

**ACT No. 92/1991, Collection of Laws,
from 26 February 1991
on the conditions for the transfer of State property to other subjects**

Amendment: 92/1992, Collection of Laws,
Amendment: 544/1992, Collection of Laws,
Amendment: 254/1992, Collection of Laws, 541/1992, Collection of Laws,
Amendment: 210/1993, Collection of Laws,
Amendment: 306/1993, Collection of Laws,
Amendment: 224/1994, Collection of Laws,
Amendment: 27/2000, Collection of Laws,
Amendment: 220/2000, Collection of Laws,
The Federal Assembly of the Czech and Slovak Republic passes this Act as follows:

PART ONE

Subject and scope of the Act

Section 1

(1) This law governs the conditions for the transfer of State property to which State enterprises, State financial institutions and other State organisations (hereafter " company") hold the right of disposal or property that is administered by the Land Fund of the Czech Republic (Pozemkový fond ČR) as well as the conditions for the transfer of capital interests held by the State in other legal entities, to Czech or foreign legal or natural subjects (hereafter "privatisation").

(2) This Act shall similarly apply to the property of foreign trade companies and specific purpose foreign trade organisations and their capital interests in the business operations of other legal subjects.

(3) The conditions for the transfer of State property stipulated in this Act relate to property that according to Constitutional Law or special laws may be only in State ownership.

Section 2

The property of the company for the purpose of this Act constitutes all items and financial resources to which the company holds the right of disposal or that are in its ownership, as well as the summary of all rights, other property values and liabilities of the company.

Section 3(1) The subject of this Act is not property that is to be reinstated to legal subjects under special laws. For example, Act No. 298/1990, Collection of Laws, on the modification of some property relations of the religious orders and congregations and the Olomouc Archbishopric. The subject of this Act is also not property that passed to the State after 25 February 1948 from the churches, orders and congregations and religious societies.

(2) Property to which natural subjects may be entitled under special laws, For example, Act No. 403/1990, Collection of Laws, on the alleviation of the consequences of some property injustices, as subsequently amended. may be used according to this Act only in a case where these entitlements (claims) have not been asserted within the stipulated period or were rejected.

Section 4

Property may not be transferred under this Act in a case where it has already been proposed or assigned for transfer to another legal subject or natural subject under special laws, Act No. 427/1990, Collection of Laws, on the transfer of the State's right of ownership to some items to other legal or natural subjects, as amended under Act No. 541/1990, Collection of Laws. provided it has not been decided that it shall not be assigned to the list of properties for transfer under this Act or that it has been excluded from the list. Act of the Czech National Council No. 500/1990, Collection

of Laws, on the powers of the bodies of the Czech Republic in matters concerning the transfer of the State's right of ownership to some items to other legal or natural subjects, as amended under Act of the Czech National Council No. 438/1991, Collection of Laws, Act of the Czech National Council No. 282/1992, Collection of Laws, Act of the Czech National Council No. 473/1992, Collection of Laws and Act No. 170/1993, Collection of Laws.

PART TWO

Privatisation Projects

Section 5

Decisions concerning privatisation and privatisation projects

(1) The Government of the Czech Republic (hereafter "Government") shall make decisions concerning the selection of State property and capital interests in other legal entities suitable for privatisation.

(2) The transfer of property under this Act shall be realised based on the decision to privatise a company or its part, or based on the decision to privatise the capital interests of the State in other legal entities (hereafter "privatisation decision"), issued on the basis of a privatisation project proposal.

Company Privatisation Project

Section 6

(1) The Company Privatisation Project is a sum total of economic, technological, asset, time and other data that contains:

a) the designation of the company and definition of the assets intended for privatisation in compliance with this project (hereafter "privatised assets"),

b) information concerning how the State acquired the privatised assets,

c) definition of the parts of the concerned assets that cannot be used to business purposes (for example, bad debts, inapplicable fixed assets and stocks of materials),

d) valuation (assessment) of the privatised assets,

e) method of transfer of the privatised assets including the settlement of the claims of the entitled subjects,

f) in the case of establishment of a commercial company, designation of its legal form,

g) in the case of establishment of a joint stock company, state the method for distribution of the shares, their stakes in company, as the case may be, the types, as well as information concerning whether and to what extent the investment vouchers would be applied,

h) in the case of sale, the method of sale, determination of price, payment and other conditions,

i) method for the transfer of industrial or other intangible rights agreed with the Industrial Rights Office, if such rights are the property of the company.

(2) The Company Privatisation Project may apply to part of the company assets or the full company or the assets of several companies.

