

### **§ 39. Competence of general meeting**

A general meeting is competent to:

- 1) amend the articles of association;
- 2) elect and remove members of the management board, if the association does not have a supervisory board;
- 3) elect and remove members of the supervisory board, if the association has a supervisory board;
- 4) approve the annual report and distribute profit or loss;
- 5) decide on merger, division or dissolution of the association;  
[RT I 2009, 13, 78 - entry into force 01.07.2009]
- 6) appoint and remove procurators, if the association does not have a supervisory board;
- 7) elect and remove controllers and auditors;
- 8) decide on conclusion and terms and conditions of transactions with the members of the management board or supervisory board, decide on the conduct of legal disputes with the members of the management board or supervisory board, and appointment of the representative of the association in such transactions and disputes;  
[RT I 2009, 13, 78 - entry into force 01.07.2009]
- 9) decide on other issues which are placed within the competence of the general meeting by law or the articles of association.

#### **§ 40. Calling general meeting**

(1) The general meeting is either annual or special.

(2) An annual general meeting shall be held once a year. The management board shall call the annual general meeting for approval of an annual report within six months as of the end of a financial year, unless the articles of association prescribe a shorter term.

(3) The management board shall call a special general meeting at its discretion. The management board shall call a special general meeting if:

1) the association does not prescribe the personal liability of the members for the obligations of the association and it becomes evident that the net assets of the association are less than one-half of the share capital of the association. If the association prescribes the additional liability of the members (§ 35), the general meeting shall be called only if the loss of the net assets cannot be covered on account of payments made by members within three months upon application of the additional liability of the members;

2) calling of a special general meeting is demanded by at least one-tenth of the members or at least two members if the number of members of the association is less than twenty;

[RT I 2009, 51, 349 - entry into force 15.11.2009]

3) calling of a special general meeting is demanded by the supervisory board;

4) calling of a special general meeting is demanded by a controller or auditor.

(4) If the management board does not comply with the requirement to call a general meeting within a reasonable period of time, the members, supervisory board, auditor or controller who demanded calling of a special general meeting may call the meeting.

#### **§ 40<sup>1</sup>. Agenda of general meeting**

(1) The agenda of the general meeting shall be determined by the management board unless the articles of association prescribe otherwise. If the general meeting is called by the members, the supervisory board or an auditor, such persons shall also determine the agenda of the meeting.

(2) At least one-fifth of the members of an association or at least two members, if the association has less than ten members, may demand the inclusion of additional issues on the agenda. Reasons shall be given for each additional issue.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(3) The members may use the right specified in subsection 2 of this section not later than three days after the notification of calling the general meeting. The articles of association may prescribe a longer term.

(4) The members shall not use the right specified in subsection 2 of this section if the agenda of the same general meeting has already been amended once arising from subsection 2 of this section and the members have been notified of the amendment of the agenda pursuant to subsection 4 of § 41 of this Act.

(5) An issue which is initially not on the agenda of the general meeting may be included on the agenda, if all the members of the association participate in the general meeting or with the consent of at least 9/10 of the members who participate in the general meeting, if more than two-thirds of the members participate in the general meeting.

(6) A general meeting may decide on calling the next meeting and settle submissions concerning operational issues related to the agenda or to the procedure for conducting the meeting without including such matters in the agenda beforehand, and to discuss other matters at the general meeting without deciding on such matters.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 41. Notice calling general meeting**

(1) The management board shall send a notice of the general meeting to all members. The notice shall be sent to the address entered in the list of members. If an association is aware or should be aware that the address of a member differs from the address entered in the list of members, the notice shall also be sent to that address. The notice shall be sent in such manner that, under normal conditions of delivery, it would reach the address of the recipient at least one week before the general meeting takes place.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(1<sup>1</sup>) A notice of the general meeting shall be sent instead of the address specified in subsection 1 of this section to an e-mail address entered in the list of members, if a member has submitted to an association a corresponding written request. In other aspects, the provisions of subsection 1 of this section apply.

[RT I, 21.03.2014, 3 - entry into force 31.03.2014]

(1<sup>2</sup>) If an association has over 50 members, notices of the general meeting need not be sent to members to the address specified in subsection 1 of this section, but a notice shall be published in at least one daily national newspaper and on the website of the association, if available. A notice shall be published at least one week before the general meeting is held.

[RT I, 21.03.2014, 3 - entry into force 31.03.2014]

(2) A notice shall indicate the time, place and agenda for the general meeting and other important circumstances related to the meeting. If the articles of association are amended at the general meeting, the nature of the planned amendments shall be set out in the notice.

(3) [Repealed – RT I 2009, 13, 78 – entry into force 01.07.2009]

(4) If, after dispatching the notice on calling the general meeting, the agenda is changed at the demand of the members, such changes to the agenda must be communicated before the general meeting takes place pursuant to the same procedure and within the same term as prescribed for the dispatch of the notice on calling the general meeting.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 42. Violation of procedure for calling general meeting**

If the requirements of law or of the articles of association for calling a general meeting are materially violated, the general meeting shall not have the right to adopt resolutions except if all the members participate in or all the members are represented at the general meeting. Resolutions adopted at such general meeting are void unless the members with respect to whom the procedure for calling the meeting was violated approve of the resolutions.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 43. Right to vote**

Each member of an association has one vote.

#### **§ 44. Restriction on right to vote**

A member of an association shall not vote if release of the member from obligations or liabilities, conclusion of a transaction between the member and the association, or conduct of a legal dispute with the member or appointment of a representative of the association in such legal dispute or transaction, or issues related to the monitoring or evaluation of the activities of a member or representative thereof in the capacity of a member of the management board or supervisory board is being decided. The votes of such member shall not be taken into account in the determination of representation.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 45. Representation of members**

A member of an association may be represented at the general meeting by another person who was issued a written authorisation document. The articles of association shall not restrict the right of the member of the association for appointing a representative. The articles of association may prescribe the maximum number of the members of the association represented by the same person.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 46. Procedure of general meeting**

(1) A general meeting may adopt resolutions if over one-half of the members of the association are present or represented unless the articles of association prescribe a greater representation requirement.

(2) If the number of members present or represented at the general meeting is less than prescribed in subsection 1 of this section, the management board shall, within three weeks but not earlier than after seven days, call another meeting with the same agenda. The new general meeting is competent to adopt resolutions regardless of the number of members present or represented at the meeting.

