

BOOK ONE GENERAL PROVISIONS

TITLE I GENERAL PROVISIONS

CHAPTER I CIVIL LEGISLATION

Article 1. Basic Principles of Civil Legislation

(1) The basic principles of civil legislation are: recognition of equality among the parties to relationships regulated by it, inviolability of property, freedom of contract, inadmissibility of interference with private affairs, free exercise of civil rights, guaranteed restoration of violated rights and their judicial protection.

(2) Natural persons and legal entities are free to establish their rights and duties on the basis of contracts, and to stipulate any contractual terms, insofar as they do not run counter the law.

(3) Civil rights may be limited only by organic law and only on grounds provided by the Constitution of the Republic of Moldova.

Article 2. Relations Regulated by Civil Legislation

(1) Civil legislation determines the legal status of participants to the civil circuit, the grounds of arising of the right of ownership and the manner of its exercise, obligations of contractual and other nature, and other property and non-property relations associated with them.

(2) Family, housing, and labor relations, as well as relations arising from the use of natural resources and environment protection, which meet the criteria specified in par.(1), are regulated by this Code and other laws.

(3) Relations concerning exercise and protection of fundamental human rights and freedoms, and other non-property values are regulated by this Code and other laws.

(4) Natural persons and legal entities, whether engaged or not in entrepreneurial activity, are subjects of civil relations.

Article 3. Civil Legislation

(1) Civil legislation includes this Code, other laws, Government ordinances and other subordinated normative acts, which regulate the relations specified in art.2 of this Code and which must comply with the Constitution of the Republic of Moldova.

(2) Subordinated normative acts are feasible for civil relations insofar as they are issued based on law and do not run counter it.

Article 4. Usage

(1) The usage is a rule of conduct, which, although not sanctioned by legislation, is generally recognized and applied over a long period of time in a certain field of civil relations.

(2) The usage is applicable only where it does not come into conflict with the law, public order and moral principles.

Article 5. Analogy of Statute and Analogy of Law

(1) Where relations provided for in art.2 are not directly regulated by law or by agreement between the parties and no usage is applicable, the civil law provision regulating similar relations shall apply to such relations (analogy of statute), insofar as this does not contradict the substance of those relations.

(2) If it is impossible to apply analogy of statute, rights and duties of the parties shall be determined on the basis of general principles and implications of civil law (analogy of law).

(3) No provision shall apply by analogy, where it either limits civil rights or generate civil liability.

(4) The court has no right to decline administration of justice on civil cases on grounds that the provision of law is missing or ambiguous.

Article 6. Effect of Civil Legislation in Time

(1) Civil law does not have retroactive effects. It does not alter or call off either conditions under which a legal situation earlier arose or the terms of extinction of an earlier extinguished legal situation. Similarly, the new law shall not alter or call off the past effects of an extinguished or unfolding legal situation.

(2) The new law applies to relations unfolding on the date when it came into effect.

(3) From the day when the new law comes into effect, the effects of the old law shall cease, unless otherwise provided by the new law.

(4) In case of legal contractual relations unfolding on the date when the new law comes into effect, the old law shall continue to govern the nature and extent of rights and duties of the parties, as well as any other contractual effects, unless otherwise provided by the new law.

(5) In situations provided for in para.(4), the provisions of the new law shall apply to the ways of rights' exercise and fulfillment of obligations, as well as to the modalities of alienation, assignment, transformation and extinction of those rights and obligations. Similarly, where the new law does not provide otherwise, provisions of a legal transaction concluded before the date when the new law came into effect and which are contrary to the imperative provisions of the new law, shall on that date be voided of any legal effect whatsoever.

Article 7. Civil Legislation and International Treaties

Where an international treaty to which the Republic of Moldova is a party establishes rules that differ from those stipulated by civil legislation, the provisions of the international treaty shall apply.

CHAPTER II
RISE OF CIVIL RIGHTS AND DUTIES.
EXERCISE AND PROTECTION OF CIVIL RIGHTS

Article 8. Grounds for Arising of Civil Rights and Duties

(1) Civil rights and duties arise by virtue of law and by virtue of those acts of natural persons and legal entities, which, although not provided by law, give rise to civil rights and duties by virtue of the basic principles and implications of civil legislation.

(2) Civil rights and duties arise:

- a) from contracts and other legal transactions;
- b) from acts issued by a public authority, if the law provides for such acts as grounds on which civil rights and duties arise;
- c) from court judgments prescribing civil rights and duties;
- d) from creation and acquisition of property on grounds that are not prohibited by law;
- e) from development of scientific works, creation of works of art, literature, from inventions as well as from other products of intellectual activity;
- f) from infliction of damage to another person;
- g) from unjust enrichment;
- h) from other deeds of natural persons and legal entities and from events which, in accordance with the law, entail legal consequences of civil nature.

Article 9. Exercise of Rights and Fulfillment of Obligations

(1) Natural persons and legal entities participating in civil legal relations must exercise their rights and fulfill their obligations in good faith, in accordance with the law, contract, public order and moral principles. Good faith is presumed unless proven otherwise.

(2) Non-exercise by natural persons and legal entities of their rights does not entail cessation of these rights, except in cases provided by law.

Article 10. Judicial Protection of Civil Rights

(1) Protection of infringed civil rights is ensured judicially.

(2) The law or contract may provide for a dispute settling procedure before resorting to court trial.

(3) Civil rights shall be protected by administrative means only in cases provided by law. The administrative decision may be appealed in court.

Article 11. Means of Protection of Civil Rights

Civil rights are protected by:

- a) recognition of right;
- b) restoration of the condition, which existed before the violation of the right, and suppression of acts which violate or threaten to violate the right;
- c) recognition of nullity of legal transaction;
- d) invalidation of the act issued by a public authority;
- e) adjudication to perform duty in kind;
- f) self-protection;
- g) compensation for damage;
- h) collection of penalties;
- i) compensation for moral damage;

- j) termination or alteration of legal relationship;
- k) judicial repeal of the act issued by a public authority, which does not comply with the law;
- l) other means provided by law.

Article 12. Invalidation of an Act Issued by a Public Authority in Breach of the Law

(1) The act issued by a public authority, which infringes upon the legally protected civil rights and interests of a natural person or a legal entity, shall be declared by court as invalid from the moment of its adoption.

(2) Where the court acknowledges the nullity of the act provided for in para. (1), the infringed right shall be remedied or protected by other means as provided for in this Code and other laws.

Article 13. Self-Protection

(1) There shall be deemed licit those actions of a person by which, for purposes of self-protection, he takes, seizes, destroys or deteriorates an asset or, for the same purpose, retains the bound person that is about to disappear, or fights against the resistance of the person bound to tolerate the action, if the assistance of competent bodies may not be obtained and, absent an immediate intervention, there is a danger that the exercise of the right will become impossible or substantially difficult.

(2) Self-protection shall not exceed the limits necessary to eliminate the danger.

(3) In case of deprivation of possession of an asset, where enforcement is not obtained, attachment shall be solicited immediately.

(4) Where the person bound is retained, he must be brought immediately before a competent authority.

(5) The person that committed one of the actions provided for in par.(1), while erroneously assuming that he is entitled to self-protection, shall be bound to compensate for the damage inflicted upon the other party, even if the error is not imputable to the former.

Article 14. Compensation for Damage

(1) A person, whose right is violated, may demand full compensation for the damage inflicted to him.

(2) Damage comprises outlays, which the injured person has incurred or is about to incur on the remediation of the violated right; it also comprises loss or deterioration of his property (real damage), and income unearned due to the violation of the right (failed profit).

(3) If the person, who has violated the right, earns an income in consequence of this violation, the person, whose right has been violated, is entitled to demand handing over of that part of the income that exceeds the amount of reparation.

Article 15. Protection of Personal Non-Property Rights

Personal non-property rights and other intangible values are protected in cases and according to the procedure established by this Code and other laws and within such limits, that the use of the means of civil rights protection is conform to the substance of the violated right and the nature of the effects of violation.

Article 16. Protection of Honor, Dignity and Professional Reputation

- (1) Any person is entitled to respect of his honor, dignity and professional reputation.
- (2) Any person is entitled to seek refutation of information, which defames his honor, dignity or professional reputation, unless the disseminator of such information proves it to be true.
- (3) Upon the request of the interested persons, the protection of the honor and dignity of a natural person is also permissible after his death.
- (4) If the information that defames the honor, dignity or professional reputation is disseminated in mass media, the court shall bind the mass media to publish a denial in the same rubric, on the same page, in the same program or cycle of programs, within maximum 15 days from the day on which the judgment became final.
- (5) If a document issued by an organization contains information defaming honor, dignity or professional reputation, the court shall bind the organization to replace the document.
- (6) In cases other than those provided for in par.(4) and (5), the order of refutation of the information defaming honor, dignity and professional reputation shall be determined by court.
- (7) Any person, with respect to whom the mass media have published information, which infringes upon his legally protected rights and interests, has the right to publish his response to the publication in the same mass media and at the expense of the later.
- (8) The person, whose legally protected rights and interests have been infringed by a publication in the mass media, is entitled, besides refutation, to demand reparation of material and moral damage.
- (9) Where it is impossible to identify the person who has disseminated the information, which defames honor, dignity or business standing of a person, the person with respect to whom that information has been disseminated is entitled to file action for declaring the disseminated information fictitious.

**TITLE II
PERSONS****CHAPTER I
NATURAL PERSONS****Article 17. Definition of Natural Person**

By natural persons are understood human beings, regarded individually, as holders of civil rights and duties.

