Introduction: Company Law in East-Central Europe Limited Liability Companies and Companies Limited by Shares

This book argues that East-Central Europe provides an unusually instructive setting for the study of modern company law. Across the Czech Republic, Croatia, Hungary, Poland, Romania, Serbia, Slovakia, and Slovenia, legislators and courts have rebuilt corporate institutions within a single generation and while under the simultaneous pressures of post-socialist transformation, European integration, capital-market development, and digitalisation.

The result is neither a uniform transplant of Germanic or Anglo-American models nor a disparate mosaic of nationally-contingent regulations. Rather, it is a distinct regional synthesis in which familiar building blocks (i.e. limited liability, share capital, board accountability, creditor protection, and shareholder voice) are configured in ways that illuminate how legal form adapts to ownership structures, enforcement capacity, and economic strategy. By focusing on the two 'racehorse vehicles' of contemporary enterprise, the limited liability company and the company limited by shares, the book traces both convergences and stubborn differences in the foundations of private enterprises across the eight jurisdictions, which are shown to share historical affinities but have made divergent institutional choices.

The two companies at the centre of the analysis are not chosen for symmetry alone. The limited liability company (variously labelled as s.r.o., d.o.o., sp. z o.o., kft., and srl.) has become the dominant form for closely-held business throughout the region, accommodating family ownership, start-ups, and subsidiaries in corporate groups. It is here that lawmakers have pursued the most aggressive experimentation, relaxing minimum capital, expanding contractual freedom in constitutive documents, and opening pathways for remote formation and decision-making. By contrast, the company limited by shares (e.g. a.s., d.d., s.a., a.d., and rt.) anchors the legal infrastructure for larger enterprises, also for really important firms that access public markets, even where equity markets are thin. Around this form cluster stricter rules on disclosure, board composition, related-party transactions, capital maintenance, and class rights, together with the procedural rigour of the general meeting. The comparison highlights a common problem across the eight systems: how to give owner-managers sufficient flexibility while providing credible protection for outside investors and creditors in economies marked by concentrated ownership, influential banks, and limited public-enforcement resources.

The region's recent legal history matters for every chapter that follows. All eight systems inherited civil-law codification and a strong conceptual vocabulary of legal personality, separate patrimony, and formal capital. They also absorbed, at different paces, the acquis on company law, including rules on disclosure, capital formation and maintenance, shareholder rights, takeovers, and cross-border mobility. For the European Union Member States in the set, the Court of Justice jurisprudence on freedom of establishment and cross-border conversions reshaped how national rules on seat, incorporation, and corporate mobility operate; for the non-Member States, the approximation has nonetheless exerted gravitational pull through trade, investment, and legislative or political ambition. This transformation did not stop at the text of the statutes; registry practices, the roles of courts, notaries, and attorneys, the architecture of financial supervision, the rise of beneficial-ownership transparency, and the normalisation of virtual general meetings have altered, sometimes decisively, how law in the books is translated into law in action. This book takes these institutional variables seriously because, in this region, the same statutory text can yield different real-world equilibria depending on enforcement capacity, adjudicatory tempo, and market structure.

A comparison of eight jurisdictions requires caution when drawing general conclusions. The method adopted here is functional rather than formalist. Instead of cataloguing every doctrinal clause, the chapters pose a set of recurring questions to each system. How is the corporate bargain constituted at formation, and what is the residual role of mandatory capital rules after decades of erosion? How is power divided between owners and managers, and what choice exists between one- and two-tier boards in practice (rather than merely on paper)? How are conflicts of interest managed in related-party transactions, and what are the triggers, procedures, and remedies that give these duties bite? How are dividends and other value distributions constrained ex ante and policed ex post, and what, in practice, protects creditors when capital is light but leverage is heavy? How do minority shareholders get their day in court, and what is the real availability of derivative actions, injunctions, nullity, and avoidance in systems that prize legal certainty and speed? How far can parties contract around default rules, and where do mandatory limits reassert themselves to protect outsiders and co-owners? How are company creditors positioned by the instruments of corporate law? Each of these questions is answered through a mix of positive law, case law tendencies, and practitioner experience, such that a doctrinal comparison is coupled with an account of enforceability.

The limited liability company provides a particularly clear illustration of legal diversity across the region. In some of the jurisdictions of interest, the legislature has allowed near-partnership levels of contractual tailoring: voting and profit-sharing can be decoupled; transfer restrictions can be finely calibrated; deadlock resolution can be engineered *ex ante*. Elsewhere, the limited liability company remains tethered to stricter mandatory limits, with capital rules and exit mechanisms that prioritise creditor security over private ordering. Everywhere, however, the trajectory is toward facilitation, as they focus on faster online incorporation, simplified formalism, and greater reliance on registers and electronic communication for internal governance. These moves respond to a common policy ambition to lower formality costs for small and medium-sized enterprises while keeping in place minimum safeguards for those who deal with them. The book identifies both successful reforms and areas in which remaining formalities continue to discourage investment or encourage informal business practices.