(3) The costs of organising a general meeting shall be borne by the association. If the general meeting is called on the demand of members or if members themselves call the meeting, the members who requested calling the general meeting or who called the general meeting may be required to cover the costs by a resolution of the general meeting.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 47. Resolution of general meeting**

(1) A resolution of the general meeting is adopted if over one-half of the members of the association who participate in or are represented at the general meeting vote in favour of the resolution unless law or the articles of association prescribe a greater majority requirement.

(2) In the election of a person at a general meeting, the candidate who receives more votes than the others is deemed to be elected. Upon an equal division of votes, lots shall be drawn unless the articles of association prescribe otherwise.

#### **§ 48. Resolution on amendment of articles of association**

(1) A resolution on amendment of the articles of association is adopted if over two-thirds of the members of the association who participate in or are represented at the general meeting vote in favour unless the articles of association prescribe a greater representation requirement.

(2) A resolution on amendment of the articles of association shall enter into force as of the making of a corresponding entry in the commercial register. The minutes of the general meeting which decided on amendment of the articles of association and the new text of the articles of association shall be appended to a petition submitted to the commercial register.

(3) Articles of association which are amended shall be signed by at least one member of the management board or, if the members of the management board are only authorised to represent the association jointly, by all the members of the management board entitled to represent the association jointly.

#### **§ 49. Decrease of assets**

If a situation specified in clause 1 of subsection 3 of § 40 of this Act arises, the general meeting shall decide on the implementation of measures to restore the share capital, on the reduction of the share capital or dissolution of the association.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 50. Increase of obligations of member**

(1) A resolution on establishment or increase of the personal liability or supplementary contributions of members is adopted if at least three-fourths of the members of the association vote in favour.

(2) A resolution specified in subsection 1 of this section is not binding on a member who does not vote in favour of the resolution if the member submits an application for leaving the association within three months after the resolution is adopted. Membership is deemed to be terminated as of the date when the resolution enters into force. Pursuant to § 33 of this Act, compensation shall not be paid to a member who has left the association under such circumstances.

#### **§ 51. Minutes of general meeting**

(1) Minutes shall be taken of a general meeting. The minutes shall set out:

- 1) the business name and registered office of the association;
- 2) the time and place of the meeting;
- 3) the names of the chair and secretary of the meeting;
- 4) the agenda of the meeting;
- 5) the resolutions adopted at the meeting together with the voting results;
- 6) on the petition of a member who maintains a dissenting opinion with regard to a resolution of the meeting, the content of the member's dissenting opinion;
- 7) material circumstances at the general meeting.

(2) A list of participating members shall be prepared as an appendix to the minutes of the general meeting and the list shall set out the names of the members participating in the general meeting and, in the case of representatives, also their names. The list shall be signed by the chair of the meeting and the recording secretary, and by each member or his or her representative participating in the general meeting.

(3) Written proposals and petitions submitted to the general meeting and the list of members who participate in the meeting and the authorisation documents of representatives or transcripts thereof shall be appended to the minutes of the general meeting. The minutes shall be signed by the chair and recording secretary of the meeting. A dissenting opinion shall be signed by the person who presents it.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(4) The minutes shall be made accessible to the members after seven days after the end of the general meeting. A member has the right to obtain a copy of the minutes of the general meeting or a copy of a part thereof at the expense of the association.

(5) The minutes of the general meeting together with the list of members participating in the meeting and the notices of the meeting shall be preserved at the registered office of the association.

(6) The minutes of the general meeting shall be notarially attested if a resolution of the general meeting is the basis for the election or removal of a member of the supervisory board, or for amendment of the articles of association with regard to the supervisory board.

## **§ 52. Contestation of resolution of general meeting**

(1) Based on an action filed against an association, a court may revoke a resolution of the general meeting which is in conflict with the law or the articles of association. The limitation period for a claim shall be three months as of adoption of the resolution.

(2) The declaration of invalidity of a resolution cannot be demanded if the resolution was approved by the resolution of a new general meeting and the action specified in subsection 1 of this section has not been filed within the term specified in subsection 1 of this section.

(3) The management board or the supervisory board and every member of the management board or the supervisory board can demand the declaration of invalidity of a resolution of the general meeting if the implementation of the resolution would entail criminal offence or misdemeanour or it would bring about an apparent obligation to compensate for damage, and a member of the association who did not participate in the adoption of the resolution. A member of the association who participated in the adoption of the resolution may demand the declaration of invalidity of a resolution only if his or her objection to the resolution has been recorded.

(4) Upon filing of an action, the court shall not hear the matter before the term specified in subsection 1 of this section expires. Different actions for declaring the same resolution invalid shall be joined in one proceeding.

(5) A court judgment for revocation of a resolution of the general meeting applies to all members of the association and also members of the management board and the supervisory board regardless of whether or not they participated in the court proceeding.

(6) In an entry has been made in the commercial register based on a revoked resolution, the court shall send a copy of the judgment to the registrar of the commercial register for amendment of the entry.  
[RT I 2005, 39, 308 - entry into force 01.01.2006]

## **§ 52<sup>1</sup>. Nullity of resolution of general meeting**

(1) The resolution of the general meeting of an association is void if:

- 1) it violates a provision of law established for the protection of the creditors of the association or due to other public interest;
- 2) if it is contrary to good morals;
- 3) the procedure for calling a general meeting which adopted the resolution was materially violated.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(2) A resolution is also void in other cases provided by law.

(3) Nullity of a resolution may be relied upon in court proceedings by filing an action or objection.

(4) Nullity of a resolution cannot be relied upon if an entry has been made in the commercial register based on the resolution and two years have passed from the date making the entry.

(5) The provisions of subsections 5 and 6 of § 52 of this Act apply correspondingly to the court proceedings for establishment of the nullity of a resolution.  
[RT I 2005, 39, 308 - entry into force 01.01.2006]

## **§ 53. Adoption of resolutions without calling general meeting**

The members are entitled to adopt resolutions without calling the general meeting, unless otherwise prescribed by the articles of association of the commercial association. If a resolution is adopted without convening the meeting, the provisions of the Commercial Code concerning the adoption of resolutions by shareholders of a private limited company without calling a meeting shall apply. In the case provided for in subsections 4<sup>1</sup> and 4<sup>2</sup> of § 173 of the Commercial Code, the record of voting or the petition for entry may be signed by a member of the commercial association who is entered in the commercial register.  
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

## **§ 54. Meeting of representatives**

(1) If an association has more than 200 members, the articles of association may prescribe that the competence of the general meeting is transferred to the meeting of representatives in part or in full. An association shall have at least 20 representatives.