Article 18. Legal Capacity of Natural Person

- (1) The capacity to have civil rights and duties (legal capacity) is granted equally to all natural persons.
- (2) The legal capacity of a natural person begins from birth and ends with his death.
- (3) The right to inherit is deemed to have arisen at the time of conception, contingent on whether that person is born alive.

Article 19. Legal Capacity of Natural Person

Legal capacity is the aptitude to acquire and exercise civil rights by one's own acts, to personally assume civil obligations and perform them.

Article 20. Full Legal Capacity of Natural Person

(1) Full legal capacity arises to its full extent with the attainment of majority, i.e. upon completion of eighteen years of age.

(2) A minor acquires full legal capacity through marriage. Dissolution of marriage does not affect full capacity of the minor. In case of marriage annulment, the court may deprive the minor spouse of full legal capacity from the moment set by the court.

(3) A minor who attains the age of sixteen may be declared fully competent if he works under a labor contract or, with the consent of his parents, adoptive parents or his trustee, carries on a business activity. The declaration of full capacity (emancipation) of the minor shall be made by decision of the guardianship body, with the consent of parents, adoptive parents or the guardian, or, absent such consent, by court decision.

Article 21. Legal Capacity of Minors that Reached Fourteen Years of Age

(1) The minors who reached the age of 14 may enter into legal transactions, with the written consent of the parents, adoptive parents or the guardian, and – in cases provided by law – with the consent of the guardianship authority.

(2) Minors that reached the age of 14 may, without consent of their parents, adoptive parents or trustees:

- a) dispose of their salary, stipend and other earnings from their own activities;
 - b) exercise their copyrights over works of science, literature and art, inventions and other products of intellectual activity protected by law;
- make and dispose of deposits at financial institutions, in conformity with the law;
enter into transactions provided for in art.22 par.(2).

(3) Upon the request of the parents, adoptive parents, the trustee or the guardianship authority, the court may limit minor's rights under par.(2) let. a) and b), if serious grounds exist.

(4) Upon completion of 16 years of age, the minor may become member of cooperative society.

Article 22. Capacity to Contract of Minors under Fourteen

(1) Only parents, adoptive parents or guardians of minors who have not attained the age of fourteen may enter into legal transactions on their behalf, as provided by law.

(2) Minors between 7 and 14 years of age are competent to enter by themselves:

- a) current petty transactions of small value, enforceable upon conclusion;
transactions intended for non-repayable gain of benefit, which do not require notary certification or state registration of the ensuing rights;
acts for preservation.

Article 23. Inadmissibility to Limit and Deprive of One's Legal Capacity and Capacity to Contract

(1) Civil capacity is equally recognized to all persons, regardless of race, nationality, ethnic origin, language, religion, sex, opinion, political membership, property, and social origin, degree of cultural development or other like criteria.

(2) A natural person may not be deprived of his legal capacity.

(3) No one may be limited in his legal capacity and capacity otherwise than in cases and according to procedures established by law.

(4) Complete or partial relinquishment of legal capacity or capacity by natural person, as well as other transactions intended for limitation of legal capacity and capacity to contract is void.

Article 24. Declaration of Incapacity of Natural Person

(1) A natural person, who is not able to realize or control his actions in consequence of a mental disorder (mental illness or deficiency), may be declared incapable by court. This person shall be put under guardianship.

(2) The guardian of the incapable natural person enters into legal transactions on behalf of that person.

(3) If the grounds on which the natural person has been declared incapable cease to exist, the court shall declare him capable. By virtue of court decision, the guardianship over that person shall be revoked.

Article 25. Limitation of Capacity to Contract of Natural Person

(1) The court may limit the capacity of a natural person who, by abusing of alcohol, drugs or other substances influencing the mental condition, runs his family into financial difficulties. Such person shall be put under trusteeship.

(2) The person shown in par.(1) shall enter into legal transactions concerning disposal of property, receipt and disposal of his wages, pension and other revenues only with the consent of his trustee.

(3) If the grounds, on which the capacity of a natural person has been limited, cease, the court shall revoke the limitation of his capacity. By virtue of the court decision, the trusteeship under which the natural person was put shall be revoked.

Article 26. Entrepreneurial Activity of Natural Person

(1) A natural person is entitled to carry out entrepreneurial activity without creating a legal entity, from the day when he obtains state registration as an individual entrepreneur or in any other manner as provided by law.

(2) The person that carries out entrepreneurial activity without state registration may not rely on the absence of entrepreneurial status.

(3) The provisions that regulate the activity of profit-making legal entities shall apply accordingly to the entrepreneurial activity carried out without creating a legal entity, unless it follows otherwise from the law or the substance of legal relations.

Article 27. Material Liability of Natural Person

The natural person is liable for his obligations with all the property that belongs to him, except for property, which may not be attached in compliance with the law.

Article 28. Name of Natural Person

(1) A natural person is entitled to his name, established or acquired in accordance with the law.

(2) The name consists of the surname, the given name and, in cases provided by law, the patronymic.

(3) The surname is acquired by provenience and is changed as a consequence of change in civil status, as provided by law.

(4) The given name is established on the date of birth registration, based on the birth declaration.

Article 29. Use of Name

(1) Any person is entitled to respect of his name.

(2) The natural person acquires and exercises his rights and performs his duties under his name.

(3) The one using the name of another person is liable for all confusions or damage ensuing thereof. Both the bearer of the name, as well as his spouse or close relatives may oppose to this use and demand compensation for damage.

(4) The natural person is bound to take necessary measures to inform his debtors and creditors about the change of his name and incurs the risk of the consequences ensuing from failure to comply with this duty.

Article 30. Domicile and Residence

(1) The domicile of the natural person is the place where a natural person resides permanently or mainly. It is deemed that the natural person keeps his domicile as long as he did not establish another domicile.

(2) The residence of the natural person is his temporary or secondary place of living.

(3) The person whose domicile cannot be determined with certainty shall be deemed to have the domicile at the place of his residence.

(4) In the absence of residence, the person is deemed to domicile at the place where he is located at the moment, and if this place is unknown – at the place of his last domicile.

Article 31. Domicile of Minor and of Incapable Person

(1) The domicile of the minor under the age of 14 is with his parents or with that parent with whom he resides permanently.

(2) The domicile of the minor who has been entrusted by court to a third party for care shall remain the domicile he had with his parents. Where the parents have separate domiciles and have not come to an agreement concerning minor's domicile, the court shall decide on the issue.

(3) Having regard of the supreme interests of the minor, the court may, in exceptional cases, establish his domicile with the grandparents, other relatives or trustworthy persons, contingent on their consent, or at an institution of protection.

(4) Where only one parent represents the minor or where the minor is under guardianship, his domicile shall be with the legal representative.

(5) The domicile of the minor in difficulty, in cases provided by law, is with the family or persons to which he was entrusted for care.

(6) The domicile of the incapable person is with his legal representative.

Article 32. Guardianship and Trusteeship

(1) Guardianship and trusteeship are established to protect rights and interests of natural persons that are incapable or with restricted capacity, and of persons limited in their capacity.

(2) Guardians and trustees protect the rights and interests of their wards in relations with natural persons and legal entities, including courts, without mandate.

(3) Minors are placed under guardianship and trusteeship, if they have no parents or adoptive parents, if their parents have been deprived of parental rights by court judgment, or if, for other reasons, such persons have been left without parental care.

Article 33. Guardianship

(1) Guardianship is established over minors less than 14 years of age and over incapable natural persons, as the case may be.

(2) The guardian acts as ward's representative by virtue of law and enters into necessary legal transactions in ward's name and interest.

Article 34. Trusteeship

(1) Trusteeship is established over minors between 14 and 18 years of age, as well as over natural persons whose capacity is limited by court in consequence of alcohol abuse, consumption of drugs or other substances influencing mental condition.

(2) The trustee consents to transactions, which the natural person under trusteeship may not conclude independently.

(3) The trustee assists the ward in the exercise of his rights and performance of his duties, and protects him against abuse by third parties.

Article 35. Guardianship and Trusteeship Authorities

(1) The local public administration authorities are the guardianship authorities.

(2) The guardianship authority at ward's domicile shall supervise the activity of the guardian or trustee.

Article 36. Establishment of Guardianship and Trusteeship

(1) The guardianship authority is bound to decide upon the institution of guardianship or trusteeship within one month from receiving the information about the need to establish it.

(2) Until the guardian or the trustee is appointed, their duties shall be performed by the guardianship authority.

Article 37. Duty of Notification about Persons Calling for Establishment of Guardianship or Trusteeship

The following persons are bound to give notice to the guardianship authority within 5 days from becoming aware of the fact that establishment of guardianship or trusteeship is necessary:

a) those close to the respective persons, including the administrator and the inhabitants of the house that person dwells in;

b) the civil status office, in case of registration of a death, as well as the public notary in case of accrual of an inheritance;

c) the court, officers of the police and prosecutor's office, in case of adoption, application or execution of a sanction by deprivation of liberty;

d) local public administration authorities, institutions of protection, as well as any other person.

Article 38. Guardian and Trustee

(1) Only one natural person or the spouses jointly may become guardians or trustees, where they expressly consented to it and are not in a case of incompatibility provided for in para.(4).

(2) The duties of a guardian or trustee in regard of a person interned into a public institution of social assistance, education, healthcare or any other similar institution shall be exercised by those institutions, save for the case when the person has a guardian or a trustee.

(3) The guardian or trustee shall be appointed by the guardianship authority at the domicile of the person in regard of whom establishment of guardianship or trusteeship is needed, at its own initiative or upon the request of those mentioned in art.37.