Section 6a(1) For companies for which the privatisation proposals were submitted after 29 February 1992, the founder shall secure the evaluation of the company's obligations in terms of protection of the environment confirmed by the Ministry of the Environment. The founder shall deliver this evaluation to the Ministry for Administration of State Property and its Privatisation (hereafter "ministry") before the privatisation decision is made.

(2) Evaluation according to subsection 1 includes:

a) evaluation of the areas in which the company complies with or cannot comply with the regulations concerning the protection of the environment and specification of costs necessary to attain full compliance with these regulations,

b) the summary of pollution charges and use of natural resources 44a section 31, Act No. 17/1992, Collection of Laws, The Environmental Act and summary of sanctions for ecological damage imposed on the companies in compliance

with the Environmental Act and other special laws,
c) evaluation of the damage to the environment arising from the company's
current activities.44b For example, section 8, subsection 2, Act No.
17/1992, Collection of Laws b

Section 7(1) The founder is responsible for the preparation of the Company
Privatisation Project, as the case may be, the incorporating subject
(hereafter "founder"), to whom the proposals of the company privatisation
project are delivered.

(2) The proposal of the company privatisation project is usually prepared
by the company to which such privatisation applies. If the founder or
subject other than the company prepares the proposal of the company
privatisation project, the founder shall request the company for its
opinion on the proposal.

(3) The founder may request the company to prepare a proposal of the
company privatisation project and assign an adequate period for delivery;
the ministry may act in a similar manner toward the founder.

(4) The ministry shall set the periods for the presentation of the
proposals of the company privatisation projects.

(5) If the proposal of the company privatisation project is prepared by a
subject other than the company, the company is obliged to provide to such
subject information as per written request in compliance with section 6,
subsection 1, a) to d) and i), concerning the privatised assets. The
statutory body of the company is liable for the discharge of this duty. The
obtained information may be used only to prepare the privatisation project.
The subject to whom such information has been disclosed is obliged to take
all possible measures to ensure that the information is not disclosed to a
third party. The company has the duty to provide such information only for
the duration of the term assigned to the presentation of the proposal of
the company privatisation project concerning its assets; after this term,
the founder may assign to the company the duty to continue co-operating in
the supply of information related to the privatisation.

Section 8(1) The founder evaluates all the submitted company privatisation
project proposals and submits them to the ministry together with his
opinion within a period that the ministry stipulates.

(2) The founder shall according to subsection 1 above also submit the
company privatisation project proposals that he does not recommend for
realisation and state the reasons for his opinion.

Section 9

Privatisation project concerning the capital interests of the State

(1) The body of State administration that execute the rights of the State
concerning capital interests in legal entities is liable for the
preparation of the privatisation project concerning these capital interests
in a term that the Government stipulates and the privatisation project
shall be submitted to the ministry.

(2) The privatisation project concerning the capital interests of the State
(hereafter "project on capital interests") adequately contains the
essentials of a company privatisation project.

(3) The proposal of the project on capital interests as a rule is prepared
by the legal entity to which it applies. The procedures in section 7 and
section 8 adequately apply.

Section 10

Privatisation Decision

(1) The Government issues the decision to privatise via direct sale without
the announcement of a public tender or via a public auction on the
recommendation of the ministry. The Government may reserve the right to
decide on the privatisation of other items.

(2) The ministry shall issue privatisation decisions not included in
subsection 1 above.

(3) The general provisions concerning administrative procedure do not apply to the privatisation decision. This decision is not subject to examination by a court.

(4) The privatisation decision is not public and within its framework, all the submitted privatisation projects concerning given assets or capital interests in another legal entity are considered within the stipulated period. The privatisation decision must be in writing and must be delivered to the supplier of the privatisation project selected via this decision to realise this privatisation task. The other suppliers of privatisation projects to whom this privatisation decision applies must be notified about the method of privatisation and that their projects were not selected.

(5) The privatisation decision may also apply only to part of the assets solved in a privatisation project proposal.

(6) The body that is qualified to make a privatisation decision may, via the privatisation decision, change the conditions, scope and method of privatisation contained in the privatisation project proposal.

(7) The body that is qualified to make a privatisation decision may change the privatisation decision only in cases where serious facts that were known at the time the privatisation decision was made surface after the issue of the concerned privatisation decision and could have a substantial influence on the initial privatisation decision.

(8) According to subsection 7, it is possible to proceed only up to the transfer of the privatised assets to the National Property Fund of the Czech Republic (hereafter "Fund"). If the method of privatisation is deposit of assets in a commercial company, it is possible under subsection 7 to proceed up to the transfer of the Fund's capital interests in this company to another entity.