(2) The articles of association determine the procedure for and organisation of calling a meeting of representatives and the procedure for the election of representatives. One representative may be elected for not more than 50 members.

(3) A member of the association may be elected as a representative.

(4) Unless the articles of association prescribe otherwise, each representative has one vote.

(5) Otherwise, the provisions concerning general meetings apply to the meetings of representatives.

#### **§ 55. Management board**

(1) The management board is a managing body of the association which represents and manages the association.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) The management board may have one member (manager) or several members. The number of members of the management board shall be determined in the articles of association. A member of the management board need not be a member of the association. A member of the management board must be a natural person with active legal capacity.

[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

(3) A member of the supervisory board shall not be a member of the management board. A person with respect to whom a court has, pursuant to §§ 49 or 49<sup>1</sup> of the Penal Code, imposed a prohibition on acting as a member of the management board or a prohibition on business, a person who is prohibited from operating within the same area of activity as the association, or a person who is prohibited to act as a member of the management board on the basis of law or a court decision shall not be a member of the management board.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(4) If the association has a supervisory board, the management board shall, in managing, adhere to the lawful orders of the supervisory board. Transactions which are beyond the scope of everyday economic activities may only be concluded by the management board with the consent of the supervisory board. Such restriction shall not apply with regard to third persons.

(5) If the association has a supervisory board, the management board shall present an overview of the economic activities and economic situation of the association to the supervisory board at least once every four months and shall immediately give notice of any material deterioration of the economic condition of the association or any other material circumstances related to the economic activities of the association. The management board shall also notify of any material circumstances related to other associations belonging to the same group as the association, which may significantly affect the operation of the association.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(6) Where the economic position of a commercial association has deteriorated and it is likely to become insolvent in the future, the management board must take steps to overcome the economic difficulties, restore its liquidity, improve its profitability and ensure its sustainable management, including consider the filing of a reorganisation petition. If an association is insolvent and the insolvency, due to the economic situation of the association, is not temporary, the management board must without delay and not later than within 20 days after the date on which the insolvency became evident, submit the bankruptcy petition of the association to a court. After insolvency has become evident, the members of the management board may no longer make payments on behalf of the association, except in the case where making the payments in the situation of insolvency conforms to the due diligence requirements. The members of the management board must jointly and severally compensate to the association any payments made by the association after the insolvency of the association became evident which, under the circumstances in question, were not made with due diligence. The provisions of § 63<sup>1</sup> of this Act apply to the liability of the members of the management board.

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(7) The specific work procedure of the management board may be prescribed by the articles of association or by a resolution of the members, supervisory board or management board.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 56. Chairman of management board**

(1) If the management board has more than two members, the members of the management board shall elect a chairman of the management board from among themselves, who shall organise the activities of the management board.

(2) If the association has a supervisory board, the articles of association of the association may prescribe that the chairman of the management board shall be appointed by the supervisory board.

#### **§ 57. Remuneration of members of management board**

(1) The amount of remuneration payable to a member of the management board and the procedure for payment shall be determined by a resolution of the general meeting or, in the case there is a supervisory board, by a resolution of the supervisory board.

(2) Upon determining the procedure for remuneration of the members of the management board and the amount of fees and other benefits, and upon concluding contracts with the members of the management board, the general meeting or supervisory board shall ensure that the total amount of the payments made by the association to the members of the management board are in reasonable proportion to the duties of the members of the management board and the economic situation of the association.

(3) If the economic situation of an association significantly deteriorates and further payment to a member of the management board of the fees established for or agreed upon with the member, or further allowing of other benefits to the member would be extremely unfair to the association, the association may require the decrease of the fees or benefits.

(4) The decrease specified in subsection 3 of this section does not affect other terms and conditions of contracts concluded with the member of the management board. In the case of reduction of remuneration or other benefits, a member of the management board has the right to exercise the right to extraordinary cancellation of a contract entered into with him or her with one month advance notice.

(5) Upon declaration of bankruptcy of an association and termination of the contract of a member of the management board, the member of the management board has the right to demand, in the course of the bankruptcy proceeding, compensation of the damage caused by the termination of the contract within one year after the date of termination of the contract.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 58. Right of representation of management board**

(1) Every member of the management board may represent the association in all transactions unless the articles of association prescribe that some or all of the members of the management board shall represent the association jointly. Joint representation applies with respect to third persons only if it is entered in the commercial register.

(2) Upon concluding transactions on behalf of an association, the members of the management board are required to adhere, with respect to the association, the restrictions prescribed by the articles of association or established by the general meeting, the supervisory board or the management board. A restriction on the right of representation does not apply with respect to third persons.

(3) A transaction concluded between an association and a member of the management board is void if the general meeting or the supervisory board did not agree to the transaction. This does not apply to transactions concluded in the course of the everyday economic activities of the association based on the market price of goods or service.

(4) A member of the management board has no right to represent the association in the conclusion of such transactions for which, pursuant to law, the general meeting or the supervisory board shall separately decide on the appointment of representatives.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 59. Accounting**

The management board shall organise the accounting of the association.

#### **§ 60. Election of members of management board**

(1) The members of the management board shall be elected and removed by the general meeting. If the association has a supervisory board, the members of the management board shall be elected and removed by the supervisory board. The resolution of the supervisory board and minutes of the meeting or, if no supervisory board exists, the minutes of the general meeting shall be appended to a petition for entry of the termination of the authority of a member of the management board, or for entry of a new member of the management board in the commercial register.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(1<sup>1</sup>) If a member of the management board is elected at the general meeting, the recording secretary or the chair of the general meeting shall be a member of the commercial association in whose respect an entry has been made in the commercial register or a member of the management board in whose respect an entry has been made in the commercial register. The signature under the minutes of the meeting by a person specified in the previous sentence shall be notarised. The notarisation of the signature shall be substituted by the digital signing of the minutes by the person specified in the first sentence of this subsection.