(4) The following persons may not become guardians or trustees:

- a) minors;
- b) incapable persons or persons with limited capacity;
- c) persons deprived of their parental rights;
- d) persons declared incapable to exert functions of guardian or trustee due to health reasons;
- e) the person, in regard of whom, adoption has been annulled due to failure of according fulfillment of the duties of an adoptive parent;
- f) the person who has been restricted the exercise of certain political and civil rights, either by virtue of law or by court judgment, as well as the person with improper conduct;
- g) the person whose interests are in conflict with those of the person put under guardianship or trusteeship;
- h) the person removed by certified act or by will by the parent who, at the time of death, exerted parental protection by himself;
- i) the person who, while exerting a guardianship or a trusteeship, has been removed from exercise;
- j) the employee of the institution where the person, in regard of whom guardianship or trusteeship must be established, is interned.

Article 39. Performance of Duties of Guardian and Trustee

(1) Guardianship and trusteeship are deemed personal obligations.

(2) Guardianship and trusteeship are conducted gratuitously. Guardians and trustees are entitled to claim compensation for outlays incurred due to performance of duties related to guardianship and trusteeship.

(3) Having regard of the amount and composition of ward's property, the guardianship authority may decide that administration of the property or only a part of it be entrusted to a competent natural person or legal entity.

Article 40. Duties of Guardian and Trustee

(1) Guardians and trustees are bound:

- a) to share residence with the ward and to inform the guardianship body about the change of domicile. The trustee and his ward that reached the age of 14 may reside separately only with the permission of the guardianship body;
- b) to provide maintenance to the ward;
- c) to protect ward's rights and interests.

(2) Guardians and trustees are attributed parental rights and duties in what regards education of minors.

Article 41. Administration of Property of the Person under Guardianship

(1) The guardian shall administer and dispose efficiently of ward's assets, in the name of the latter, unless an administrator of the assets is appointed.

(2) Upon his appointment and in the presence of the representative of the guardianship authority, the guardian shall make an inventory of ward's assets and shall submit it for approval to the guardianship authority.

(3) Amounts due to the ward, in the form of pension, aid, alimony and other current income, shall be received and spent by the guardian for ward's maintenance.

(4) Where ward's current income or funds are not sufficient to cover all necessary expenditures, these may be covered from his assets, with the consent of the guardianship authority.

(5) Within 30 days from the end of the calendar year, the guardian is bound to draft and submit to the guardianship authority a report on the order in which he took care of the ward and on the administration and disposal of ward's assets.

Article 42. Authorization of Guardianship Authority to Conclude Legal Transactions

(1) The guardian may not conclude and the trustee may not consent upon legal transactions of alienation (including donation), exchange or lease (rent), gratuitous use or pledge of assets, legal transactions by which rights of the ward are relinquished, agreements for partition of ward's property or shares and any other legal transactions that lead to decrease in ward's property, without prior authorization from the guardianship authority.

(2) The conclusion of legal transactions concerning ward's immovable assets is permitted only with prior approval by the guardianship authority.

Article 43. Prohibition to Enter into Transactions in Ward's Name

(1) The guardian may not conclude and the trustee may not consent on conclusion of gratuitous legal transactions, by which the ward becomes bound or relinquishes certain rights.

(2) Notwithstanding the provisions of para.(1), legal transactions compliant to the moral obligations and principles are allowed.

(3) The guardian or trustee, their spouses or relatives to the 4th degree inclusive, may not enter into legal transactions with the ward, except for donation or gratuitous use of property to the ward.

Article 44. Trust on Ward's Property

(1) Where it is necessary to administer ward's immovable assets and valuable movables on a regular basis, the guardianship body shall conclude a contract of trust with a trustee appointed by it. In such a case, the guardian retains authority over that part of ward's property, which is not placed in trust.

(2) In administering ward's property, the trustee is subject to the provisions of art.42 and 43.

(3) The trust over ward's property ends on statutory grounds provided for termination of contract of trust or with the revocation of guardianship.

Article 45. Custody over Money Amounts

(1) Money amounts that exceed needs for ward's maintenance and administration of his assets shall be placed on a deposit at a financial institution in ward's name, where they may not be withdrawn from without the permission of the guardianship authority.

(2) The guardian may deposit the amounts necessary for maintenance in the name of the minor. These shall be transferred on a separate account and may be withdrawn by the guard without preliminary authorization by the guardianship authority.

Article 46. Discharge and Removal from Office of Guardians and Trustees

(1) The minor, as well as persons provided for in art.37, may challenge or report to the guardianship authority acts and deeds of the guardian or trustee that damage the minor.

(2) The guardian or the trustee may be discharged if he committed an abuse, a gross negligence or deeds that render him unworthy to be guardian or trustee, or if he does not fulfill his office properly.

(3) The guardianship authority shall discharge the guardian or trustee from office when the minor is returned to his parents or is adopted.

(4) If the ward is placed into an appropriate public institution of social assistance, education, healthcare or similar institution, the guardianship authority shall discharge the guardian or trustee, unless this is contrary to ward's interests.

(5) Provided that there are serious reasons, the guardian or trustee may be discharged upon his request.

Article 47. Termination of Guardianship and Trusteeship

(1) Guardianship over a minor that attained 14 years of age terminates, and the person who exercised the guardianship becomes trustee without any additional decision in this regard.

(2) Trusteeship terminates when the ward obtains full legal capacity or his capacity is restored.

Article 48. Patronage over Capable Natural Persons

(1) A fully capable natural person, unable to exercise and protect his own rights and to perform his duties by himself, due to the state of his health, may be placed under trusteeship in the form of patronage, upon his request.

(2) The guardianship authority may appoint a trustee (assistant) for a capable natural person only with the consent of that person.

(3) The disposal of property belonging to the person under patronage is performed by the trustee (assistant) only on the basis of a contract of mandate or trust concluded with the ward. The trustee (assistant) may conclude transactions for maintenance and for satisfaction of ward's everyday needs, with ward's verbal consent.

(4) Patronage over a capable natural person established in compliance with par.(1) terminates upon his request.

(5) The trustee (assistant) of a natural person under patronage is discharged from office in cases provided for in art.46 par.(4) and (5).

Article 49. Declaration of Absence of Natural Person

(1) A natural person may be declared missing, if at least one year has lapsed from the moment of receipt of the last report concerning that person's whereabouts. The absence shall be declared by court upon the request of interested persons.

(2) If it is impossible to ascertain the day when the last report about the missing person has been obtained, the period of his absence shall run from the first day of the month following the month when the last report about the missing person was obtained, and if it is impossible to ascertain that month, the period of absence shall run from January 1 of the following year.

Article 50. Protection of Assets of the Missing Person

(1) Where it is necessary to administer the property of the missing person on a regular basis, the court shall appoint a trustee, with whom the guardianship authority shall conclude a contract of trust. Upon the request of an interested person, the court may appoint a trustee even before the lapse of one year from the receipt of the last report on the missing person's whereabouts.

(2) The declaration of absence of a person does not trigger modification or extinction of his rights and duties.

Article 51. Effects of Appearance of Person Declared Missing

(1) Where the natural person declared missing makes his appearance, or if his whereabouts is discovered, upon the request of the interested person the court shall reverse the declaration of absence and shall cancel the trust over that person's property, as the case may be.

(2) The person declared missing is entitled to claim compensation for damage caused by improper management of his property from the trustee.

Article 52. Declaration of Death

(1) A natural person may be declared dead by court decision if his whereabouts has been unknown at his domicile for 3 years; if the person disappears under life-endangering circumstances or circumstances giving reason to believe him dead from an accident, he may be declared dead after the lapse of six months.

(2) A military servant or other natural person, who has disappeared in connection with military actions, may not be declared dead earlier than after two years from the end of the military actions.

(3) The date of death of the person declared dead is deemed to be the day when the court decision declaring him dead became final. If the natural person disappears under life-endangering circumstances or circumstances giving reason to believe him dead from an accident, the court may declare the day of the presumptive death of that natural person to be the date of his death.

(4) Declaration of death produces legal effects similar to those produced by the ascertained physical death.

Article 53. Effect of Appearance of Natural Person Declared Dead

(1) Where the natural person declared dead makes his appearance, or if his whereabouts is discovered, the court shall reverse the declaration of death.

(2) Regardless of the time of his appearance, the natural person may demand that any person return the preserved property, which gratuitously passed to that person after the declaration of death of the natural person.

(3) The persons, to whom the property of a natural person declared dead passed under repayable transactions, shall not be bound to return him that property, unless they are proven to have known that the person declared dead was actually alive at the date of procurement. If it is impossible to return that property in kind, its value shall be indemnified in money by the acquirer in bad faith.

(4) If the property of the person declared dead passed to the state, by virtue of the right of inheritance, and has been sold, then the proceeds from the sale of that property shall be returned to that person after the reversal of the declaration of death by court.

Article 54. State Registration of Civil Status Acts

(1) The following acts of civil status are subject to state registration:

- a) birth;
- b) adoption;
- c) affiliation;
- d) marriage;
- e) divorce;
- f) change of name;
- g) death of natural person.

(2) Registration of acts of civil status is conducted by registry offices by making respective entries in civil registers and issuing certificates on the basis of those entries.

(3) The registry offices, the order of civil registration, the procedures for changing, restoring and annulling entries of civil registration, the forms of official records and certificates, the procedures and terms of custody of official records are established by law.

CHAPTER II LEGAL ENTITIES

SECTION 1 GENERAL PROVISIONS

Article 55. Definition of Legal Entity

(1) Legal entity is an organization owning separate property and liable with this property for its obligations, which may acquire and exercise property and personal non-property rights, assume obligations in its own name, sue and be sued.

