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HUNGARY

LEGAL NEWS

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Hungary's Digital Citizenship Programme: streamlining administrative processes

Hungary is gearing up to revolutionize citizen-state interactions with its upcoming Digital Citizenship Programme ("DCP", in Hungarian: "DÁP"). Announced in late 2022 and enacted in 2023, this legislation aims to redefine the way Hungarians interact with the state, shifting the focus from physical documents to digital solutions.

What is the Digital Citizenship Programme?

The DCP will operate primarily through a dedicated mobile application. As a cornerstone of the initiative, this app will offer a comprehensive range of services:

- **Digital Wallet:** All essential documents in a single digital wallet to expedite electronic identification (in Hungarian: eID).
- **Digital Mailbox:** Communication with authorities through a secure digital mailbox (in Hungarian: ePosta).
- **Electronic Document Management:** Electronic storage of all correspondence and official documents (in Hungarian: eDokumentumkezelés).
- **Electronic Signature:** Digital signature recognized across the EU (in Hungarian: eAláírás).
- **Electronic Payments:** Integration with electronic payment services for seamless transactions (in Hungarian: eFizetés).

Through these features, tasks and paperwork that has required physical presence so far will be accessible to citizens directly from their smartphones. The DCP promises accessibility and efficiency around the clock, whether it is identity verification, utility bills, or banking.

The government has recently launched a website detailing the programme's rollout schedule. Pivotal to accessing DCP services, the mobile application became available for download from app stores on 18 May. Commenced on 21 May, the registration requires users to visit a government office for identity verification in the initial phase, while online options are expected to be introduced in the future.

Some features, such as QR code-based identity verification for police checks, digital signatures, and scheduling appointments at government offices, will open to the public in September 2024, while some will be available later. All functions are foreseen to be accessible in the app by 2026.

The overarching goal of DCP is to transition all forms of personal identification and government-office administration to digital platforms. Physical documents will nonetheless be necessary for certain activities, including international travels and situations where QR codes may not suffice.

Addressing concerns over data security, it is emphasized that the programme will only consolidate existing state-held data, with detailed privacy measures outlined on its FAQ page. Participation in DCP remains optional for those who prefer traditional methods of contact.

Significant amendments to Hungarian competition law

On 10 May 2024, significant changes were introduced to the Hungarian competition law, addressing issues related to anti-competitive agreements, exemptions under the de minimis rule, and the statute of limitations for claims based on competition law infringements.

New exception to the prohibition on anti-competitive agreements

As of 10 May 2024, agreements between parent companies and joint ventures (JVs) are no longer considered anti-competitive if they pertain solely to the conduct in markets where the JV operates. This amendment provides a general exemption from the prohibition of anti-competitive agreements for agreements between JVs and their parent companies.

Under the new rules, non-compete clauses and vertical restrictions (e.g., exclusive purchasing clauses) related to the JV's activities may be permissible even if they are not directly linked to the concentration. It should be noted that the amendment does not affect the distinction between independent and non-independent companies. Jointly controlled companies and their parent companies are still considered independent entities, and changes in control of these companies must still be reported if merger thresholds are met.

Modification of exemptions under the de minimis rule

The amendments effective from 10 May 2024 changed also the conditions for applying the de minimis rule, which exempts agreements of minor importance from competition law. Henceforth, anti-competitive decisions made by associations, such as federation decisions, will no longer benefit from the de minimis exemption. This change addresses the interpretation given in a recent ruling of the Curia (Hungary's supreme court), where the Curia found that such decisions may be allowed under the de minimis rule.

The legislative amendment clarifies that the de minimis rule does not exempt anti-competitive agreements, whether they are agreements or concerted practices of companies, or decisions made by associations of companies, regardless of whether they constitute a cartel. This change aligns with the European Commission's de minimis notice and relevant practices.

Statute of limitations for competition law damages

From 10 May 2024, the rules on the statute of limitations for claims based on competition law infringements have been modified. The new rules may apply also retroactively to claims for infringements that occurred before 15 January 2017, provided the statute of limitations had not expired by that date and the other prescribed conditions are met.

According to the new rules, the limitation period begins when the competition authority's decision establishing the infringement is published in full. The five-year limitation period starts from the publication date of the non-confidential version of the decision.