[RT I 2008, 52, 288 - entry into force 22.12.2008]

(1<sup>2</sup>) The provisions of subsection 1<sup>1</sup> of this section need not be observed if the minutes of the general meeting are notarised or if the extension of the term of office of a member of the management board is decided. The provisions of subsection 1<sup>1</sup> of this section need not be observed also in case the petition for the entry of a member of the management board in the register is signed by a member of the management board in whose respect an entry has been made in the commercial register or a member of the commercial association in whose respect an entry has been made in the commercial register.

[RT I 2008, 52, 288 - entry into force 22.12.2008]

(1<sup>3</sup>) If an association has a supervisory board, the chairman of the supervisory board or a person authorised by the chairman shall sign a petition for deletion of a member of the management board from the register or entry of a new member of the management board in the register.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) A member of the management board shall be elected for a specified term of three years unless the articles of association prescribe another term. The articles of association shall not prescribe a term of office longer than five years for the members of the management board. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by law or the articles of association. A resolution for extension of the term of office of a member of the management board entered in the commercial register shall be immediately sent to the registrar of the commercial register.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(3) Upon expiry of the term of authority, the same person may be re-elected as a member of the management board unless the articles of association prescribe otherwise.

#### **§ 61. Removal of members of management board**

(1) A member of the management board may be removed by a resolution of the general meeting regardless of the reason. If the association has a supervisory board, the supervisory board may also remove a member of the management board. Rights and obligations arising from a contract concluded with a member of the management board shall terminate pursuant to the contract. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the management board.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(2) If the association does not have a supervisory board, at least one-tenth of the members or at least two members, if the number of members of the association is less than twenty, may, with good reason, demand the removal of a member of the management board by a court.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(3) With good reason, a court may appoint a new member of the management board to replace a removed member of the management board on the petition of a member of the supervisory board, a member of the association or other interested person. The authority of the court-appointed member of the management board shall continue until appointment of a new member of the management board by the general meeting or the supervisory board. A member of the management board appointed by a court has the right, at the expense of the association, to be compensated for his or her costs to a reasonable extent and to receive a reasonable fee, the amount of which shall be established, in the case of dispute, by a court ruling.

[RT I 2005, 39, 308 - entry into force 01.01.2006]

(4) A member of the management board may resign from the management board regardless of the reason by giving the notice thereof to the body that appointed him or her. Rights and obligations arising from a contract concluded with a member of the management board shall terminate pursuant to the contract. The provisions of the Law of Obligations Act concerning cancellation of authorisation agreement apply to cancellation of the contract of a member of the management board.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(5) If an entry made in the commercial register concerning a member of the management board becomes incorrect due to the removal or resignation of the member of the management board, the provisions of § 51 of the Commercial Register Act apply.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

#### **§ 62. Prohibition on competition**

(1) Without the consent of the general meeting or, if a supervisory board exists, without the consent of the supervisory board, a member of the management board shall not:

- 1) be a sole proprietor in the area of activity of the association;
  - 2) be a partner of a general partnership or a general partner of a limited partnership which operates in the area of activity of the association;
  - 3) be a member of a managing body of a company which operates in the area of activity of the association, except if the companies belong to one group.
- [RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) If the activities of a member of the management board are in conflict with the provisions of subsection 1 of this section, the association may demand that the member of the management board terminate the prohibited activity. This does not preclude other claims against the member of the management board.

(3) The limitation period for a claim to terminate a prohibited activity shall be three months as of the date the association becomes aware of the violation of the prohibition on competition but not longer than three years after the violation of the prohibition on competition.

### **§ 63. Preservation of business secrets**

(1) The members of the management board shall preserve the business secrets of the association.

(2) An association shall not file a claim arising from violation of the obligation specified in subsection 1 of this section if the member of the management board acted in accordance with a lawful resolution of the general meeting or of the supervisory board.

### **§ 63<sup>1</sup>. Liability of members of management board**

(1) A member of the management board shall perform his or her duties with due diligence.

(2) Members of the management board who cause damage to the association by violation of their obligations shall be solidarily liable for compensation for the damage caused. A member of the management board is released from liability if he or she proves that he or she has performed his or her obligations with due diligence.

(3) The limitation period for assertion of a claim against a member of the management board is five years unless the articles of association of the association or an agreement with the member of the management board prescribes another limitation period.

(4) A claim for payment of compensation to the association for damage specified in subsection 2 of this section may also be submitted by a creditor of the association if the assets of the association are not sufficient to satisfy the claims of the creditor. In the case of declaration of bankruptcy of the association, only a trustee in bankruptcy may file a claim on behalf of the association.

(5) A creditor or trustee in bankruptcy has the right to file the claim specified in subsection 4 of this section also if the association has waived the claim against a member of the management board or has entered into a contract of compromise with such member or, upon agreement with the member of the management board, has limited the claim or filing thereof in another manner or reduced the limitation period.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

### **§ 64. Supervisory board**

(1) An association shall have a supervisory board if the association has more than 200 members or the share capital is greater than 25,000 euros or if so prescribed by the articles of association.

[RT I 2010, 22, 108 - entry into force 01.01.2011]

(2) The provisions of the Commercial Code concerning the supervisory board of a public limited company correspondingly apply to the competence and activity of the supervisory board unless otherwise provided by law.

### **§ 65. Auditors and controllers**

(1) The obligation of auditing the annual accounts of an association shall be provided for in the Authorised Public Accountants Act or the articles of association of the association.

[RT I 2010, 9, 41 - entry into force 08.03.2010]

(2) If an association does not have an auditor, the general meeting shall elect one or several controllers in order to audit the economic activities of the association.

### **§ 66. Appointment and duties of auditors**

(1) The number of auditors shall be specified and auditors shall be appointed by the general meeting, which shall also specify the procedure for remuneration of auditors. The written consent of a person shall be required for appointment of the person as auditor.

(2) [Repealed – RT I 2009, 13, 78 – entry into force 01.07.2009]

(3) The management board shall submit a list of auditors to the commercial register, which shall set out the names, personal identification codes and residences of the auditors, and the legal basis for their activities as auditors. Upon replacement of auditors, the management board shall, within five days, submit a new list of auditors to the commercial register. The consent of auditors specified in subsection 1 of this section shall be appended to a list of auditors submitted to the commercial register.

(4) On the petition of a member of the management board or supervisory board, a member of the association or other interested person, a court may, with good reason, appoint a new auditor to replace a withdrawn auditor. The authority of a court-appointed auditor shall continue until election of a new auditor by the general meeting. The court shall also specify the procedure for and amount of remuneration for the auditors it appoints.