(2) The legal entity may be organized based on the principle of corporation or based on membership; it may or may not depend on a certain number of members; it may have a profit-making purpose or a nonprofit one.

(3) Depending on participation in the formation of property of the legal entity, its founders (members) may or may not hold rights of claim against this legal entity. Commercial companies and cooperatives are legal entities, against which founders (members) hold rights of claim. Noncommercial organizations are legal entities against which their founders (members) do not hold rights of claim.

Article 56. Legal Regime Applicable to Foreign Legal Entities

Foreign legal entities are assimilated by law with legal entities of the Republic of Moldova.

Article 57. Types of Legal Entities

Legal entities may be entities of public law and entities of private law, both of which are equal in civil relations.

Article 58. Legal Entities of Public Law

(1) The state and territorial-administrative units participate in legal civil relations on equal positions with other subjects of law. In such cases, the powers of the state and territorial-administrative units shall be exercised by their bodies, in accordance with their terms of reference.

(2) Bodies entitled to exercise a part of the powers (functions) of the Government possess legal personality only if this is provided by law or, in cases expressly set by law, by acts of central and local public administration.

(3) Notwithstanding the provisions of para.(2), legal entities of public law may also be constituted in other manner, in cases expressly provided by law.

(4) The following articles of this Chapter shall not apply to legal entities of public law, save for expressly provided cases.

Article 59. Legal Entities of Private Law

(1) Legal entities of private law may be freely constituted solely in one of the legally provided forms.

(2) Legal entities of private law may have profit-making (commercial) purposes and nonprofit (noncommercial) ones.

Article 60. Legal Capacity of Legal Entity

(1) The legal capacity of a legal entity appears on the date of its state registration and terminates on the date of its exclusion from the state register.

(2) The profit-making legal entity may carry out any activity that is not legally prohibited, even if it is not provided in the constitutive act.

(3) The nonprofit legal entity may carry out only the activity provided for in the law and in the constitutive act.

(4) The legal entities of public law participate in the civil circuit to the extent that this is necessary for accomplishing their purposes. They are assimilated to legal entities of private law that participate in the civil circuit.

(5) Certain types of activity, the list of which is established by law, may be carried out by the legal entity only based on a special authorization (license). The right of the legal entity to carry out a licensed type of activity arises from the moment when the license is obtained or from the moment indicated in the license and terminates upon the expiry of the license, unless the law provides otherwise.

(6) The rights of the legal entity may be limited only in cases and in the manner provided by law.

Article 61. Capacity to Contract of Legal Entity

(1) The legal entity exercises rights and fulfills obligations through the manager, from the day of its constitution.

(2) Managers are natural persons that, by virtue of law or of the act of constitution, are appointed to act, individually or collectively, in the name and on account of the legal entity in relations with third parties.

(3) Relations between the legal entity and those who form its executive bodies are subject by analogy to the rules governing mandate, unless the law or the constitutive act provide otherwise.

(4) Where the executive body is not appointed, the participants or the creditors of the legal entity may demand the court to appoint such body. The executive body appointed by the court shall be revoked by it where the competent body of the legal entity decides to appoint the executive body.

Article 62. Founding Instruments of Legal Entity

(1) The legal entity activates based on the founding contract or based on the constitutive contract and the statute, or solely on the statute. The legal entities of public law and, in cases provided by law, nonprofit legal persons of private law activate based on the general rules concerning organizations of the respective type.

(2) The constitutive act is entered into and the statute is approved by the founders (members) of that legal entity. The legal entity constituted by a single founder activates based on statute approved by him.

(3) The founding instruments of a legal entity shall specify its name and seat, activity management procedures and other information required by law for legal entities of the respective type. The constitutive act of nonprofit legal entities shall specify their object and activity goals.

Article 63. State Registration of Legal Entities

(1) A legal entity is deemed constituted from the moment of its state registration.

(2) The legal entity of public law shall be deemed incorporated when the normative act, by which the regulation or the statute are approved, takes effect or from the moment specified in that act.

(3) The legal entity is subject to state registration according to the statutory procedure. The data of state registration shall be entered in the state register, which is open to the public.

(4) Any derogation from the statutory procedure of constitution, or noncompliance of the instruments of constitution of a legal entity with the law, entails refusal of state registration. Refusal of state registration of a legal entity on the ground of inexpediency of its constitution is inadmissible.

(5) The legal entity is subject to re-registration only in cases provided by law.

Article 64. Public Character of State Registers of Legal Entities

(1) The person in whose interest a fact should be registered may not rely on it in relation to third parties before its entry in the state register of legal entities and its publication, unless that person proves that the third party was aware of that fact.

(2) Where the fact is registered and published, the third party must acknowledge it in relation to himself. This provision does not apply to legal transactions entered into within 15

days from the moment when the fact has been published, inasmuch as the third party proves that he was not and should not have been aware of the respective fact.

(3) Where the fact subject to registration has been erroneously published, the third party may rely on that fact against the person in whose interest it should have been registered, unless the third party was or should have been aware of its non-authentic character.

Article 65. Duration of Legal Entity

(1) The legal entity is perpetual, unless the law or the constitutive acts provide otherwise.

(2) Upon the expiry of the term set for the existence of the legal entity, it shall be dissolved, unless the constitutive acts are amended before that.

Article 66. Name of Legal Entity

(1) The legal entity participates in legal relations only under its own name, set in the constitutive acts and registered accordingly.

(2) The name of the legal entity must specify its form of legal organization, in the state language.

(3) The legal entity cannot be registered where its name coincides with the name of an already registered legal entity.

(4) The use of expressions contravening to legal provisions or moral principles in the name of the legal entity is prohibited, as well as the use of personal names, where they do not coincide with the names of those participating in the founding of the organization and the respective person or its successors did not consent with a view to this.

(5) The legal entity may not use in its name words or abbreviations that would have a deceitful effect as to the form of the entity.

(6) The legal entity, whose firm name is registered, is entitled to use this name. The person using the name of another legal entity, shall, upon the request of the latter, cease using that name and compensate for the damage caused thereby.

(7) The legal entity is bound to publish a notice in the Official Gazette regarding changes in its name, subject to compensation for damage caused by failure to comply.

(8) Acts issued by the legal entity must specify its name, state registration number, fiscal code and seat, subject to compensation for damage caused by failure to comply.

Article 67. Seat of Legal Entity

(1) The legal entity has a seat, specified in the constitutive acts.

(2) The establishment and change of seat are opposable to third parties from the moment of state registration.

(3) The mail address of the legal entity is the address of its seat. The legal entity may also have other mail addresses.

(4) All documents and letters received at the seat shall be deemed received by the legal entity.

(5) The legal entity is bound to publish a notice in the Official Monitor on the change of seat, subject to compensating for damage caused by failure to comply.

Article 68. Liability of Legal Entity

(1) The legal entity is liable for its obligations with all property belonging to it.

(2) A founder (member) of the legal entity is not liable for the debts of that legal entity, and the legal entity is not liable for debts of its founder (member), except in cases provided by law or instruments of incorporation.

Article 69. Reorganization of Legal Entity

(1) The legal entity can be reorganized by amalgamation (merger and jointer), split-off (division and separation) and transformation.

(2) The decision of reorganization is taken by each legal entity separately, in compliance with the terms set for the modification of the instruments of incorporation.

(3) In cases provided by law, reorganization of a legal entity by division or separation shall be carried out by virtue of a court decision.

(4) If a new legal entity is formed by amalgamation or split-off, it shall be constituted in compliance with the legal provisions concerning the respective form of legal entity.

(5) The reorganization shall produce effects in relation to third parties only after state registration of the new legal entity, save for reorganization by jointer, which is effective from the date of registration of amendments in the instruments of incorporation of the absorbent legal entity.

Article 70. Succession in Case of Reorganization of Legal Entity

(1) In the event of merger of legal entities, the rights and duties of each of them pass to the newly created legal entity in compliance with the deed of conveyance.

(2) In the event of jointer of one legal entity to another, all rights and duties of the absorbed legal entity pass to the absorbent legal entity in compliance with the deed of conveyance.

(3) In the event of division of a legal entity, its rights and duties pass to the newly created legal entities according to the distributive balance.

(4) In the event of separation, a part of the rights and duties of the reorganized legal entity pass to each of the legal entities participating in the reorganization (either existing or newly created), according to the distributive balance.

(5) In the event of reorganization by transformation, rights and duties of the reorganized legal entity pass to the newly created legal entity in compliance with the deed of conveyance.

Article 71. Deed of Conveyance and Distributive Balance

(1) The deed of conveyance and the distributive balance must contain provisions for succession in respect of all property, all rights and obligations, as against all its creditors and debtors, including obligations disputed by the parties.

(2) The deed of conveyance and the distributive balance shall be approved by the founders (members) of the legal entity or by the body of the legal entity authorized thereto by law or by the constitutive act, which has decided upon reorganization of legal entity, and shall be submitted along with the instruments of incorporation of the newly created legal entities for registration or for amending the constitutive acts of the existing legal entities.

Article 72. Security for Rights of Legal Entity's Creditors in Case of Reorganization

(1) Within 15 days from the adoption of the reorganization decision, the executive body of the legal entity subject to reorganization shall notify all its known creditors in writing and

shall publish a notice about the forthcoming reorganization in two consecutive editions of the Official Gazette of the Republic of Moldova.

(2) Within 2 months from the publication of the last notice, the creditors are entitled to demand security from the legal entity about to reorganize, inasmuch as they cannot claim satisfaction of claims. The right to demand security shall arise for the creditors if they prove that the reorganization puts satisfaction of their claims under risk.