Section 10a(1) The company privatisation decision contains

- a) project identification,
- b) designation of the approved privatisation method,
- c) book value of the assets of the independently privatised units that comply with the privatisation project that was earmarked for realisation by such decision,
- d) in the case of existence of assets that are inapplicable in the business operations of the company, the book value of these assets less eventual revenue from their realisation and method of disposal of these assets,
- e) any eventual fact that the creation of a new obligation on the part of the assignee stating the extent and sanctions for failure to comply,
- f) any eventual fact that the privatisation project or part thereof will be realised by the *Pozemkový fond* of the Czech Republic,
- g) any eventual fact that the privatisation project includes the transfer of multi-purpose storage facilities and civil defence property without consideration,
- h) any eventual fact that the Fund shall upon decision of the Government sign a contract with the assignee concerning compensation of costs arising from the settlement of ecological obligations arising prior to privatisation,
- i) eventually, other conditions for the realisation of the privatisation project.

(2) The decision to privatise via direct sale to a predetermined assignee, in addition to the requirements listed in subsection 1, includes

- a) the assignee of the privatisation property stating his identification or personal identity number,
- b) method for fixture of purchase price; if the purchase price is contractual; the absolute price shall be stated,
- c) payment conditions, including security.

(3) The decision to privatise via public tender, in addition to the requirements listed in subsection 1, includes

- a) the conditions of the public tender and the criteria for evaluation of fulfilment,
- b) definition of the category of tender applicants.

(4) The decision to privatise via the contribution of privatised assets to

a commercial company with subsequent privatisation of its commercial interests or shares and decision to privatise the capital interests of the State, in addition to the requirements listed in subsection 1, includes

- a) method for privatisation of the shares (commercial interests) expressed in percent of the individual methods for privatisation of the shares (commercial interests), as the case may be, percent of the commercial interests sold to the individual assignees,
- b) eventual existence of shares to which special rights are attached,
- c) eventual proposal for change in the membership of the commercial company's bodies,
- d) when selling shares (commercial interests) at an agreed (contractual) price, the price of one share (commercial interest) or agreed total purchase price.

(5) The annex to the privatisation project selected for realisation is a list of the real estate properties based on data from the land register of the Czech Republic. 42 For example, Act No. 403/1990, Collection of Laws, on the alleviation of the consequences of some property injustices, as subsequently amended.

4c section 5 of Act of the Czech National Council No. 344/1992, Collection of Laws, on the land registry (real estate cadaster) of the Czech Republic (The Cadastral Act)c

(6) In the privatisation project concerning capital interests, it is possible via the privatisation decision to instruct the Fund to secure the sale, eventually surrender of property to a subject entitled under special laws.24d section 187, Act No. 264/1992, Collection of Laws and Act of the Czech National Council No. 591/1992, Collection of Laws
The Fund shall secure this decision during execution of shareholders' rights.4d

PART THREE

Transfer of the privatised assets to the National Property Fund of the Czech Republic and use of its assets

Section 11

(1) In compliance with the decision to privatise the company, the founder shall wind up the company without liquidation or will detach part of the assets from the company as of date stipulated by the Fund.

(2) On the date of company closure or detachment of part of the company assets, the privatised assets pass to the Fund.

(3) Before winding up of company or on the date of detachment of part of the company assets, the company shall dispose of assets that are inapplicable in the business operations of the company (section 6, subsection 1, c)) according to the privatisation decision, if it is not considered when fixing the purchase price.

(4) The founder shall not detach part of the company assets that comprise or to which industrial or other intangible rights are attached (section 6, subsection 1, i)). These rights and assets shall be transferred to the assignee of the privatised assets via contract.

(5) In compliance with the decision to privatise capital interests in legal entities, the bodies of state administration shall transfer these capital interests by a date stipulated by the Fund.

Section 12

(1) The assets of the Fund are not part of the national budget and may be used only to purposes stipulated by law.

(2) The assets of the Fund may be used in compliance with the privatisation decisions, mainly in the following forms of privatisation

- a) establish joint stock or other commercial companies,55 Act No. 513/1991, Collection of Laws, as subsequently amended. and disposal of capital interests in these companies,
- b) sale of company assets or part thereof,
- c) transfer of privatised assets to the local authorities (municipalities),
- d) transfer of assets for health insurance and social security purposes,

e) transfer of privatised assets to legal entities established under special laws, 55a Act of the Czech National Council No. 569/1991, Collection of Laws, on the Land Fund (Pozemkový fond) of the Czech Republic a if this concerns assets that are used in agricultural production.

(3) The claims of entitled people may be settled from Fund assets under special laws. 22 For example, Act No. 403/1990, Collection of Laws, on the alleviation of the consequences of some property injustices as subsequently amended.