(5) An auditor may be appointed to conduct a single audit or for a specific term.

(6) [Repealed – RT I 2010, 9, 41 – entry into force 08.03.2010]

#### **§ 66<sup>1</sup>. Replacement and removal of auditor by court**

(1) The management board, supervisory board, at least one-tenth of the members of the association or at least three members if the number of the members of the association is less than thirty, may request the replacement of an auditor appointed by the general meeting from a court if doubt exists concerning the independence of the person appointed by the general meeting. The court shall hear the auditor appointed by the general meeting.

(2) The request specified in subsection 1 of this section may be submitted within two weeks after the appointment of an auditor.

(3) A court shall also decide on the procedure for and amount of remuneration for the auditors appointed by the court.

[RT I 2010, 9, 41 - entry into force 08.03.2010]

#### **§ 67. Appointment of controller**

(1) The number of controllers shall be specified and controllers shall be appointed by the general meeting, which shall also specify the procedure for remuneration of controllers. The written consent of a person is required for appointment of the person as controller.

(2) The management board shall submit a list of controllers to the commercial register; the list shall set out the names, personal identification codes and residences of the controllers. Upon replacement of controllers, the management board shall, within five days, submit a new list of controllers to the commercial register. The consent of controllers specified in subsection 1 of this section shall be appended to a list of controllers submitted to the commercial register.

(3) A natural person with active legal capacity who has sufficient economic and legal knowledge may be a controller. A member of the association, member of the management board, member of the supervisory board or person with respect to whom a court has, pursuant to §§ 49 or 49<sup>1</sup> of the Penal Code, imposed a prohibition on acting as a member of the management board or a prohibition on business, a person who is prohibited from operating within the same area of activity as the association, or a person who is prohibited to act as a member of the management board on the basis of law or a court decision shall not be a controller.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(4) A controller may be appointed for one financial year or for a longer term, but for not longer than three years.

#### **§ 68. Duties of controllers**

(1) A controller shall verify whether an annual report complies with accounting and presents a true and fair view of the economic activities and financial situation of the association, the management of the association and the correctness of maintaining a list of members.

(2) A controller has the right to examine all documents of the association. The management board shall provide the controller with information concerning the activities of the association and other information.

#### **§ 69. Controller's report**

(1) A controller shall prepare a report on the results of auditing and shall submit such report to the general meeting.

(2) The supervisory board and, if the association does not have a supervisory board, the general meeting shall be informed of each error in management, or violation of the requirements of the articles of association or

law discovered by a controller. The general meeting shall be informed of errors in management made by the supervisory board, or violation of the requirements of the articles of association or law by the supervisory board.

#### **§ 70. Maintaining business secrets**

(1) Controllers shall preserve the business secrets of an association.

(2) An association shall not file a claim arising from violation of the obligation specified in subsection 1 of this section if a controller acted in accordance with a lawful resolution of the general meeting or of the supervisory board.

#### **§ 71. Special audit**

(1) At least one-tenth of the members or at least two members of an association if the number of members of the association is less than twenty, may demand a resolution on conduct of a special audit on matters regarding the management or financial situation of the association, and the appointment of an auditor for the special audit by the general meeting.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(2) If the general meeting does not adopt a resolution on conduct of a special audit, at least one-tenth of the members or at least two members of the association if the number of members of the association is less than twenty, may demand conduct of a special audit and appointment of an auditor for the special audit by a court. The court shall decide on conduct of a special audit only with good reason. If possible, the court shall also hear the members of the management board and supervisory board of the association before deciding on the conduct of a special audit.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(2<sup>1</sup>) At least one-tenth of the members or at least two members of an association if the number of members of the association is less than twenty may also demand, pursuant to the procedure provided for in subsection 2 of this section, the replacement of the auditor for the special audit appointed by the general meeting if the person appointed by the shareholders clearly lacks the expertise or experience necessary for the conduct of the special audit or if doubts exist concerning his or her impartiality. The court shall also hear the auditor for the special audit appointed by the general meeting.

[RT I 2009, 51, 349 - entry into force 15.11.2009]

(3) Auditors or sworn advocates may be the auditors for a special audit. If the auditors for a special audit are appointed by the general meeting, the general meeting shall also approve the procedure for their remuneration. The procedure for and amount of remuneration for court-appointed auditors for a special audit shall be specified by the court.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(4) The members of the management board and supervisory board shall enable the auditors for a special audit to examine all documents necessary for conduct of the special audit and shall provide necessary information. The auditors for the special audit shall preserve the business secrets of the association. In the case of refusal to allow to examine documents or to provide information, the auditor for the special audit may submit a petition in proceedings on petition to the court within two weeks as of receipt of the refusal or within four weeks as of the submission of a petition if there has been no response thereto requiring that the members of the management board or supervisory board provide information or allow to examine the documents.

[RT I 2005, 39, 308 - entry into force 01.01.2006]

(5) The auditors for the special audit shall prepare a report concerning the results of the special audit, which shall be presented to the general meeting.

(6) The provisions concerning the liability of auditors for mandatory auditing apply to the liability of auditors for special audit. The provisions of the Bar Association Act apply to the liability of sworn advocates conducting special audits.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 72. Approval of reports**

(1) After the end of a financial year, the management board shall prepare the annual accounts and activity report pursuant to the procedure provided for in the Accounting Act.

[RT I 2005, 39, 308 - entry into force 01.01.2006]

(2) The management board shall present the annual accounts and management report (annual report) and the profit distribution proposal to the general meeting. The opinion of the controller or the sworn auditor's report shall be appended to the accounts. If the association has a supervisory board, the report of the supervisory board shall also be appended.

[RT I 2010, 9, 41 - entry into force 08.03.2010]

(2<sup>1</sup>) An annual report shall be approved by the general meeting. At least one-tenth of the members of an association or at least two members if the number of members of the association is less than twenty may request

from the association that the auditor who prepared the sworn auditor's report or the controller who provided the opinion be present when making the decision to approve the annual report, and provide explanations concerning the sworn auditor's report or the opinion if the members have submitted the corresponding written request at least five days before the general meeting.