This modification was prompted by the CJEU's ruling in the Volvo and DAF case, which emphasized that the limitation period should not begin before the infringement has ceased and the injured party has sufficient information to file a claim. This ensures that national limitation rules align with the specific characteristics of competition law and do not undermine the full enforcement of EU competition law.

Amendment to the Fundamental Law of Hungary

On 11 June 2024, the National Assembly of Hungary adopted the 13th amendment to the country's constitution, the Fundamental Law. This notable legislative change addresses three main areas: presidential pardons for crimes against children, military operations, and participation in EU loans.

No pardons for crimes against children

The amendment restricts the President of the Republic from granting pardons to individuals convicted of intentional criminal offences against children. This change follows a high-profile case where a presidential pardon was controversially granted to a former deputy director of a children's home, who had coerced children into silence about abuses. A cardinal law will specify the intentional criminal offences against children which are ineligible for a pardon. Additionally, the requirement for the Justice Minister's countersignature on presidential clemency decisions has been removed, simplifying the pardon process but limiting its scope.

Regulation of military operations

The amendment also addresses the operations of the Hungarian Defence Forces and the presence of foreign military forces within Hungary. It stipulates that a cardinal law will set the rules for the military operations, stationing of troops, and cross-border deployment of the Hungarian Defence Forces, and the military operations of foreign armed forces affecting the territory of Hungary.

Participation in EU borrowings

Finally, the amendment requires a two-thirds majority in Parliament for Hungary to participate in EU joint loan agreements. This means that Hungary can only commit to EU borrowings and the related financial guarantees with the approval of the legislature. Safeguarding the country's economic interests, the goal is to ensure thorough scrutiny and broad consensus on any financial commitments involving the EU.

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ROMANIA

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Minimum wage increase and new tax relief measures

By its Decision n°598/2024, the Romanian government increased the national gross minimum basic salary as of 1 July 2024. This adjustment excludes allowances, bonuses, and other additions. Further supporting this, Government Emergency Ordinance 59/2024 raised the non-taxable salary amount from RON 200 to RON 300 per month. This adjustment is available to eligible employees through the end of 2024.

The minimum basic gross salary at national level, guaranteed for payment, that was previously RON 3,300 (approx. EUR 662) will be RON 3,700 (approx. EUR 743) per month, for a normal working schedule averaging 168 hours per month, that is, RON 22.024/hour (approx. EUR 4,42).

Failure to comply with the provisions regarding the payment of the minimum gross basic salary is sanctioned with fines ranging from RON 300 (approx. EUR 60) to RON 2,000 (approx. EUR 402).

It is worth noting that according to the Labor Code, the national minimum gross basic salary can be applied to an employee for a maximum of 24 months from the start of their individual employment contract. After this period, the employee must receive a base salary that exceeds the national minimum gross basic salary.

Adjustments to basic deductions

Along with the salary increase, basic deductions will rise for employees earning up to RON 2,000 (approx. EUR 402) above the minimum wage. The maximum deductible amount from the net salary will increase from RON 660 (approx. EUR 132) to RON 740 (approx. EUR 149), irrespective of dependents. For employees with dependents, personal basic deductions will rise accordingly.

Employer contributions

Employers are required to pay social contributions (CAS and CASS) based on the gross minimum salary for all employees earning below this threshold. With the increase in the minimum wage to RON 3,700 per month, the base for these contributions also increases. This will affect operational costs for employers, particularly those who employ many low-wage or part-time workers.

Protection against wage garnishment

For employees earning below the net minimum wage, garnishments will apply only to amounts exceeding half of this threshold.

Medical leave allowances cap

The maximum base for calculating medical leave allowances is set at 12 times the gross minimum salary per month. With the wage increase, this cap rises from gross RON 39,600 (approx. EUR 7,955) to RON 44,400 (approx. EUR 8,919) per month.

No additional paperwork required

The increase in the gross minimum basic salary is automatically enacted by law or applicable collective labour contracts, eliminating the need to modify the individual employment contracts.