(3) The creditors are entitled to inform the state registration authority regarding their claims towards the reorganizing debtor.

(4) Where the distributive balance or the deed of conveyance does not allow identification of the successor of the reorganized legal entity, the legal entities participating in the reorganization become jointly and severally liable for the debts arisen before reorganization.

(5) The members of the executive body of the legal entity participating in reorganization shall be jointly and severally liable, in the course of 3 years after the date of reorganization, for damage caused by reorganization to the participants or creditors of the reorganized legal entities.

Article 73. Merger of Legal Entities

(1) The act of merger is affected by amalgamation and absorption.

(2) The amalgamation consists in the cease of existence of the participating legal entities and full conveyance of their rights and duties to the newly created entity.

(3) The absorption consists in the cease of existence of the absorbed legal entities and full conveyance of their rights and duties to the absorbent legal entity.

(4) In cases established by law, the act of joining may be contingent on the authorization of the competent state body.

Article 74. Draft Contract for Merger

(1) With a view to merge, the competent body of the legal entity develops the draft contract for merger.

(2) The draft contract for merger shall specify:

a) form (type) of merger;

b) name and seat of each legal entity participating in merger;

c) justification and conditions of merger;

d) property conveyed to the beneficiary legal entity;

e) value ratio of contributive shares;

f) date of the deed of conveyance, which is the same for all legal entities involved in merger.

(3) Where the legal entities merge, the draft contract for merge shall also specify the name, seat and executive body of the legal entity to be constituted. The draft instrument of incorporation of the newly created legal entity shall be attached to the draft contract for amalgamation.

(4) The draft contract for merger shall be done in writing.

(5) Where the approved contract for merger is conditional, it shall be cancelled retroactively if the condition is not fulfilled within a year from approval. The contract may provide for a longer or shorter term.

Article 75. Decision of merger

(1) The contract for merger shall produce effects only if is approved by the general assembly of the members of each legal entity participating in merger.

(2) The decision of merger shall be adopted by 2/3 of the total number of participants' votes, where a greater majority is not provided by the constitutive act.

Article 76. Request for Registration of Merger

(1) After the expiry of 3 months from the last publication regarding merger, the executive body of the absorbed legal entity or of the legal entity participating in merger shall submit to the state body that performed its registration, a request soliciting registration of merger. The following documents shall be attached to the request:

- a) a certified copy of the contract of merger;
- b) the decision of merger of each participating legal entity;
- c) proof of debt payment or of granting security accepted by creditors;
- d) authorization for merger, upon necessity.

(2) After the expiry of the term set in par.(1), the executive body of the absorbent legal entity or of the legal entities participating in merger, shall submit a registration request to the state body where the absorbent legal entity is registered or where the new legal entity is to be registered. The documents shown in par.(1) shall be attached to the request. The legal entity under incorporation shall also attach acts necessary for registration of a legal entity of the relevant type.

Article 77. Registration of Amalgamation

(1) Registration of amalgamation shall be done by the body that performed state registration of the absorbent legal entity or by the body that must register the new legal entity.

(2) The body that has registered the absorbent legal entity or the new legal entity shall give notice of the registration to the body where the absorbed or merged legal entities are registered.

(3) The body that performed state registration of the absorbed or merged legal entities shall enter into the state register the date when the merger took place and shall send all acts of the dissolved legal entities for preservation to the body that registered the amalgamation.

(4) After registration in accordance with par.(1), the absorbed or merged legal entities shall be deemed dissolved and shall be excluded from the state register.

Article 78. Effects of Merger

(1) From the date of registration of merger, the property of the absorbed or merged legal entity is transferred to the absorbent or newly created legal entity.

(2) After registration of merger, the absorbent or newly created legal entity shall include on its balance the assets and debts of the absorbed or merged legal entities, while the assets subject to registration shall be registered as assets of the absorbent or newly created legal entity.

Article 79. Split-off of Legal Entity

(1) The split-off of the legal entity is done by division or separation.

(2) Division of legal entity consists in the cease of existence of that entity and conveyance of its rights and duties to two or more newly created legal entities.

(3) Separation consists in the detachment of a part of property of the legal entity that does not cease to exist, and conveyance of that part to one or several newly created legal entities.

Article 80. Split-off Plan

- (1) The plan of split-off of the legal entity shall be drafted by the executive body.
- (2) The plan of split-off shall specify:
 - a) form (type) of split-off;
 - b) name and seat of the legal entity that is splitting off;
 - c) name and seat of each legal entity created as a result of split-off or which is conveyed a part of the property;
 - d) part of property subject to conveyance;
 - e) number of participants that pass to the newly created legal entity;
 - f) value ratio of participation shares;
 - g) order and term for conveyance of participation shares of the profit-making legal entity that is splitting off and receipt of participation shares by the profit-making legal entities, actual or under incorporation; the date from which this shares bear dividends;
 - h) date of drawing up of the distributive balance;
 - i) effects of split-off in regard of employees.
- (3) The split-off plan shall be drawn in writing.
- (4) The draft of the constitutive act of the new legal entity shall be attached to the split-off plan, as the case may be.

Article 81. Approval of Split-off Plan

- (1) The split-off plan shall be approved by the general assembly of participants by a 2/3 majority of the total number of votes, unless the constitutive act does not provide for another majority.
- (2) The general assembly of participants shall approve the constitutive act of the new legal entity and shall appoint its executive body, by the majority shown in par.(1).

Article 82. Request for Registration of Split-off

- (1) After the expiry of the 3 months term from the last publication regarding split-off, the executive body of the legal person under split-off shall submit a request for registration of split-off to the body that performed state registration of that legal entity and another request to the body that will perform state registration of the legal entity under incorporation or to that where the legal entity, which is conveyed a part of the property, is registered. The split-off plan signed by the agents of the participating legal entities and the proof of debt payment or security accordance, accepted by creditors, shall be attached to the request.
- (2) Documents necessary for registration of a legal entity of the respective type shall also be attached to the request submitted to the body that will perform state registration of the legal entity under incorporation.

Article 83. Registration of Split-off

- (1) The registration of split-off shall be done by the body that performed state registration of the split legal entity. The registration of split-off shall be done only after the registration of the newly created legal entities or after amending the constitutive act of the legal entity conveyed a part of the property.

(2) The authority that must perform state registration of the newly created legal entity or that registered the legal entity that is conveyed a part of the property, shall give notice to the body where the split legal entity is registered about the registration of the new legal entity or the amendment of the constitutive act of the legal entity conveyed a part of the property.

(3) The state body that performed state registration of the split legal entity shall register the split-off and, if needed, shall exclude the split legal entity from the register and shall give notice about this to the body that registered the new legal entity or where the legal entity that received a part of the property is registered.

(4) The split-off shall come into effect only from the moment of its state registration by the body where the split legal entity is registered.

(5) After registration under par.(1), the split legal entity shall be deemed dissolved and shall be excluded from the state register.

Article 84. Effect of Split-off

(1) From the date of split-off registration, the property of the split legal entity or a part of it passes to the newly incorporated or existent legal entities.

(2) The new legal entity or the existent one shall enter property received by deed of conveyance on its balance and shall register assets subject to registration, as the case may be.

Article 85. Transformation of Legal Entity

(1) Transformation of legal entity consists in the change of its form of legal organization by amending the acts of incorporation, as provided by law.

(2) Transformation of the legal entity shall also comply with conditions set for the newly adopted legal form of organization.

Article 86. Liquidation of Legal Entity

(1) The legal entity may be dissolved on the following grounds:

Expiry of term set for entity's duration;

Accomplishment of the goal for which it was incorporated or impossibility to accomplish that goal;

Decision of its competent body;

a) court judgment, in cases provided for in art.87;

b) insolvency or termination of insolvency trial due to insufficiency of bankruptcy estate;

c) the nonprofit legal entity or the cooperative does not have any members;

d) other grounds provided by law or the constitutive act .

(2) The dissolution of legal entity entails commencement of the liquidation procedure, save for cases of amalgamation and split-off that bring about dissolution of legal entity without liquidation and universal transfer of its property, as on the date of amalgamation or split-off, to the beneficiary legal entities.

(3) The legal entity shall subsist after dissolution inasmuch as it is necessary for liquidation of property.

(4) From the moment of dissolution, the manager may not undertake new operations; failure to comply shall bring about manager's personal and joint liability for operations undertaken. This provision shall apply from the day of expiry of entity's term of duration or from the date when the dissolution has been decided upon by the general assembly of the participants or by court.

(5) The competent body of the legal entity may revise the decision of liquidation or reorganization insofar as the property has not been distributed between its members or has not been transferred to another person.

(6) On the date of dissolution of the legal entity, its manager shall become liquidator, unless the competent body or the court appoints another person as liquidator.

Article 87. Dissolution of Legal Entity by Court

(1) The court shall dissolve the legal entity if:

- a) its constitution is not in compliance with the law;
- b) the constitutive act does not comply with legal provisions;
- c) the legal entity does not meet the legal requirements concerning its form of legal incorporation;
- d) its activity contravenes to public order;
- e) in other cases provided by law.

(2) The court shall not dissolve the legal entity if, within the term granted by the court, the entity will comply with the law.

(3) The court may dissolve the legal entity where it breaches prohibitions set by this Code in regard of the respective form of legal incorporation or its activity gravely breaches the constitutive act.

(4) The decision for dissolution of legal entity shall be issued upon the request of the participant, the prosecutor or the Ministry of Justice.

Article 88. Management by Trust

(1) The court that examines the request regarding the dissolution of the legal entity may place the property of that entity under trust, upon request. The ruling shall specify the date of trust establishment. The court shall appoint one or several trustees and shall determine their terms of reference and remuneration.