[RT I 2010, 9, 41 - entry into force 08.03.2010]

(2<sup>2</sup>) If a resolution to approve an annual report is not passed at the general meeting, the management board submits the unapproved annual report with the respective notation to the commercial register.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The management board submits the approved annual report together with the proposal for the distribution of profit, the division of the sales revenue and the sworn auditor's report, if auditing is compulsory, or the opinion of the controller in electronic format, pursuant to the procedure established by a regulation of the minister in charge of the policy sector on the basis of clause 1 of subsection 2 of § 7 of the Commercial Register Act, to the commercial register within six months after the end of a financial year.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3<sup>1</sup>) The division of the sales revenue shall contain information regarding the sales revenue for the accounting year in up to ten major areas of activity pursuant to the Classification of Economic Activities established on the basis of subsection 6 of § 4 of the Commercial Code. In case of the annual report of a consolidation group, the division of the sales revenue is submitted on the basis of the respective information in the unconsolidated income statement of the consolidating entity.

[RT I 2009, 54, 363 - entry into force 01.01.2010]

(4) The articles of association may prescribe the obligation to prepare interim reports and to submit such reports to the general meeting.

## **Chapter 5**

# **DISSOLUTION OF ASSOCIATION**

### **§ 73. Grounds for dissolution of association**

An association is dissolved on the grounds provided in § 39 of the Act on the General Part of the Civil Code.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

### **§ 74. Dissolution in case of insufficient number of members**

The general meeting shall decide to dissolve the association if, during six months, the number of members of the association has been less than provided for in § 4 of this Act.

### **§ 75. Adoption of dissolution resolution of association**

(1) A dissolution resolution is adopted if at least three fourth of the members who participate in the general meeting vote in favour, unless the articles of association prescribe a greater majority requirement.

(2) The management board shall present the annual report of the previous year and an overview of the economic activities of the association for the current year to the general meeting which decides on dissolution.

(3) The overview of economic activities shall indicate the term during which the association is able to satisfy the claims of creditors.

### **§ 76. Compulsory dissolution**

(1) An association is dissolved by a court ruling if:

1) the general meeting has not adopted a dissolution resolution where its adoption is obligatory pursuant to law, or if the general meeting has not decided to dissolve the association in the case provided in § 74 of this Act or if the general meeting has not adopted the resolutions provided in § 49 of this Act;

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

2) the term of office of the management board expired more than two years previously and a new management board has not been elected;

2<sup>1</sup>) the commercial association has not designated a contact person specified in § 24 of the Commercial Register Act;

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

3) in other cases provided by law.

(2) A petition for the compulsory dissolution of an association may be submitted by the management board, the supervisory board, a member of the management board, a member of the supervisory board, a member of the association or other persons specified by law. Unless otherwise provided by law, a court may also decide on compulsory dissolution at its own initiative.

(3) Before a ruling for compulsory dissolution of an association is made, the court may specify a term for elimination of the circumstances which are the basis for compulsory dissolution.  
[RT I 2005, 39, 308 - entry into force 01.01.2006]

#### **§ 77. Petition for dissolution of association**

(1) The management board shall submit a petition for entry of the dissolution of the association in the commercial register. The dissolution resolution and the minutes of the general meeting shall be appended to the petition.

(2) If an association is dissolved on the basis of a court decision, the court shall send the decision to the commercial register for entry.  
[RT I 2005, 39, 308 - entry into force 01.01.2006]

(3) [Repealed – RT I, 05.05.2022, 1 – entry into force 01.02.2023]

#### **§ 78. Liquidation**

Upon dissolution, an association is liquidated unless otherwise provided by law.

#### **§ 79. Appointment of liquidators**

(1) The liquidators of an association shall be members of the management board unless the articles of association, a resolution of the general meeting or a court ruling prescribes otherwise. A natural person who is prohibited from acting as a member of the management board shall not be a liquidator.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) At least one-half of the liquidators must be persons whose residence is in Estonia.

(3) A court shall appoint the liquidators in a compulsory dissolution or if by at least one-tenth of the members or at least two members if the number of members of the association is less than twenty so demand. The court shall also specify the procedure for and amount of remuneration for the liquidators.  
[RT I 2009, 51, 349 - entry into force 15.11.2009]

#### **§ 80. Removal of liquidators**

(1) A liquidator who is a member of the management board, or who has been appointed by a resolution of the general meeting or in accordance with the articles of association can be recalled at any time by a resolution of the general meeting. In order to adopt such resolution, a majority of votes equal to the majority of votes necessary for appointment of a liquidator is needed.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) A court may recall a liquidator appointed by the court, and to appoint a new liquidator. Based on the demand of at least one-tenth of the members of an association or at least two members if the number of members of the association is less than twenty, a court may also recall, for a good reason, a liquidator who is a member of the management board, or who has been appointed by a resolution of the general meeting or in accordance with the articles of association, and to appoint a new liquidator.  
[RT I 2009, 51, 349 - entry into force 15.11.2009]

(3) A liquidator may resign for the same reasons and pursuant to the same procedure as a member of the management board.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

#### **§ 81. Entry of liquidator**

(1) The management board submits a petition for entry of the first liquidators in the commercial register. The resolution of the members or the minutes of the general meeting constituting the grounds for the designation of the liquidator is appended to the petition. A petition for entry in the commercial register of replacement of liquidators or change the right of representation of liquidators is submitted by the liquidators. The resolution of the members or the minutes of the general meeting constituting the grounds for the replacement of a liquidator or change of the right of representation of a liquidator must be appended to the petition. All liquidators submit to the registrar a written confirmation concerning their right to act as liquidators pursuant to law.  
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If a liquidator is appointed by a court decision, the court shall send the decision to the commercial register for entry.  
[RT I 2006, 61, 456 - entry into force 01.01.2007]

(3) The names and personal identification codes of the liquidators shall be entered in the commercial register.

### **§ 82. Rights and obligations of liquidators**

(1) Liquidators have the rights and obligations of the management board which are not contrary to the objective of the liquidation. Liquidation does not affect the legal relationships between the members of an association or between the members and the association, or the rights of the supervisory board, unless otherwise provided by law and the nature of liquidation.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) The liquidators shall terminate the activities of the association, collect debts, sell assets and satisfy the claims of creditors.

(3) The liquidators may only enter into transactions which are necessary for liquidation of the association. The right of representation of liquidators is unrestricted with regard to third persons.