Revision of the Classification of Economic Activities in the National Economy (CAEN)

Through Order no. 377 of 17 April 2024, the National Institute of Statistics (INS) has formalized the third revision of the Classification of Economic Activities in the National Economy (CAEN), which will take effect on 1 January 2025.

Under this order, aligning with the new legal provisions on CAEN codes will become mandatory for all company executive officers. The first step, which can be taken immediately, is to check the existing CAEN codes listed in the memorandum of association and those submitted to the Trade Register so as to update their articles of association and submit any necessary changes to the Trade Register.

Additionally, for activities that require specific authorizations, licenses, or permits, it is advisable to review these in advance to ensure that the issuing authority can be notified within the appropriate deadlines and according to the relevant legal procedures, to prevent the invalidation of any such documents.

New anti-harassment obligations for Romanian employers

The Romanian legislature has recently introduced additional anti-harassment obligations for employers, focusing on gender-based and psychological harassment. These obligations relate to:

- (a) the methodology for preventing and combating gender-based and psychological harassment at work, approved by Government Decision no. 970/2023.
- (b) Romania's ratification of ILO Convention no. 190/2019 concerning the elimination of violence and harassment in the world of work, effective from 5 April 2024.

The methodology on preventing and combating harassment in the workplace is mandatory for all employers, regardless of the number of employees, in both the public and private sectors.

By 17 April 2024, Romanian employers must implement the following measures within six months:

- Procedures for identifying, investigating, and sanctioning harassment offences.
- Clear definitions of harassment manifestations and exclusions.
- Internal channels for reporting harassment offences.
- Measures to protect victims, petitioners, and whistle-blowers, ensuring confidentiality, protection from victimisation and retaliation.
- Reporting rules to avoid frivolous complaints.

These measures require either a revision of the employee handbook or the introduction of a separate policy or guidelines in addition to the handbook.

Moreover, from 17 April 2024, employers must:

- Provide annual trainings to raise awareness and prevent, identify, and sanction violent or harassing behaviour.
- Maintain a harassment reporting register.
- Appoint a person or committee to handle complaints.

- Track the number of complaints registered annually and how they were addressed.

Romania expands e-invoicing to B2C transactions

The Romanian Ministry of Finance issued Emergency Ordinance no. 69/2024 on 21 June 2024 to expand electronic invoicing (e-invoicing) to include business-to-consumer (B2C) transactions.

Currently, implemented through the RO-eFactura system, the Romanian e-invoicing regime applies to business-to-government (B2G) transactions and high-risk business-to-business (B2B) sales and goods transport. The transition to include all B2B transactions under the e-invoicing mandate began on 1 January 2024, while as of 1 July 2024, all B2B transactions fall under the e-invoicing mandate, and standard invoicing practices must comply with e-invoicing.

The Romanian government has set the deadline of 1 August 2024 to implement the National Information System RO e-VAT. This system is designed to pre-fill value-added tax (VAT) return information on taxable transactions and make them accessible to taxpayers through the Virtual Private Space.

According to the new ordinance, taxpayers can start submitting their B2C invoices through the RO-eFactura system on 1 July 2024. Optional initially, this process will become mandatory for all taxpayers from 1 January 2025. Exceptions may be granted to certain non-profit entities, farmers, and small taxpayers, who will have until 1 July 2025 to comply.

Emergency Ordinance no. 69/2024 also stipulates that invoices must be transmitted to the national electronic invoicing system within five calendar days of issuance. This deadline cannot exceed five calendar days from the prescribed invoice issuance deadline.

Lastly, the legislation extends the e-invoicing mandate to self-billing invoices for consuming one's own goods and clarifies that transfers of goods outside the country's VAT scope, where there is no obligation to issue an invoice, are exempt from the e-invoicing obligation.

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CROATIA

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Amendments to the Land Registry Act

The amendments to the Land Registry Act have been submitted to the Croatian Parliament mid-June 2024 and are planned to be adopted soon.

One of the key changes is the digitalization and electronic storage of the manually managed land registration entries and documentation in a single registry, the Central Registry of Land Records. This is a huge step towards completely terminating the manually recorded land registration documentation in Croatia (some of which originate in the 19th century), in order to replace it with a fully electronic registry. Only classified documents are exempt from the new electronic system of land registration, which can still be handled in hard copies and delivered by postal service.