(2) Where the court does not rule otherwise, the bodies of the legal entity may not issue decisions without trustee's prior consent, and persons entitled to represent the legal entity may not enter into transactions without trustee's participation.

(3) The court may modify or cancel its ruling on trust establishment any time. The trust shall cease upon coming into effect of the court judgment regarding dissolution.

(4) The trustee shall give notice of the court ruling to the body that performed state registration of the legal entity and shall communicate information about him, as required from a trustee.

(5) The legal transaction concluded by the legal entity before registration of trust, without regard to the limitation imposed by the trust, is valid unless the other party was or should have been aware of the existence of trust.

Article 89. Registration of Dissolution

(1) Where the legal person is dissolved on grounds provided for in art.86 par.(1) let.a)-c), f) and g), its executive body shall file a request for dissolution to the authority that performed state registration of the respective legal entity. Where the legal entity is dissolved by decision of the general assembly of participants, the decision shall be attached to the request.

(2) In case of dissolution by court judgment, the court shall send a copy of the judgment to the body that performed state registration of the legal entity under dissolution.

(3) The request for dissolution filed by the executive authority of the legal entity and the court judgment serve as grounds for registration of dissolution.

(4) From the date of dissolution registration, the expression “under liquidation” shall be added to the name of the legal entity in documents and information issued by it; failure to comply shall bring about liquidator’s personal liability for damage caused to third parties.

Article 90. Liquidator of Legal Entity

(1) Any adult person with full capacity and citizen of the Republic of Moldova, residing on its territory, may become liquidator. Additional conditions may be set forth by law.

(2) The liquidator shall give notice about his appointment to the body that performed state registration of the legal entity and shall provide information about himself, as required from a manager. The liquidator shall attach the decision for his appointment as liquidator.

(3) The name, domicile, number of identity card and personal code shall be entered into the register, along with liquidator’s signature.

(4) The liquidator has powers, duties and responsibilities similar to those of the manager, inasmuch as these are compatible with the activity of the liquidator.

(5) In case of appointment of several liquidators, they shall represent the legal entity jointly, unless otherwise provided by the constitutive act or the decision for appointment.

(6) Immediately after taking office, the liquidator, together with the manager, shall make and sign the inventory and the balance in which the exact standing of assets and debts shall be ascertained.

(7) The liquidator shall finalize the current operations, exercise claims, liquidate the property and satisfy creditors’ claims. He may enter into new transactions inasmuch as the liquidation requires this.

(8) The liquidator is bound to receive and take care of the property, registers and acts of the legal entity, and to keep a register with all liquidation operations in chronological order.

(9) The liquidator may be removed from office anytime by the body or the court that appointed him. A new liquidator shall be appointed through the same decision. The discharged liquidator shall submit to the next liquidator a report on his activity. Where the successor is appointed by court, the report shall be submitted to it.

(10) Liquidator’s remuneration shall be determined by the body or by the court that appointed him, save for cases provided by law.

Article 91. Notification of Creditors

After registration of his appointment, the liquidator shall publish in two consecutive editions of the Official Gazette of the Republic of Moldova a notice concerning liquidation of legal entity and shall, within 15 days, give notice to each known creditor about the liquidation and term for submittal of claims.

Article 92. Term for Submittal of Claims

(1) The term for submittal of claims constitutes 6 months from the last publication of the notice in the Official Monitor of the Republic of Moldova.

(2) Where the liquidator rejects the claim, the creditor is entitled to file a court action within 30 days from the date when he was given notice about rejection of claim, subject to the loss of the respective right in case of failure to comply with the term.

Article 93. Draft Liquidation Balance

(1) Within 15 days from the expiry of the term for submittal of claims, the liquidator is bound to make the draft liquidation balance, which should reflect the book value and the market value of the assets, including claims, debts of the legal entity acknowledged by the liquidator and debts pending in court.

(2) The draft liquidation balance shall be submitted for approval to the body or court that appointed the liquidator.

(3) Where the draft liquidation balance shows an excess of debts over assets, the liquidator is bound to declare insolvency of the legal entity. With the consent of all creditors, the liquidator may continue the liquidation procedure without filing action for insolvency.

Article 94. Protection of Debtors' Rights

The decision on reorganization or liquidation outside the insolvency procedure does not affect the maturity of claims, which are not yet due.

Article 95. Deposit of Amounts Owed to Creditors

Amounts owed to known creditors who did not submit claims and to creditors who did not turn up to receive performance shall be deposited on bank accounts in their names.

Article 96. Distribution of Assets of Profit-Making Legal Entities

(1) The assets of the dissolved profit-making legal entity remaining after satisfaction of creditors' claims shall be distributed by the liquidator among the participants, proportionate to their shares in the registered capital.

(2) The liquidator shall make the necessary computations and shall draft the liquidation report, specifying the amount and composition of the remaining assets. Where two or more participants are entitled to the assets of the legal entity, the liquidator shall draft a plan for assets' distribution, setting the principles of distribution.

(3) With the consent of the participants, the liquidator of the dissolved legal entity is entitled not to alienate the assets of that entity, if this is not necessary to satisfy creditors' claims.

(4) The draft plan for asset distribution, the calculations and the liquidation report shall be submitted for approval to the body or the court that appointed the liquidator. The body or the court that appointed the liquidator may amend the distribution plan, having regard of the will of the participants.

Article 97. Distribution of Asset of Nonprofit Legal Entity

(1) Assets remaining after satisfying claims of the creditors of a nonprofit legal entity shall be distributed among persons, who are entitled to them according to the constitutive act or, if provided by that act, in accordance with the decision of the general assembly.

(2) Where the nonprofit legal entity is incorporated for the exclusive purpose of satisfying the needs of its participants and the constitutive act or the decision of the general assembly does not provide for the persons entitled to assets of the dissolved nonprofit legal entity, all persons, who, at the time of dissolution, are participants in that entity, shall be entitled to a part of the remaining property. Assets shall be distributed proportionately among those persons.

(3) Where the assets cannot be distributed under para.(1) and (2), they shall be transferred to the state, which shall use them for accomplishing the purposes of the liquidated nonprofit legal entity, enlisted in the statute.

Article 98. Term for Distribution of Assets

The assets of the dissolved legal entity may not be distributed among the entitled persons before the lapse of 12 months from the date of the last publication regarding dissolution and 2 months from the date of approval of the liquidation balance and of the asset distribution plan, where these documents have not been appealed in court or the request for appeal has been rejected by an irrevocable court judgment.

Article 99. Exclusion of Legal Entity from Register

(1) After the distribution of net assets, the liquidator must file the request for exclusion of the legal entity from register to the state registration body.

(2) All acts necessary for liquidation shall be attached to the request for exclusion.

Article 100. Recommencement of the Liquidation Procedure

(1) If, after exclusion of the legal entity from the register, a creditor or a person entitled to collect the remaining assets appears or the existence of accounts payable is ascertained, the court may, upon the request of any interested person, recommence the liquidation procedure and appoint a liquidator, if necessary. In such a case, the legal entity is deemed existent solely for the purpose of carrying out the recommenced liquidation. The liquidator is entitled to demand from the entitled persons restitution of what they have received over the portion of assets they were entitled to.

(2) The running of the period of limitation s for rights of action belonging to the legal entity or against it shall be suspended for the period when the legal entity did not exist.

Article 101. Insolvency of Legal Entity

A legal entity may be declared insolvent by court decision, where that legal entity is not able to fulfill its payment obligations towards creditors. The grounds and procedure for judicial declaration of insolvency of the legal entity are established by law.

Article 102. Branches of Legal Entity

(1) The legal entity may establish branch offices in the Republic of Moldova and abroad, unless the law or the constitutive act does not provide otherwise.

(2) The branch office is not a legal entity.

Article 103. Representation Office

(1) The representation office is a separate subdivision of the legal entity, situated outside the seat of the latter, which represents the entity and acts in defense of its interests.

(2) The representation office is not a legal entity.

Article 104. General Provisions on Associations of Legal Entities

(1) Legal entities may form associations with a view to activity coordination, representation and protection of common interests. Where, according to participants' decision,

it is expected that the association will carry out entrepreneurial activity, it shall reorganize into a commercial partnerships and companies or cooperative as required by this Code.

(2) The members of the association preserve their independence and legal personality.

(3) The property transferred to the association by the founders (associates) becomes property of the former. The association shall use this property for the purposes determined in its constitutive act.

(4) The association is not liable for the obligations of its associates. The associates shall bear subsidiary liability for the obligations of the association, in the amount and the order provided by the constitutive act.

(5) The specifics of the legal status of the association of legal entities shall be set by this Code and by the legislation on noncommercial organizations.

Article 105. Publications of Legal Entity

Where the law or the acts of incorporation provide for the publication of information of the legal entity, the information shall be published in the Official Monitor of the Republic of Moldova. The acts of incorporation may also provide for publication of information regarding the legal entity in other mass media.

SECTION 2 COMMERCIAL PARTERSHIPS AND COMPANIES

§1. General provisions

Article 106. General Provisions on Commercial partnerships and companies

(1) A commercial partnership and company is a profit-making entity with registered capital, formed of the contributive shares of the founders (members). Property created by the contributions of founders (members), as well as property acquired by the commercial partnerships and companies in the course of its activity, belongs to the partnership or company. In cases provided by this Code, a partnership or company may be founded by a single person.

(2) The commercial partnerships and companies may be established solely as general partnership, limited partnership, limited liability company and joint-stock company.

(3) The commercial partnerships and companies may be the founder (member) of another commercial partnership and company, save for cases provided by this Code and by other laws.