(4) The right of representation of liquidators who are members of the management board does not change upon liquidation unless the articles of association, a resolution of the general meeting or a court ruling prescribes the changing of the right of representation into joint representation or sole representation. Liquidators appointed by a resolution of the general meeting or a court ruling may represent the association only jointly, unless the resolution of the general meeting or a court ruling prescribe that all or some of the liquidators may represent the association alone or jointly. A division of the right of representation which differs from the right of representation prescribed by law applies to third persons only if it has been entered in the commercial register.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(5) During a liquidation proceeding, the notation "likvideerimisel" [in liquidation] shall be appended to the business name of the association.

### **§ 83. Submission of bankruptcy petition**

If an association being liquidated is insolvent within the meaning of the Bankruptcy Act, the liquidators shall submit a bankruptcy petition for the association.

[RT I 2005, 39, 308 - entry into force 01.01.2006]

### **§ 84. Accounting upon liquidation**

(1) An association undergoing liquidation shall organise its accounting pursuant to the procedure provided by the Accounting Act unless otherwise provided by the law or the nature of liquidation.

(2) Upon adoption of a dissolution resolution, the liquidators prepare a liquidation report. The liquidation report is approved by the general meeting and it is submitted to the commercial register within four months after the adoption of the dissolution resolution.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) With the adoption of the dissolution resolution, the current financial year of the commercial association ends and a new financial year begins. The liquidators prepare an annual report as of the end of the financial year ending by the time of dissolution of the commercial association and as of the end of each financial year following the dissolution. A change of the previous financial year period may be decided by the dissolution resolution pursuant to subsection 2 of § 13 of the Accounting Act.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3<sup>1</sup>) Where 12 months have passed since the beginning of the new financial year specified in subsection 3 of this section, and the liquidation process has not yet ended, an interim liquidation report is prepared as of the end of each financial year following the dissolution.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) A commercial association has the obligation to audit the liquidation report and interim liquidation report in case the audit obligation applied to the latest annual accounts before the dissolution resolution or it would apply to the liquidation report or interim liquidation report, taking into account the requirements provided by the Auditors Activities Act.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(5) A court may release a commercial association from the obligation to audit the liquidation report or interim liquidation report if the financial situation of the commercial association is so clear that the audit is evidently not necessary in the interests of the members or creditors.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

## **§ 85. Notification of creditors**

(1) Liquidators shall promptly publish a notice concerning the liquidation proceeding of an association in the official publication *Ametlikud Teadaanded*.

(2) The liquidators shall promptly send a notice of liquidation to the known creditors.

(3) The notice of liquidation shall indicate that creditors are to submit their claims within four months as of the publication of the notice.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

## **§ 86. Submission of claims**

The creditors shall notify the liquidators of all their claims against the association within four months as of the publication of the notice. The notice shall set out the content, basis for and amount of the claim; documents substantiating the claim or copies thereof shall be appended to the notice. Failure to notify of a claim on time does not affect the validity of the claim or restrict the right of the creditor to file an action with a court against the association being liquidated.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

## **§ 87. Satisfaction of claims**

(1) Liquidators shall satisfy the claims of creditors of which the association is aware regardless of whether or not notification of such claims has been given.

(2) If a creditor known to the association has not filed a claim and the claim cannot be satisfied for reasons independent of the association, the money which belongs to the creditor shall be deposited if the conditions for depositing exist.

(3) If an obligation cannot be performed during liquidation or if a claim is under dispute, the assets of the association cannot be distributed between the members unless the contested amount of money has been deposited and the creditor has been granted sufficient security.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

## **§ 88. Final liquidation report**

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(1) After satisfaction of the claims of all creditors and the deposit of money, the liquidators prepare the final liquidation report, including a distribution plan for the assets remaining upon liquidation which constitutes a part of the final liquidation report.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) A commercial association has the obligation to audit the final liquidation report in case the audit obligation applied to the latest annual accounts before the dissolution resolution or it would apply to the final liquidation report, taking into account the requirements provided by the Auditors Activities Act.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The liquidators must present the final liquidation report to all members for examination at the registered office of the non-profit association and notify the members thereof.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(4) If the provisions of law or of the articles of association, or the resolutions of the general meeting have not been observed in the preparation of the final liquidation report, a court may, based on a court claim of at least 1/10 of the members of the association, or based on a court claim of at least two members if the association has less than 20 members, order preparation of a new final liquidation report, or supplementary liquidation. Such court claim may be filed within two months after the date on which the members were informed that the balance sheet and asset distribution plan would be presented to the members for examination. The association will be the defendant.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

## **§ 89. Distribution of assets**

(1) After satisfying or guaranteeing all the creditors' claims and the necessary deposit, the contributions paid by members shall be refunded to the members. The assets remaining after the refund of contributions shall be distributed among the members in proportion to the amount of their contributions pursuant to the asset distribution plan prepared by the liquidators, unless the articles of association prescribe otherwise.

[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) Assets may be distributed within six months after the entry of the dissolution of the association in the commercial register and publication of the notice of liquidation, and within two months after the date on which the members were informed that the final balance sheet and asset distribution plan are presented to the members



for examination, except in case the balance sheet or asset distribution plan has been contested in court, the court claim has been dismissed or denied, or the proceedings in the matter have been terminated.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

(3) A court may allow payments to members within six months after publication of the notice of liquidation unless this damages the interests of the creditors.

(4) Payments shall be made in money unless the articles of association prescribe otherwise.

(5) The liquidators need not sell assets unless this is necessary for satisfaction of the claims of creditors, or if the general meeting so decides.

#### **§ 90. Transfer of assets to local governments**

(1) The articles of association may prescribe that upon dissolution of an association the assets of the association are transferred to the local government for the continuation of joint activities or for use in other public interest. In such case, the general meeting may decide dissolution of the association without liquidation proceedings.

(2) A local government council shall decide on acceptance of assets before the dissolution resolution of an association is adopted.

(3) Upon entry of the dissolution of an association in the commercial register, the assets of the association are deemed to be transferred to the local government.

#### **§ 91. Liability of members upon liquidation of association**

If the assets of an association are not sufficient to cover the claims of creditors and the articles of association prescribe the full personal liability or additional liability of the members of the association, the members of the association shall be liable for the obligations of the association proportionally to the amount of their contribution, unless the articles of association prescribe otherwise.