New Law on the implementation of MiCAR

On 21 June 2024, the Croatian government has submitted a draft law, on the implementation of the Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets ("MiCAR").

The competent authorities responsible for implementation and supervision of the MiCAR regulations in Croatia will be the Croatian Financial Services Supervision Agency ("HANFA") and the Croatian National Bank ("HNB"). The new law will authorize these institutions to carry out tasks based on the MiCAR, including the approval of white papers for certain types of crypto-assets, authorization of crypto-asset service providers (CASP), monitoring compliance with the provisions of the MiCAR, and imposing sanctions for violations of the MiCAR.

This comprehensive implementation of the MiCAR will certainly be welcomed in Croatia considering that, according to Eurobarometer, Croatian citizens are second in the EU as regards seeking investments in cryptocurrencies.

CSRD transposed to Croatian Capital Market Act, Audit Act, and Accounting Act

On 26 June 2024, to transpose Directive (EU) 2022/2464 of the European Parliament and of the Council as regards corporate sustainability reporting ("CSRD"), the Croatian government has submitted proposals for amendments of the Capital Market Act, the Audit Act, and the Accounting Act, expected to be adopted in the upcoming weeks.

Inter alia, the amendments of the Capital Market Act establish the consolidation of trade data at the EU level, bringing together key market data provided by multiple trading platforms (such as stock exchanges and investment banks). This will facilitate access for professional and small investors to accurate updated information, such as the price of instruments or the volume and timing of transactions.

Extension of reduced VAT rates on energy products

New amendments to the Value Added Tax Act entered into force on 1 April 2024, extending the period of application of a reduced VAT rate of 5% (as opposed to the general VAT rate of 13%) on the supply of natural gas and other energy products used for heating until 31 March 2025.



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SERBIA

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Reform and Growth Facility for the Western Balkans adopted

On 7 May 2024, the Council gave its final green light to setting up a Reform and Growth Facility for the Western Balkans, a new instrument to support EU-related reforms and economic growth in the region.

The facility is the financial pillar of the Growth Plan for the Western Balkans. It will cover the period from 2024 to 2027 and is expected to provide up to EUR 2 billion in grants and EUR 4 billion in loans to the EU's six Western Balkan partners in the coming years.

The main aim of the facility is to support Western Balkan partners' alignment with the EU's values, laws, rules, standards, policies and practices, with a view to future EU membership, as well as their progressive integration into the EU single market and socio-economic convergence with the EU.

The facility will support a range of socio-economic and fundamentals reforms, including reforms related to the rule of law and fundamental rights.

Serbian Competition Authority upholds its practice on resale price maintenance as a restriction by object

The Serbian Competition Authority recently issued a decision against a company in the ceramic tile sector for resale price maintenance (RPM). Polet-keramika was fined 0.4% of its annual revenue for enforcing minimum resale prices among its distributors through sale and purchase agreements. For years, distributors were instructed to adhere to Polet's price list, with the agreements stipulating that failure to comply could lead to the loss of certain rebates.

The Commission for Protection of Competition concluded that the company's practice of setting resale prices through these agreements and the associated rebate policy restricted competition, in violation of article 10 of the Serbian Competition Act. The Commission emphasized that RPM constitutes a severe anticompetitive infringement by object, therefore it is not necessary to explicitly demonstrate its harmful effects. According to the Commission, RPM agreements are prohibited in any case, regardless of their specific market impact.

An agreement on fixing a minimum resale price significantly disrupts competition and offers no consumer benefits. Thus, such agreements are null and void without exception, irrespective of their actual effects.

The Commission noted that the company's RPM practice prevented distributors from lowering resale prices below those set by the manufacturer, ultimately harming consumers.

This decision aligns with the Commission's established stance that RPM is an infringement by object, reflecting their long-standing practice of treating RPM as a "hardcore restriction of competition."

However, this approach contrasts with the recent *Super Bock* judgment of the Court of Justice of the European Union (CJEU), which has introduced a more nuanced, context-based evaluation of RPM agreements. The CJEU ruling suggests that RPM should not be automatically deemed a violation by object, but rather assessed based on its economic and legal context.