(4) The assets of the Fund may be used to settle the obligations of companies intended for privatisation.

Section 13

Repealed

Section 14

(1) The Fund shall realise the privatisation of the assets via contracts signed with the buyer or via public auction; the public auction procedure shall be subject to special laws. 55b Act No. 26/2000, Collection of Laws, on public auctions. b The Fund shall appoint the auctioneer.

(2) Upon contribution of assets to the registered capital of a commercial company, the Fund shall proceed in compliance with special laws 55 Act No. 513/1991, Collection of Laws, as subsequently amended. and respect the exemptions therein stipulated.

Section 14a(1) Should a joint stock company issue employee shares that are fully paid up upon incorporation of company, the first assignee 55d section 5, subsection 1, Act of the Czech National Council No. 591/1992, Collection of Laws, on securities, as subsequently amended. d of such shares shall be the Fund or the Land Fund of the Czech Republic, which establishes the company for a maximum period of 120 days following date of issue.

(2) In the period stipulated in subsection 1 above, the Fund or Land Fund of the Czech Republic is obliged to transfer these shares with consideration to the joint stock company. If all the shares are not transferred within this period, the employee shares that have not been transferred should be transformed into inscribed or bearer shares, at the latest within a period of six months; this period shall run from the first day of the month following the expiry of the deadline stipulated in subsection 1.

(3) Concerning employee shares issued in compliance with the privatisation decision concerning the capital interests of the State, subsections 1 and 2 shall similarly apply.

Section 15(1) Other rights and duties related to the privatised assets shall pass to the assignee together with the right of ownership.

(2) The transfer of receivables (claims) shall be subject to the legal regulations governing the transfer of receivables under special laws. 77 Act No. 40/1964, Collection of Laws, The Civil Code, as subsequently amended.

(3) The consent of the creditor is not required for transfer of obligations. The creditor to the assignee of the privatised assets may demand fulfilment of obligations arising before 13 August 1993, which passed to the assignee within the framework of privatisation from the Fund only after all the legal means that may be applied to the assignee of the privatised assets have been exhausted, including execution orders and bankruptcy petition. The Fund does not guarantee any obligations arising after this date.

(4) The assignee is obliged to immediately notify the creditors that he has taken over such obligations.

Section 15a(1) For a period of one year following signature of sale contract on the privatised company or contribution of privatised assets in a commercial company. From date of incorporation of this company, the assignee may conduct business operations to the extent conferred upon him by the company. In the sale or assignment of the organisational unit of a

privatised company, the right to conduct business shall pass to assignee to the extent of the organisation unit's business operations.
(2) The provisions of subsection 1 shall similarly apply to the sale of the company or organisational unit in a public auction.

Section 16

Industrial or other intangible rights shall be transferred based on a contract signed between the assignee and the company.

Section 17

The rights and duties of the company concerning the employees of the company or the organisational unit to which privatisation applies shall be transferred to the assignee. This does not apply in a case where this is due to the release of items to satisfy the claims of entitled subjects (section 47).

Section 18

If all the assets of the company are being privatised and it is not otherwise stipulated in the contract or legal act via which the privatised assets are being assigned to the registered capital of the company, the business name of the company shall pass to the assignee, if this is not in breach of law regulating the use of a business name. This transfer is not waived by amendment to the addendum on business name that specifies the legal form of the company.

Section 19(1) On the effective date of the contract or transfer of the assets, the Fund is obliged to deliver to assignee and the assignee must take delivery of items that are part of the privatised assets. A record of the transfer must be compiled that shall be signed by both sides.

(2) Upon transfer of the privatised assets, the risk of damage to all concerned assets also passes to the assignee.

(3) The right of ownership to the items that comprise the privatised assets passes to the assignee on the agreed effective date of the contract or in the case of assignment of assets to a commercial company on the date that this company is incorporated or in the case of a public auction upon the auctioneer's confirmation of the sale, excluding cases stipulated in special laws.88 section 8, subsection 4, Act No. 63/1991, Collection of Laws, on the protection of economic competition, as subsequently amended by Act No. 495/1992, Collection of Laws. In such cases, a record of entry shall be made in the land registry.99 section 7, Act No. 265/1992, Collection of Laws, on records of ownership and other real rights to real estate property.

(4) The rights of third parties to property that is the subject of sale or assignment to the registered capital of commercial companies under this Act shall remain intact, excluding those stipulated in section 45, subsection 7.

(5) Should co-ownership arise in the realisation of a privatisation decision, the assignee may not under special law110 section 140, Civil Code. 0 effect any right of pre-emption against the Fund or the Land Fund of the Czech Republic.