(4) Contributions to the property of the commercial partnerships and companies may consist of money, securities, other assets and property rights. The pecuniary valuation of member's contribution to the commercial partnerships and companies shall be made by agreement of the founders (members) of the society and is susceptible of an independent expert control (audit).

Article 107. Establishment of Commercial Partnerships and Companies

(1) The commercial partnerships and companies shall be established based on a constitutive act, certified by the notary.

(2) Each founder of the commercial partnerships and companies must contribute to the formation of the registered capital, in the amount set in the constitutive act.

Article 108. Constitutive act of the Commercial Partnerships and Companies

- (1) The constitutive act of commercial partnerships and companies must specify:
- a) Name and date of birth, domicile, citizenship and data from the identity card of the founder that is a natural person; name, seat, nationality, registration number of the founder that is a legal entity;
 - b) Name of partnership and company;
 - c) Object of activity;
 - d) Contributive shares of the associates, order and term for conveyance;
 - e) Value of assets conveyed as contribution in kind and the order of valuation, if such contributions were made;
 - f) Seat;
 - g) Structure, functions, order of formation and functioning of company's bodies;
 - h) Modality of representation;
 - i) Partnership's or company's branches and representation offices;
 - j) Other data, required by law for the respective type of company or partnership.
- (2) The constitutive act of the commercial partnerships and companies may derogate from the provisions of this section only in expressly provided cases.
- (3) The constitutive act of the commercial partnerships and companies may contain other clauses that do not run counter the law.
- (4) The constitutive act of the commercial partnerships and companies shall be drawn in the state language and shall be signed by all founder associates.

Article 109. State Registration of Commercial Partnerships and Companies

- (1) The commercial partnerships and companies shall be registered in the order and within the term set by law, at the state registration body, within the jurisdiction of which its seat is located.
- (2) Where the registration of the commercial partnerships and companies did not take place within 3 months from the date of notary certification of the constitutive act, its members are entitled to liberation from obligations arising from their subscriptions, unless the constitutive act provides otherwise.

Article 110. Nullity of Commercial Partnerships and Companies

- (1) The commercial partnerships and companies may be declared null by court judgment.
- (2) The judgment declaring the nullity of commercial partnerships and companies may be issued only in cases when:
- a) the constitutive act is missing or is not certified by notary;
 - b) the object of the partnership or company is illicit or contrary to public order;
 - c) the constitutive act does not provide for partnership or company's name, associates' shares, amount of subscribed registered capital or company's purpose;
 - d) legal provisions concerning the minimum amount of registered capital have not been complied with;
 - e) all founders were incapable on the date of establishment of partnership or company.
- (3) The concluding part of the judgment for declaration of nullity of the commercial partnerships and companies shall be inserted in its publications within 15 days from the day when the judgment became effective.

Article 111. Effects of Declaration of Nullity of Commercial Partnerships and Companies

(1) On the date of coming into effect of the judgment for declaration of nullity of commercial partnerships and companies, the company shall dissolve and commence liquidation. The liquidator of the partnership or company shall be designated in the judgment for declaration of nullity.

(2) Commercial partnerships and companies nullity shall not affect transactions concluded on its behalf, save for cases provided for in para.(3).

(3) Where the commercial partnerships and companies declared null is insolvent, its liquidation shall take place in accordance with the legislation concerning insolvency.

(4) The associate to whom the nullity of the commercial partnerships and companies is imputable shall bear unlimited and joint liability towards the other associates and third parties for damage caused by nullification of partnership and company.

Article 112. Formation of Registered Capital in Commercial Partnerships and Companies

(1) The registered capital establishes the minimum value of assets that must be owned by the commercial partnerships and companies.

(2) The registered capital of the commercial partnerships and companies is formed of founders' contributions, expressed in Lei.

(3) The registered capital shall be paid in within 6 months from the date of partnership or company registration.

(4) Where there is only one associate, he shall pay the capital in before the date of registration.

Article 113. Contribution to Society's Registered Capital

(1) The contribution to the registered capital of the commercial partnerships and companies is deemed to be in monetary form, unless the constitutive act provides otherwise.

(2) Contributions in labor and services rendered upon constitution of commercial partnerships and companies and in the course of its existence cannot constitute contribution to the formation or increase in registered capital.

(3) Upon the date of registration of the commercial partnerships and companies, each associate is bound to pay in at least 40% of the subscribed contribution share, unless the law or the constitutive act do not provide otherwise.

(4) Interest does not accrue on the contribution to the registered capital, save for cases provided by law.

(5) Where the associate did not timely pay in the contribution, any associate is entitled to demand it from him in writing, by setting an additional term of at least one month and warning him that his exclusion from the society is possible.

(6) Where the contribution is not paid in within the additional term, the associate loses the right over his share in the society and over the portion that has been paid in, of which he must be given notice.

Article 114. Contribution In Kind to the Registered Capital of the Commercial partnerships and companies

(1) The contribution in kind to the registered capital of the commercial partnerships and companies may consist of any assets in civil circulation.

(2) Assets are deemed to have been conveyed into ownership, unless the constitutive act does not provide otherwise.

(3) Non-property rights and claims may not serve as contribution upon formation and increase in the registered capital of the commercial partnerships and companies.

(4) Associates in general partnership and general partners in limited partnership may undertake to contribute with labor or services, but this shall not constitute contribution to the formation or increase of the registered capital. In exchange for such contribution, the associates are entitled to participate, in accordance with the constitutive act, in the distribution of society's profit and assets and are also bound to participate in losses.

(5) The contribution in kind must be paid in upon the term set by the constitutive act , but not later than the term set in art.112 par.(3). In case of registered capital increase, the contribution shall be paid in within the term set by the general assembly, but not later than 60 days from the adoption of the decision concerning the increase in the registered capital.

(6) The value of the contribution in kind to the capital of the commercial partnerships and companies shall be approved by the general assembly.

(7) The contribution in claims shall be deemed paid in only after the commercial partnerships and companies obtained payment of the amount of money that constitutes the object of claim.

Article 115. Rights of Member of Commercial Partnerships and Companies

(1) The member of a commercial partnership or company is entitled:

a) to participate in its management and activity, under terms set forth by law and the constitutive act ;

b) to receive information on partnership or company activity and to familiarize himself with the accounting records and other documents as provided by law and the constitutive act;

c) to participate in the distribution of society's profit, proportionate to his share in the registered capital;

d) to receive, in case of liquidation, a part of the value of its assets remaining after satisfaction of creditors' claims, proportionate to his share in the registered capital;

e) to undertake other actions provided by law or the constitutive act .

(2) The constitutive act may provide for other ways for distributing society's profit or assets than that provided in par.(1), but no one may be entitled to the entire society profit or be liberated from losses incurred by it.

(3) Where the management bodies refuse to do so, the member of commercial partnerships and companies is entitled on society's behalf to demand reparation for damage caused from other members.

Article 116. Duties of Commercial Partnerships and Companies Member

(1) The member of the commercial partnership or company is bound:

a) to convey his contributive share in the registered capital, in the order, amount, form and terms set by the constitutive act ;

b) to refrain from disclosing confidential information about society's activity;

c) to communicate to the society immediately change of domicile or seat, of name or denomination, other information necessary for exercising rights and fulfilling duties of the society and of its member;

d) to fulfill other obligations provided by law or by the constitutive act.

(2) In a partnership, the member is not entitled to carry out activities similar to those carried out by the society, without partnership's consent. In regard of activities of which the members had knowledge upon acceptance of person as member, their consent is presumed, until the first disproof.

(3) Where the member breaches provisions of par.(2), the society may demand compensation for damage or assignment of rights and duties or of benefit resulting from the concluded transactions. The request for compensation for damage or assignment of rights and duties or of benefit is subject to a 3-months period of limitation s running from the date when the members became or should have become aware about conclusion of the transaction, but not later than a year from the date of transaction conclusion.

Article 117. Affiliated Commercial Partnerships and Companies

Affiliated commercial partnerships and companies are those societies, which in relation to one another:

- a) are enterprises under predominant possession and enterprises with majority interest;
- b) dominant and dependent enterprises;
- c) concern enterprises;
- d) enterprises with mutual interest.

Article 118. Enterprises under Predominant Possession and Enterprises with Majority Interest

(1) Where the majority interest in the registered capital or the majority of the votes of an enterprise that is legally independent belong to another enterprise, the first enterprise is deemed under predominant possession, and the second is an enterprise with majority interest.

(2) The enterprise under majority possession may not, directly or indirectly, own interest or votes in the enterprise with majority interest.

(3) The enterprise with majority interest bears subsidiary liability for the obligations of the enterprise under predominant possession, where the latter became insolvent due to instructions given by the enterprise with majority interest.

Article 119. Dependent Enterprise and Dominant Enterprise

(1) The dependent enterprise is that over which another enterprise (dominant enterprise) may, directly or indirectly, exert a dominant influence.

(2) It shall be presumed that an enterprise under predominant possession is dependent from the enterprise with majority interest in the former.

Article 120. Concern and Enterprises within Concern

(1) Where several enterprises, without depending on each other, associate under a common management, they shall form a concern. Each enterprise is a concern enterprise.

(2) Enterprises that entered an agreement by which one of them subordinates its management to another or undertakes to deliver all its profit to the other, or by which an enterprise is integrated (embodied) into another, shall be deemed to have formed a concern.

(3) It shall be presumed that the dominant enterprise and the dependent enterprise form a concern.

§2. General Partnership

Article 121. General Provisions on General Partnership

(1) The general partnership is a commercial partnership, whose members carries out a business in the name of the partnership, according to constitutive act, and bear joint and unlimited liability for the debts of the general partnership. The clause by which liability is limited may not be relied upon against third parties.