Companies limited by shares reveal a different set of trade-offs. While public offerings remain concentrated in a few markets, the corporate architecture of the joint-stock form is shaped by the need to accommodate dispersed investors even when ownership is in fact concentrated. Disclosure duties are heavier; audit and supervisory oversight is more demanding; secret voting and cumulative voting mechanisms appear as tools to protect minorities; capital maintenance rules retain more of their original force. Several systems offer a choice between one- and two-tier models, but the real choice is often constrained by listing rules, corporate-governance codes, and the expectations of lenders and institutional investors. The treatment of groups of companies is an area of particular comparative interest. Specifically, some jurisdictions have codified group law with explicit safe harbours for intra-group transactions backed by disclosure and equalisation duties; others rely on general duties of loyalty, interest-balancing tests, and the policing of unlawful distributions. The book maps these approaches and tests their effectiveness against the everyday reality of parent-subsidiary finance, cash-pooling, and upstream guarantees.

A distinctive feature of East-Central European corporate life is that private enforcement must often carry a greater share of the load. Public supervisory bodies have grown in sophistication, but their resources are finite, and courts shoulder heavy caseloads. For that reason, the availability and design of shareholder and creditor remedies are not marginal, but central to the credibility of the law. Special attention is therefore given to standing rules for challenging resolutions, the structure of nullity and voidability, the availability of interim suspension, the standards for director liability, and the calibration of business-judgment deference. The aim is not to exhibit any doctrinal refinement, but to evaluate whether the tools deployed in each system are capable of deterring opportunism, vindicating minority rights, and preserving transactional certainty.

Comparative work within this region must also wrestle with different market structures. Ownership in flagship companies is often concentrated in families, holding companies, or the state. Banks remain core financiers, while equity markets are developing but thin, and delistings have sometimes outpaced new listings. These features amplify the importance of related-party regulation, disclosure discipline, and credible remedies, while moderating the immediate impact of techniques designed for highly-dispersed shareholding. These market conditions do not justify weaker legal standards. They do, however, help explain why registry oversight, professional scrutiny of major transactions, and restrictions on financial assistance play a comparatively prominent role in the region.

The project has three audiences. For scholars, it supplies a regional map of corporate law and practice in a region that is too often discussed in generalities. For legislators, judges, and practitioners, it offers a catalogue of workable solutions and cautionary tales that can inform the next wave of reforms. The region continues to move, and this movement occurs amid digital tools being to mediate incorporation, shareholder communication, and corporate filings. Sustainability and non-financial reporting obligations are reshaping disclosure, while cross-border mobility has moved from exception to routine for groups that operate across the Danube basin and the Visegrád space. Insolvency and restructuring frameworks are integrating more closely with company-law rules on capital and governance. Each of these dynamics cuts across the binary of limited liability and joint-stock company, and each is treated in the chapters that follow with attention to institutional capacity and legal culture.

But this book is intended also to doctoral researchers. Beyond offering a synoptic account of rules, it frames contestable questions, maps doctrinal fault lines, and highlights avenues for original inquiry across the eight jurisdictions. We hope it functions both as a reference and as a research toolbox for seminars, reading groups, and thesis supervision.

This volume is necessarily provisional. It engages with bodies of law that are in motion, subject to rapid legislative amendment, evolving supervisory practice, and uneven judicial consolidation across the eight jurisdictions under review. Despite a common methodological template, the choices of sources, translations of statutory terminology, and syntheses of sometimes inconsistent case law may introduce inadvertent errors or interpretive asymmetries. We have sought to mitigate these risks through the triangulation of primary texts, official commentaries, and leading scholarship, but the responsibility for any remaining inaccuracies is ours alone. Readers should also be mindful that our emphasis on comparability occasionally requires foregrounding black-letter rules over local practice or soft-law guidance, a trade-off that may compress nuance. We welcome corrections and further materials from practitioners, academics, and officials, and we intend to incorporate them into subsequent editions. Future iterations will update statutory and jurisprudential developments, refine doctrinal mappings, expand the treatment of enforcement and procedural realities, and introduce more intense empirical and transactional evidence. The project is thus conceived as iterative – as a platform for cumulative improvement.

The argument of the book, then, is that East-Central Europe shows how quickly company law can evolve when pushed by powerful external and internal forces, and how persistent certain design problems can be despite the convergence of texts. By reading the Czech Republic next to Croatia, Hungary next to Poland, Romania next to Serbia, Slovakia next to Slovenia, the reader will see both how much is shared and where policy choices consciously diverge. The limited liability company emerges as the form in which contractual freedom and close ownership demand the most from doctrine, and the company limited by shares as the form in which investor confidence and market discipline place the heaviest weight on procedure and disclosure. Together they tell the contemporary story of the region's corporate enterprise, which is pragmatic, reformist, and increasingly sophisticated, yet still marked by the legacies of transition and by the realities of concentrated ownership and bounded enforcement. Comparative company law cannot be understood through statutes alone; it must also account for the institutions and practices through which legal rules are applied. This book provides such an account for East-Central Europe.

The Editor