(6) If the assets are privatised via public auction, special laws55b Act No. 26/2000, Collection of Laws, on public auctions. b shall apply to the delivery and acceptance of the items comprising the privatised assets and to the transfer of claims and obligations related to the privatised assets.

Section 20

(1) In the protocol of acceptance (section 19, subsection 1) the missing and defective items shall be enumerated. If it is not otherwise stipulated in the contract, missing items are deemed items that were not delivered to the assignee, despite the fact that they are part of the privatised assets according to the accounts. When making an assessment of the defectiveness

of items, their suitability for application in the operations of the company is considered and also their service life according to the accounting records.

(2) If special laws or the contract do not stipulate otherwise, the assignee is entitled to demand a discount for the items included in the record of delivery if they are defective or have not been delivered to him.

(3) If it is not otherwise stipulated in special laws^{5b}, the assignee may effect a discount for obligations that have not been transferred to him and were not included in the accounts.

Section 21

When making delivery and procuring a record of delivery, the Fund shall be represented by subjects authorised to represent the company on the date that the company is wound up or detachment of privatised assets, if the Fund does not decide otherwise. In these activities, these people shall be answerable to the Fund.

PART FOUR

Transfer of assets via investment vouchers

Section 22

(1) The transfer of capital interests to other subjects may be realised via investment vouchers (hereafter "vouchers").

(2) The voucher is for the purposes of this Act deemed an inscribed security, which entitles the concerned subject to acquire shares delimited for sale for vouchers.

(3) The date of issue of investment voucher is the date on which the voucher book is registered in the name of the holder within a period that the Ministry of Finance stipulates within the scope of the numbered system of special workstations (hereafter " registration place"). The Ministry of Finance shall establish the registration places and publicise a list of these registration places. Registration realised outside this period, if this Act or special law does not stipulate otherwise shall be invalid.

(4) In case of a temporary shortage of voucher books, the Ministry of Finance shall issue alternative registration cards. For assertion of claims according to section 24, subsection², the registration card shall be used instead of voucher book within the period that the Ministry of Finance stipulates.

(5) In the registration of the voucher book, a natural or legal subject based on a written power of attorney that bears the officially authenticated signature of the principal may represent the citizen (principal).

(6) In exception of the use of vouchers under section 24, subsection 3, c), the voucher is non-transferable and the rights connected with it pass only to the heirs. The voucher cannot be redeemed.

Section 23(1) The requirements of the voucher book are mainly

- a) name, personal identity number, permanent residential address,
- b) designation of the body, which has issued the voucher,
- c) acquisition price,
- d) validity period,
- e) date of issue.

(2) The issuer of the voucher is the Ministry of Finance.

(3) The net income from the sale of the vouchers shall accrue to the Fund.

Section 23a(1) The validity term of the vouchers shall be ten months following date of issue. The Ministry of Finance may extend this term.

(2) The Ministry of Finance shall set the issue date in consultation with the ministry.

Section 24(1) Every citizen of the Czech Republic permanently resident in the Czech Republic that shall be aged at least 18 on the last day of the term stipulated by the Ministry of Finance for registration of the voucher

books is entitled to acquire a voucher.

- (2) The scope of the satisfied share orders for each owner of vouchers per one privatisation wave is at maximum 1000 investment points.
- (3) Each owner of vouchers in an emission is entitled to use the investment points in the appropriate investment wave
 - a) to acquire shares in any joint stock company in which the Fund is a shareholder, which has been assigned to the list of shares in joint stock companies for this purpose (section 24c, subsection 2),
 - b) to acquire shares in any joint stock company in which the Land Fund of the Czech Republic is a shareholder, which has been assigned to the list of shares in joint stock companies for this purpose (section 24c, subsection 2),
 - c) to acquire capital interests in investment funds, 110a Act No. 248/1992, Collection of Laws, on investment companies and investment funds, as subsequently amended. 0a assigned to the list of the Ministry of Finance for this purpose, or to acquire capital interests in allotment funds 10a established for a particular privatisation wave by the investment companies (hereafter "allotment funds"), included for this purpose on the list of the Ministry of Finance.
- (4) The procedures for use of the investment points stipulated in subsection 3 may be applied concurrently.
- (5) In a manner stipulated in subsection 3, the investment points may be used only within the term preceding the start of the privatisation wave as stipulated by the Ministry of Finance in consultation with the ministry (hereafter "preliminary round").
- (6) If the allotment funds are established as open funds under subsection 3, c) 110a Act No. 248/1992, Collection of Laws, on investment companies and investment funds, as subsequently amended. 0a the member may assert his right to redemption of the allotment certificates at the earliest after the lapse of one year from date that the shares acquired for investment points are transferred to the allotment fund.