#### **§ 92. Continuation of activities of dissolved association**

(1) If dissolution of an association is prescribed by the articles of association or is decided by the general meeting, the general meeting may, until commencement of the distribution of assets, decide on continuation of the activities of the association or on merger or division of the association. A resolution on continuation of activities is adopted if at least two-thirds of the members who participate in the meeting vote in favour, unless the articles of association prescribe a greater majority requirement.  
[RT I 2009, 13, 78 - entry into force 01.07.2009]

(2) If a resolution is made on continuation of activities, new members of the management board and, if the association has a supervisory board, members of the supervisory board shall be designated in the resolution.

(3) Liquidators submit a petition for entry of the continuation of activities in the commercial register. The petition is to be signed also by the new member of the management board. A resolution of members or the minutes of the general meeting constituting the grounds for continuation of activities is appended to the petition. The resolution on continuation of activities enters into force as of its entry in the commercial register.  
[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

#### **§ 92<sup>1</sup>. Continuation of activities of commercial association deleted from commercial register**

(1) The general meeting may decide on continuation of the activities of a commercial association deleted from the register pursuant to § 61 or 62 of the Commercial Register Act.

(2) A resolution on continuation of activities is adopted if at least 2/3 of the members who participate in the meeting vote in favour, unless the articles of association prescribe a greater majority requirement.  
[RT I, 05.05.2022, 1 – entry into force 01.02.2023, amended in part [RT I, 23.12.2022, 2]]

#### **§ 93. Deletion from commercial register and supplementary liquidation**

(1) The liquidators submit a petition for deletion of an association from the commercial register after the conclusion of the liquidation, however not earlier than six months after the entry of the dissolution of the association in the commercial register and publication of the liquidation notice and not earlier than three months after the date on which the members were informed that the final balance sheet and asset distribution plan would be presented to the members for examination, provided that there are no other obstacles deriving from law to deletion of the association from the register. The final balance sheet and asset distribution plan are appended to the petition. The petition must include a confirmation by all the liquidators that the final balance sheet and asset distribution plan have not been contested in court, or the court claim has been dismissed or denied, or that

the proceedings in the matter have been terminated and the claims of the creditors of the association have been satisfied or that the assets necessary to satisfy the claims have been deposited and that the association is not a party to any proceedings pending before a court.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(2) If, after the association has been deleted from the register, it becomes evident that the association has assets which were not distributed and that supplementary liquidation measures are necessary, a court may, at the request of an interested person, order a supplementary liquidation and restore the rights of the former liquidators or appoint new liquidators.

(3) At the request of a creditor of an association, liquidation may be conducted after the deletion of the association from the register only if the creditor substantiates that the claim of the creditor against the association was not satisfied in the liquidation proceeding, it is not possible for the creditor to satisfy the claim in any other manner and it is possible to satisfy the claim of the creditor upon restoration of the liquidation, or if the association should not have been deleted from the register due to a dispute over the claim. The petition of a creditor for supplementary liquidation shall not be satisfied, among other things, if the creditor failed to submit a claim to the liquidator in time without good reason.

[RT I 2005, 39, 308 - entry into force 01.01.2006]

#### **§ 94. Deposit of documents**

(1) The liquidators shall deposit the documents of an association with a liquidator, a person maintaining an archive or another trustworthy person. If the liquidators have not appointed a depository of documents, a court shall appoint one as necessary. Documents are kept in Estonia.

[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

(2) The name, residence or registered office, and the personal identification code or registry code and e-mail of the depository of documents are entered in the commercial register on the petition of the liquidators or, in the case of a court-appointed depository, on the basis of the court ruling. The depository of documents is replaced and a new depository is entered in the register based on a court ruling.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

(3) The depository of documents shall be responsible for the preservation, during the term prescribed for by law, of the documents deposited with the depository.

(4) Members and their legal successors, the creditors of the association, and other persons with a legitimate interest in the matter have the right to examine the deposited documents. If the depository of documents does not enable an entitled person to examine the documents, the entitled person may, within two weeks after receipt of the refusal or within four weeks after submitting the request, if the request has not been answered, file a petition in proceedings in petition with a court for requiring the depository to enable the examination of the documents.

[RT I, 05.05.2022, 1 – entry into force 01.02.2023]

## **Chapter 6 IMPLEMENTATION OF ACT**

#### **§ 95. Act applicable to non-profit associations**

The Non-profit Associations Act applies to non-profit associations.

#### **§ 96. Bringing of articles of association, amount of share capital and number of members into compliance with law**

(1) Associations entered in the commercial register before the entry into force of this Act shall bring the amount of their share capital and the number of their members into compliance with law and submit notices on the amount of share capital and the number of members to the registrar of the commercial register by 1 April 2004.

[RT I 2004, 14, 91 - entry into force 25.03.2004]

(2) A state fee is not charged for submission of a petition specified in subsection 1 of this section.

(3) [Repealed – RT I 2004, 14, 91 – entry into force 01.12.2003]

#### **§ 96<sup>1</sup>. State as member of association**

Governmental authorities or constitutional institutions performing the state's rights of membership in an association shall withdraw from the association by 1 May 2005.

[RT I 2004, 24, 166 - entry into force 16.04.2004]

## **§ 96<sup>2</sup>. Application of provisions concerning profit distribution**

Subsection 2 of § 29 of this Act in the wording which was in force before 1 December 2005 shall apply to annual reports concerning the accounting periods which started before 1 January 2005.  
[RT I 2005, 61, 478 - entry into force 01.12.2005]

## **§ 96<sup>3</sup>. Implementation of electronic reporting**

The provisions of the second sentence of subsection 3 of § 72 of this Act shall apply to annual reports which are prepared for the accounting period beginning on 1 January 2009 or later.  
[RT I 2008, 27, 177 - entry into force 10.07.2008]

## **§ 96<sup>4</sup>. Submission of annual report in 2020**

A commercial association required to submit the annual report to the registrar from 12 March to 31 August 2020 shall submit the report not later than on 31 October 2020.  
[RT I, 23.05.2020, 2 – entry into force 24.05.2020]

## **§ 97. Name**

Non-profit associations founded before the entry into force of this Act may continue to use the word “ühistu” [association] in their names. Non-profit associations founded after the entry into force of this Act may use the word “ühistu” [association] in their names in the cases provided by law.

**§ 98.–§ 101.**[Omitted from this text.]

## **§ 102. Entry into force of Act**

This Act enters into force on 1 February 2002.