Supreme Court of Serbia: Overtime work is valid even without formal employer request

In a significant ruling on 22 June 2023 (Ruling no. Rev2 3092/21), the Supreme Court of the Republic of Serbia determined that overtime work can exist without an explicit written request or resolution from the employer. This ruling asserts that if essential for the day's operations, tasks completed beyond regular working hours qualify as overtime work.

In the case concerned, the plaintiff performed additional tasks such as cash counting and organizing after regular working hours. Initially, the first-instance court rejected the claim for overtime pay due to the lack of a formal request from the employer. However, the second-instance court overturned this decision, and the Supreme Court confirmed that the nature of the tasks and the expectation to complete them after regular working hours constituted overtime.

According to the Serbian Labor Code:

- Regular working hours are defined as 40 hours per week;
- Overtime conditions: employees must work beyond regular hours in cases of force majeure, sudden workload increases, or unplanned urgent tasks;
- Rescheduling work hours: permissible for better work organization, provided total hours don't exceed 60 per week;
- Overtime pay: employees are entitled to at least 26% additional pay for overtime.

The Supreme Court highlighted that for overtime work to merit additional pay, it does not need a written order from the employer. It is sufficient if the nature of the tasks requires completion beyond regular hours and that is understood by both employer and employee.

Employers must compensate for such work, considering the principles of fairness and good faith. This decision clarifies that the expectation of daily engagement in post-hours tasks without formal rescheduling or overtime requests cannot negate the employees' rights to appropriate compensation. This ruling upholds workers' rights, ensuring they receive fair compensation for all work performed, aligning with the principles of equality and fairness in employment relationships.

Serbia proposes amendments to VAT Act to encourage food donations and reduce waste

In April, Serbia has proposed amendments to the Value Added Tax (VAT) Act with the aim of promoting food donations and reducing food waste. These changes are intended to have significant economic, environmental, and social impacts. They are significant as they align with environmental, social and governance goals, reflecting a broader commitment to sustainable development.

The proposed amendments aim to incentivize surplus food donations by exempting them from VAT. This measure is intended to eliminate financial barriers that deter businesses from donating excess food, thus fostering a culture of corporate social responsibility.

The VAT exemption is particularly noteworthy within environmental, social, and governance (ESG) frameworks, as it promotes economic activities that align with environmental sustainability and social welfare.

To ensure economic stability for donors, the proposal includes a provision limiting the total value of donations to 1% of the donor's previous fiscal year income. This measure ensures that while donations are encouraged, they do not adversely impact the financial health of donating entities.

By integrating ESG considerations into taxation policies, the Serbian government aims to promote a more sustainable and equitable economy. These amendments could catalyse a ripple effect, encouraging more businesses to engage in socially responsible practices.

INNO-VERSE and Buzz-Chat: Serbian Chamber of Commerce developed a digital service based entirely on AI

The Serbian Chamber of Commerce (CCIS) launched the BizChat platform in March 2024. BizChat is an innovative AI-powered digital assistant, designed to provide real-time, 24/7 access to vital business information. This platform helps businesses and entrepreneurs by offering insights into chamber services, market analysis, business conditions, investment opportunities, labour market potentials, and the education system.

BizChat is one of the first chatbots in Europe created by a business association specifically for the business community. It is powered by Microsoft's technology and is part of CCIS's broader efforts to reduce bureaucratic obstacles and enhance technological infrastructure for faster implementation of projects. The service is free of charge and available around the clock, simplifying processes like company formation, tax rebates, obtaining work permits, and visas for foreign workers.

Soon after the above, the Chamber has launched a new digital platform called INNO-VERSE, which is designed to support business development through advanced technological solutions. This platform leverages artificial intelligence to connect companies, startups, research institutions, and the academic community, facilitating collaboration and innovation.

INNO-VERSE includes 75,000 business models and various trends, enabling users to develop new projects, create jobs, and share and apply innovative ideas in practice. The platform is accessible to a wide range of users, including students, researchers, scientists, professors, and corporate development centres. It aims to help companies improve their business processes, collaborate with new partners, and better utilize their resources through tools like SWOT analysis and trend projections.