Section 24a(1) The preliminary round is not part of the privatisation wave. It cannot start before the list of investment and allotment funds to which the investment points may be assigned for purpose of ordering shares for the vouchers is publicised. The preliminary round cannot be closed before the list is published in compliance with section 24c, subsection 2.

(2) The Ministry of Finance shall in the list stipulated under section 24, subsection 3, c) enter an investment fund that presents a document that it is registered in the commercial register. The allotment fund shall in addition to this present a document of registration of its founder investment fund in the commercial register, also the document showing the identification number assigned by the Statistical Authority 110b section 3, subsection 1, Act of the Czech National Council No. 278/1992, Collection of Laws, on state (national) statistics. 0b on request.

(3) The Ministry of Finance shall set the registration place and term of registration for the investment and allotment funds.

Section 24b

The Ministry of Finance shall keep central evidence of the vouchers, perform the change of registration places on request, assign places for share orders (hereafter "registry"), keeps central evidence of share orders and sets the period for which the concerned registry shall keep the concerned part of the voucher certificate on which the share order is effected.

Section 24c

(1) At the latest upon start of the term set for the registration of the voucher books, the ministry shall, for each privatisation wave, prepare and publish a preliminary list of companies and the capital interests of the state intended for privatisation via vouchers.

(2) The Ministry of Finance shall publish the basic information about the joint stock companies whose shares shall be offered in the privatisation wave for privatisation via investment vouchers (hereafter "list of

shares"). The list of shares is based on the list under subsection and the Ministry of Finance may modify it accordingly before it is published upon ascertaining the actual number of registered voucher books or for other serious reason. The Ministry of Finance shall publish the list of shares before the start of the concerned privatisation wave. The Ministry of Finance shall publish the actualisation of the share list in terms of offer after each round of the concerned privatisation wave.

(3) The published information is only of orientation character and cannot be deemed a contract proposal in law.

Section 25

(1) The privatisation wave is a term that starts and ends as stipulated by the Ministry of Finance in consultation with the ministry and during which period the owners of investment vouchers may assert their claims for shares assigned for sale via vouchers.

(2) The privatisation wave is divided into rounds.

(3) The Ministry of Finance in consultation with the ministry set the terms for the start and end of privatisation rounds, offer of shares, share quotations, publishing, start and end of the ordering period of the privatisation round.

Section 26(1) The Ministry of Finance in case of doubt decides whether

a) the registration is valid and which registration in a series concerning one voucher holder is first,

b) the order for shares or delivery of investment points to the investment or allotment fund is realised in a manner stipulated herein or special law.

(2) The Ministry of Finance is obliged to ensure the compliance of the contents of all share orders with the claims of the investment voucher holders as stipulated under section 24, subsection 2. In the process, the Ministry of Finance must at all times give precedence to the orders made earlier before those realised later. In case of orders that tie in terms of time, the Ministry of Finance shall decide the validity of a concrete order.

Section 26a(1) The investment funds shall acquire shares for the investment points obtained from the holders of investment vouchers and the shares so acquired are used to raise the registered capital of the investment fund.

The investment fund shall issue to the holders of vouchers that have entrusted their investment vouchers to it, its shares equivalent to the raised registered capital. Each one of them is entitled to a portion of the investment fund's shares equivalent to the ratio of his investment points assigned to the total number of investment points assigned to the investment fund. The Ministry of Finance shall set the method for valuation of the shares so acquired by special law.

(2) The transfer and acceptance of investment points creates a contractual relationship between the owner of the voucher and the investment fund, which comprises the mutual rights and obligations stipulated in subsection 1.

(3) The allotment funds shall acquire shares for the investment points assigned to them by the holders of the investment vouchers. These shares shall be the common property of the voucher holders. The Ministry of Finance sets the methods for valuation of these shares by special law. The allotment fund issues allotment certificates to the voucher holders that have assigned investment points to it of nominal value equivalent to the common property. Each one of them is entitled to allotment certificates of nominal value equivalent to the ratio of his investment points assigned to the total number of investment points assigned to the investment fund. The provisions of subsection 2 shall apply adequately.

(4) The contract on transfer of securities110c sections 13 and 19 of Act of the Czech National Council No. 591/1992, Collection of Laws, on securities, as subsequently amended. 0c is the assignment of investment points to an investment fund or allotment fund in a manner stipulated by special law.

Section 26b(1) The Ministry of Finance shall based on the results of the

central evaluation of orders submitted within the framework of one privatisation round decide which orders can be satisfied and which orders cannot be satisfied.

(2) All share orders shall be satisfied if the total demand for particular shares in a given round is not more than their total supply.

(3) Orders for shares in a particular round shall not be satisfied if the demand for these shares in one round exceeds the supply by more than 25 percent.

(4) If the total demand for shares in a particular privatisation round is more than total supply, but not by more than 25%, the Ministry of Finance may decide that the orders placed by the investment funds and allotment funds shall be partly satisfied, in the ratio to the size of the orders placed by the investment funds and the allotment funds. The investment points acquired from such cut may be realised in the subsequent privatisation rounds.

(5) If the order for shares cannot be satisfied according to subsections 2 and 4, the Ministry of Finance shall decide that none of these orders will be satisfied and these shares, if this is not a final privatisation round, shall be offered in the next privatisation round.

(6) The investment points from the orders not satisfied in the concerned privatisation round shall be deemed non-consumed, if this is not a final privatisation round.

Section 26c(1) In the last phase of each privatisation round, the Ministry of Finance shall ensure that the registration places have full information about the number of shares that the investment voucher holders registered at this place have ordered in the concerned round.

(2) In the last phase of each privatisation round, the Ministry of Finance shall publish which share orders could be satisfied in this privatisation round and, as the case may be, what share orders could not be met.

(3) In connection with the development of the demand and supply concerning the shares of individual joint stock companies or based on other serious circumstances, the Ministry of Finance may in consultation with the ministry decide to terminate the sale or reduce the supply of these shares within the framework of a given privatisation round. The Ministry of Finance shall publicise this decision.

(4) The Ministry of Finance shall within a period of one month following the end of a privatisation wave in writing notify each investment voucher holder whose orders placed within the scope of that privatisation wave have been met. At the same time, the Ministry of Finance shall in this report specify the term and method for transfer of the shares.

(5) The investment fund is obliged within a period of one month after delivery of the shares in compliance with subsection 4 to notify the investment voucher holders that entrusted their vouchers to the investment fund in the preliminary round about the number of shares to which they are entitled. At the same time, the investment fund must notify them about the term and method for delivery of the shares.

(6) The provisions of subsection 5 shall adequately apply to allotment certificates.

(7) The Ministry of Finance is obliged to adequately apply the provisions of subsection 4, if the sale of the shares of individual joint stock companies was completed during the course of the privatisation wave.

PART FIVE

The Federal National Property Fund

Section 27

Repealed

Section 28

Repealed

Section 29

Repealed

Section 30

Repealed

Section 31

Repealed
Section 32
Repealed
Section 33
Repealed
Section 34
Repealed
Section 35
Repealed
Section 36
Repealed
Section 37
Repealed
Section 38
Repealed
Section 39
Repealed
Section 40
Repealed
PART SIX
Special, temporary
and closing provisions
Section 41
Repealed
Section 42
Repealed
Section 43

The provision of this Act concerning the central bodies of state administration similarly apply to the Czech National Bank.

Section 44

The valuation of the assets of the company included in the privatisation project selected by decision of privatisation for realisation shall be replaced by the valuation of the non-monetary contribution to the assets of the joint stock company supported by a professional assessment as stipulated by special law.111 ... subsection 1, letter e), Commercial Code1

Section 45

(1) Disposal of the assets and capital interests held by the State in legal entities selected for privatisation shall be realised only in compliance with this Act. If a privatisation project has been submitted concerning such assets, liens may not be established on such assets.

(2) The right of pre-emption to purchase cannot be applied to the assets and capital interests in other legal entities that are transferred under this Act.

(3) The companies may sign lease and other agreements on property stipulated in section 1 with other subjects only for determinate terms that expire on the date that the company winds up without liquidation or detachment of part of the company's assets according to section 11, subsection 1. If the concerned contracts are extended for another term, then the right to use the property terminate on the date the company is wound up without liquidation or the date on which part of the assets are detached; this does not apply to a contract on the lease of non-residential space that has been concluded under the provisions of special laws,113 Section 15, Act No. 427/1990, Collection of Laws, as subsequently amended. 3 and contract of the lease of a flat. The right to use the property that arises from contracts contracted before 28 February 1992 expires on this date.

(4) The companies as lessors may not sign contracts on purchase of leased items under special laws.114 Section 489 to 496 of the Commercial Code.4 The rights arising from the cited contracts signed before the effective date of this Act terminate on the date that the company is wound up without liquidation or detachment of part of the company's assets. The provisions

of section 496 of the Commercial Code cannot be applied to these contracts.