The introduction of the INNO-VERSE and BizChat platforms by the Serbian Chamber of Commerce marks a significant leap towards digital transformation and innovation in Serbia's business landscape. By leveraging advanced technologies, these platforms help reduce bureaucratic obstacles, enhance business efficiency, and support the creation of new projects and job opportunities. Ultimately, INNO-VERSE and BizChat are designed to empower businesses, support sustainable growth, and strengthen Serbia's competitive edge in the global market.

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BOSNIA AND HERZEGOVINA

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Digital Europe Programme open for Bosnia and Herzegovina

Bosnia and Herzegovina's accession to the EU's Digital Europe Programme marks a significant milestone in the country's digital transformation efforts. Signed on 14 May 2024, the agreement opens up numerous opportunities for the country's businesses, public administration, and other eligible organizations. By joining this programme, Bosnia and Herzegovina will have access to funding and resources aimed at enhancing digital capabilities in several critical areas including supercomputing, artificial intelligence, cybersecurity, and advanced digital skills.

The inclusion in the Digital Europe Programme allows Bosnian businesses, public administration, and other eligible organizations to apply for funding under the same conditions as their counterparts in the EU. This is expected to significantly advance the digitalisation of public services and support small and medium-sized enterprises (SMEs) in the country. The programme also facilitates the creation of Digital Innovation Hubs in Bosnia and Herzegovina, which will provide vital support and resources for SMEs looking to embrace digital technologies.

The agreement is retroactively effective from 1 January 2024, meaning that the benefits and funding opportunities are available immediately.

The integration into the Digital Europe Programme is expected to accelerate Bosnia and Herzegovina's progress in digitalisation, enhance its competitiveness in the global market, and strengthen its ties with the European Union. Fostering integration, the programme aims to align Bosnia and Herzegovina's digital infrastructure and policies with those of the EU. Participation in the programme will enable the country to benefit from the shared digital resources and frameworks established by the EU.

Commission proposes to open EU accession negotiations with Bosnia and Herzegovina

The European Commission has recommended opening EU accession negotiations with Bosnia and Herzegovina, reflecting significant progress made by the country in meeting the EU's membership criteria. This recommendation is based on a comprehensive report outlining the reforms Bosnia and Herzegovina has undertaken since being granted candidate status in December 2022.

Bosnia and Herzegovina has implemented important reforms, including laws on the prevention of conflict of interests, anti-money laundering, and countering terrorist financing. The country has taken steps to improve its judiciary and prosecutorial systems and to combat corruption, organized crime, and terrorism. The Commission recommends that the Council adopts the negotiating framework once Bosnia and Herzegovina has further advanced in the necessary reforms. The Commission will continue to monitor and report back on Bosnia and Herzegovina's progress.

President of the European Commission Ursula von der Leyen highlighted the impressive progress made by Bosnia and Herzegovina, and stressed the importance of continuing these efforts to fulfil the country's aspirations to join the EU.

Overall, Bosnia and Herzegovina's path to EU membership is progressing, with strong support from EU leaders and significant reforms underway to meet the necessary criteria for accession talks. The EU's commitment to Bosnia and Herzegovina's digital and economic integration is further evidenced by initiatives like the Digital Europe Programme.

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FRANCE

LEGAL NEWS

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New appointment rules of statutory auditors

Decree No. 2024-152 of 28 February 2024 establishes the new thresholds triggering the obligation for a company to appoint a statutory auditor. This text, applicable from financial year 2024, aligns French regulations with EU thresholds related to sustainability reporting.

Companies are required to appoint a statutory auditor when they meet certain specific economic thresholds. The failure to appoint an auditor when required may result in the invalidity of decisions taken by the company and may even lead to criminal sanctions. The decree of 28 February 2024 has raised the thresholds with the aim of alleviating the burden on small and medium-sized enterprises, while maintaining strict oversight of large companies.

New thresholds

As of 1 January 2024, regardless of its legal form, every company must appoint a statutory auditor as soon as it exceeds at least two of the following three thresholds:

- Turnover: EUR 10,000,000 (previous threshold was EUR 8,000,000),
- Total assets: EUR 5,000,000 (previous threshold was EUR 4,000,000),
- Workforce: 50 employees.