Section 46(1) The legal relationships of the Fund, its activities and method for use of its assets are governed by a special law.116 Act of the Czech National Council No. 171/1991, Collection of Laws, on the powers of the bodies of the Czech Republic in matters concerning the transfer of State property to other subjects and on the National Property Fund of the Czech Republic, as subsequently amended. 6

(2) The Government via Decree shall define the content of the voucher book, acquisition price of the voucher book and the investment voucher, the details for registration of the voucher books and additional registration, individual phases of the privatisation round, procedure for ordering shares, nominal value of the shares offered for investment vouchers, procedure in case of consumption, loss, theft, damage or destruction of vouchers, method for publicising information and the conditions for use of forms from the previous wave of voucher privatisation.

Section 47(1) In case the ownership rights to the privatised assets or part of such assets was realised in a manner stipulated in section 2, subsection 3, Act No. 87/1991, Collection of Laws, on extra-judicial rehabilitation, the concerned subjects under the cited Act are entitled to a settlement specified in the privatisation decision concerning these assets; the body qualified to make such privatisation decision shall immediately after issue of privatisation decision to notify the entitled subjects that have asserted their claims under subsection 2 about the approved method and size of the settlement in writing.

(2) The entitled subject is obliged to assert his claims within a period of six months following the effective date of this Act before a body qualified under section 10, subsection 1, to approve the privatisation project, otherwise the claim shall expire; the entitled subject shall also notify this qualified body about the company that holds the concerned property. The Fund is obliged to settle claims asserted under subsection 1 at maximum within a period of one year following the date on which the privatisation decision is issued. For the duration of the court proceedings concerning claims under subsection 1, this period shall not run.

(3) The provisions of Act No. 87/1991, Collection of Laws, on extra-judicial rehabilitation shall otherwise apply to the ascertaining of the scope, method for asserting and settling claims stipulated under subsections 1 and 2. If the entitled subject does not agree with the assessment (valuation) of his claims contained in the privatisation decision or his claim has been rejected, he may assert his claim in court within a period of 15 days following the date on which he is notified about the settlement of his claim.

(4) If the claim of entitled subjects cannot be settled in a manner stipulated under subsections 1 to 3 because the privatisation decision cited in subsection 1 was not issued by 31 December 1994, the provisions of Act No. 87/1991, Collection of Laws, on extra-judicial rehabilitation shall apply. These claims may be asserted in the period up to 30 June 1995; if the obliged subject does not heed the call to release the property to the entitled subject, the entitled subject may assert his claims before a court in the period up to 31 December 1995.

(5) Similarly, as applies to subsections 1, 2, 3 and 4, the restitution claims according to subsection 1 shall also be settled in the privatisation projects concerning capital interests via the application of section 10a, subsection 6.

Section 47a

In case, a legal subject stipulated section 1 of this Act does not hold the right of disposal or right of ownership to the property alienated in a manner stipulated in section 2, subsection 3 of Act No. 87/1991, Collection of Laws, on extra-judicial rehabilitation, the provisions of Act No. 87/1991, Collection of Laws, shall apply to the alleviation of these property injustices. These claims may be asserted up to 31 July 1992; if

the obliged subject does not heed the call to release the property to the entitled subject, the entitled subject may assert his claims before a court in the period up to 31 December 1992.

Section 47b(1) In the liquidation of organisations stipulated in section 1, the liquidator shall sell the property via public auction. 55b Act No. 26/2000, Collection of Laws, on public auctions. b The liquidator may proceed in a different manner only with the approval of the ministry.
(2) The liquidator shall appoint an auctioneer.

Section 47c

The founder may pass decision to liquidate a company that has rights of disposal to property that is included in a privatisation project only with the approval of the ministry.

Section 48

The following are repealed:

1. Section 28, Act No. 111/1990, Collection of Laws, on state companies (enterprises),
2. Legal Measure No. 364/1990, Collection of Laws, on disposal of assets assigned to a state enterprise.

Section 49

This Act comes into effect on 1 April 1991.

Selected amendments

Article IV, Act No. 220/2000, Collection of Laws.

Temporary Provisions

Items owned by the State, to which under section 57, subsection 1 of Act No. 219/2000, Collection of Laws, on the property of the Czech Republic and its realisation of legal relations, the right of disposal to state property currently discharged by the existing state organisations, which had their function of founder and right to establish, manage and wind up such organisations was conferred to the local authorities under special laws shall be deemed property under section 1 subsection 1 of Act No. 92/1991, Collection of Laws, on the conditions for the transfer of State property to other subjects as amended by Act No. 210/1993, Collection of Laws and Act No. 224/1994, Collection of Laws, ceases to exist on 1 January 2001. If such property were selected as suitable for privatisation, the organisational unit appointed by the state to manage this property adequately fulfils the duties of the founder, as the case may be, the company in compliance with the Act on the conditions for transfer of State property to other subjects.