For subsidiaries within a group of companies, the appointment of a statutory auditor is necessary if they exceed at least two of the following criteria:

- Turnover: EUR 5,000,000 (previous threshold was EUR 4,000,000),
- Total assets: EUR 2,500,000 (previous threshold was EUR 2,000,000),
- Workforce: 25 employees.

For a parent company, even if it alone does not surpass the aforementioned thresholds (EUR 10,000,000 in turnover, EUR 5,000,000 in total assets, and 50 employees), the appointment of a statutory auditor becomes mandatory if the thresholds are met upon consolidating financial data with its subsidiaries.

Some companies choose to voluntarily appoint a statutory auditor, even if they do not exceed these thresholds. This decision can be made in response to a formal request from shareholders (provided they hold a significant portion of the share capital) or may be stipulated in the company's articles of association.

Entry into force of the new appointment rules of statutory auditors

There are two main interpretations regarding the necessity of appointing a statutory auditor in 2024. The first argues that starting from 1 March 2024, the assessment of whether to appoint an auditor or to renew his appointment should be entirely based on the new thresholds. Therefore, there will be no requirement to appoint an auditor if a company does not reach the new thresholds by 31 December 2023, even if it exceeded the old ones.

The second interpretation suggests that, although the new thresholds come into effect in 2024, the old thresholds should be applied at assessing the financial statements for 2022 and 2023. This interpretation

advocates that the financial evaluation as of 31 December 2023 must adhere to the old thresholds rather than the new ones.

The National Association of Joint Stock Companies (in French ANSA) supports the latter more cautious interpretation. The ANSA argues that since paragraph 2 of article 4 of the decree specifies that the new thresholds "apply to accounts and reports for financial years beginning on 1 January 2024", the old thresholds should be applied at assessing financial statements closed on 31 December 2023. This interpretation aims to protect businesses during the transition period by adhering to existing legislation, while minimizing risks associated with legal uncertainty.

New law aimed at increasing business financing and the attractiveness of France

Law no. 2024-537 of 13 June 2024 aimed at increasing business financing and the attractiveness of France (hereinafter the "Attractiveness Law") was published on 14 June 2024.

The law aims to enhance the attractiveness of the Paris financial market, ensuring it offers the full range of financial services available within the European Union and beyond. It also seeks to support French small and medium-sized companies by facilitating their initial public offerings to meet their financing needs.

The Attractiveness Law aims to facilitate initial public offerings by promoting the development of preference shares with multiple voting right. This mechanism allows founders and company executives to raise capital while retaining greater control over their company compared to ordinary shares. This measure is designed to provide an opportunity for growing young companies with significant capital needs to enter the French stock market using these preference shares during their initial listing.

Venture capital funds (in French: "FCPRs") will be able to support listed companies with a market capitalization of up to EUR 500,000,000 (as opposed to the previous EUR 150,000,000). Furthermore, the lock-up period for FCPR unit holders will be extended to 15 years as opposed to the current 10 years. This measure aims to better support investments in start-ups, small and medium-sized companies, and innovative companies operating in sectors where the time required to reach maturity is longer.

Several provisions aim to simplify the use of digital technology during general meetings and board meetings.

- General assemblies can be held in a hybrid format, or even exclusively remotely (except for listed companies).
- Listed companies are required to broadcast their general meetings live (unless technical reasons make it impossible or severely disrupt the broadcast) and to replay the recording of the meeting, specifying whether such recording covers the meeting in its entirety. A decree by the Council of State will establish the guidelines for broadcasting, recording, and access to these meetings.
- For partnerships and limited liability companies (in French SNC and SARL company forms), written consultation of associates will be possible via electronic means (a decree by the Council of State will specify the requirements for the vote by correspondence).
- For both listed and unlisted companies, greater flexibility in the use of means of telecommunication, with the possibility of limiting, through the articles of association or by-laws, the nature of the decisions that may be taken by boards, provided that they include a right of objection for the benefit of any director.

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The text includes other measures such as relaxing the eligibility criteria for company securities under the equity savings plan aimed at financing small and medium-sized enterprises or digitizing transferable securities like promissory notes and bills of exchange.

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