(2) The number of associates must not be less than 2 and exceed 20 natural persons or legal entities. A person may be member of only one general partnership.

(3) The firm name of a general partnership must contain the words “general partnership” in the state language, or the abbreviation GP, and the name or denomination of its members. Where the firm name does not include the names of all partners, it must include the name or denomination of at least one of them and the words “and company” or the abbreviation “& Co”.

Article 122. Constitutive act of General Partnership

(1) In addition to the information specified in art.108 para.(1), the constitutive act of a general partnership must contain:

- a) Amount and composition of partnership’s registered capital and the order of contribution conveyance;
 - b) Amount and order of modification of contributions to the registered capital of each participant;
 - c) Members’ liability for breaching obligations of contribution conveyance;
 - d) Procedure of decision adoption by the associates;
 - e) Procedure for admission of new associates;
 - f) Grounds and procedure of withdrawal and exclusion of the associate from the society.
- (2) The constitutive act may be amended only by unanimous vote of all associates.

Article 123. Management in General Partnership

(1) A general partnership is managed by mutual consent of all its members. The constitutive act of the general partnership may provide for such cases when the working majority of the members shall make a decision.

(2) Each member of the general partnership shall have one vote, unless the constitutive act provides otherwise.

Article 124. Conducting the Business of General Partnership

(1) Each member of a general partnership is entitled to act in the name of the partnership, unless the constitutive act provides that all members of the general partnership conduct the business jointly or that the conduct of the business is assigned to certain partners.

(2) The powers of the manager are limited to society’s field of activity. In order to undertake acts exceeding these limits, the consent of all the partners is needed.

(3) When the partners jointly conduct the business of the partnership, decisions shall be taken unanimously. If the partners assign one or more members to conduct partnership’s business, the other partners shall require power of attorney delegated by the former, in order

to enter transactions on behalf of the partnership. In relations with third parties, the partnership has no right to rely on the provisions of the constitutive act, limiting partners' powers, except when the partnership proves that at the time the transaction was closed, the third party knew or should have known that the partner had no right to act on behalf of the partnership.

Article 125. Representation of General Partnership

- (1) The right and duty to represent the general partnership lies with each of the partners.
- (2) The constitutive act may stipulate the right of one or several partners to represent the partnership. In such case, the other members are not entitled to represent it.
- (3) Where the right of representation belongs to several partners, each of them is entitled to act by himself, unless the constitutive act provides that they must act jointly.
- (4) In case of appointment of a third party as manager, the right to represent the general partnership may be stipulated in the constitutive act.
- (5) Persons entitled to represent the partnership shall be bound to notify their appointment to the state body where the partnership is registered.
- (6) The provisions of the constitutive act limiting partner's right to represent the general partnership shall not be opposable to third parties in good faith. Good faith is presumed.

Article 126. Deprivation and Relinquishment of the Rights of Administration and Representation of the General Partnership

- (1) Where serious grounds exist, upon the request of any member, the court may deprive the person of the right to administer and represent the general partnership. Serious grounds are, amongst others, gross breach of obligations and impossibility to exercise functions.
- (2) Any member may relinquish the right to administer and represent the general partnership by declaration towards the persons entitled to administer and represent the partnership.

Article 127. Distribution of Partnership's Profit and Losses

- (1) Profit and losses of a general partnership shall be distributed among its members in proportion to their shares in the registered capital, unless otherwise provided by the constitutive act or other agreement between members. Agreements on removal of any partner from participation in profit and losses are void.
- (2) The associate who has acted in the interest of the partnership without empowerment, is entitled, if the partnership did not accept transactions concluded by him, to demand compensation for outlays incurred, within the limits of benefits or savings obtained by the partnership as a result of his actions.
- (3) If, as a result of losses incurred by the general partnership, the value of its net assets becomes less than the amount of its registered capital, the profit earned by the partnership shall not be distributed among its members until the value of the net assets exceeds the amount of the registered capital.

Article 128. Liability of Members for Debts of the General Partnership

- (1) General partnership members bear joint and several subsidiary liabilities with all their property for the debts of the partnership.
- (2) A general partnership member, who is not founder, shall be equally liable along with the other members for the debts arisen before he had joined the partnership.

(3) A member who has withdrawn from the partnership shall be liable along with the remaining members for partnership's debts arisen before his withdrawal, within two years from the day of approval of the business report for the year when he withdrew from the partnership.

(4) Where an action is filed against an associate for the debts of the general partnership, the former may oppose only exceptions to which the partnership or the associate personally is entitled.

(5) An agreement between partnership members regarding limitation or removal of any liability provided under this article is void.

Article 129. Change in Membership of General Partnership

(1) If a member of the general partnership withdraws or dies, or is declared missing, incapable or insolvent, or if legal proceedings are initiated against a partner by virtue of a court judgment with a view to his reorganization; if a legal entity which is a member of the partnership is liquidated, or if a creditor carries out enforcement over partner's share in the registered capital, the partnership may continue its activity, inasmuch as this is provided for by the constitutive act or by unanimous agreement of the remaining partners.

(2) A member of the general partnership may be excluded from the partnership on serious grounds, where the other members, by unanimous decision, file an exclusion request to the court.

(3) Where the partnership member has withdrawn, the shares in the registered capital of the other members shall increase accordingly, unless otherwise provided by the constitutive act or members' agreement.

(4) Subject to the consent of the other members, a general partnership member may assign his share in the registered capital or a part of it, to another member or to a third party. The rights of the member that assigned the share shall be transferred upon assignment, in their entirety or in proportion to the part assigned.

Article 130. Withdrawal of Member from General Partnership

(1) A general partnership member may withdraw from the partnership, contingent on providing a 6-month notice to the other members.

(2) An agreement between partnership members concerning waiver of the right to withdraw is void.

Article 131. Effect of Member's Withdrawal from General Partnership

(1) The member withdrawing from the general partnership shall be paid out the equivalent of partnership property, corresponding to his share in the registered capital, unless otherwise provided by the constitutive act.

(2) Payment in money may be replaced with compensation in kind by agreement between the withdrawing and the remaining members.

(3) The part of partnership property or its value payable to the withdrawing member shall be determined according to the balance sheet made up as of the day of that member's withdrawal.

Article 132. Decease or Reorganization of the Member of General Partnership

(1) In the event of decease or reorganization of a general partnership member, his successors may join the general partnership only with the consent of all other members, unless prohibited by the constitutive act. The constitutive act may provide for a majority vote for successor's acceptance as partner.

(2) Where the partners do not accept successors as associates, the partnership is bound to pay out a part of net assets proportionate to the share in the registered capital held by the deceased or reorganized member, as on the date of decease or reorganization.

(3) The successor of general partnership member bears liability, within the limits of property conveyed to him, for the obligations incumbent on the deceased or reorganized member, in accordance with art.128 par.(2) and (3).

Article 133. Enforcement over Member's Share in Registered Capital of General Partnership

(1) Enforcement over member's share in the registered capital of a general partnership for debts of the former not relative to his membership in the partnership (personal debts) is allowed only where his other property is insufficient to honor those debts. Creditors of such a member are entitled to demand from the general partnership segregation of a part of its property in proportion to debtor's share in the registered capital, in order to attach it. The part of partnership's property subject to segregation or its value shall be determined according to the balance sheet made up as of the date when the creditors submitted their demand for share segregation.

(2) Enforcement over property corresponding to member's share in the registered capital of the general partnership triggers termination of his membership in the partnership and gives rise to effects specified in art.128 par.(2) and (3).

Article 134. Dissolution of General Partnership

(1) Without prejudice to cases provided for in art.86 par.(1), the general partnership shall be dissolved where it remains with only one member.

(2) The last member of the general partnership is entitled to reorganize it within 6 months, as provided by this Code.

Article 135. Reorganization of General Partnership

(1) In case of reorganization of general partnership into a joint-stock company, a limited liability company or a cooperative, the associates continue to bear joint and several liabilities for partnership's obligations before reorganization, for a period of 3 years.

(2) The associate shall neither be relieved from liability where, before the expiry of the 3-year term, he alienates his share in the registered capital.

§3. Limited Partnership**Article 136. General Provisions on Limited Partnership**

(1) Limited partnership is such a partnerships where, along with the members who manage the business on behalf of the partnership and incur unlimited joint and several liability for the debts of the partnership (general partners), there are also one or more contributory members (limited partners), whose liability for losses incurred in the course of partnership's

activity is limited to their contributions and who do not take part in the conduct of partnership's business.

(2) A person may be general partner only in one limited partnership. A general partnership member may not be general partner in a limited partnership. A general partner in a limited partnership may not become general partnership member.

(3) The firm name of the limited partnership shall contain the words "limited partnership" in the state language or the abbreviation "LP", as well as the names or denominations of general partners. Where not all names or denominations of general partners are included, the partnership name must include the name or denomination of at least one general partner and the words "and partners" in the state language or the abbreviation of those words. If the firm name of the limited partnership includes the name of a contributor, he shall bear unlimited joint and several liabilities.

(4) The provisions of this Code regarding general partnerships shall apply to limited partnerships inasmuch as they are not contradictory to the provisions of this Code regarding limited partnerships.

Article 137. Constitutive act of Limited Partnership

In addition to the data specified in art.108 para.(1), the constitutive act of a limited partnership must specify:

- a) Amount and composition of partnership's registered capital and procedure of conveyance of contributive shares;
- b) Amount of and procedure for modification of share in the registered capital of each general partner;
- c) Liability of general partners for breach of duty to make contribution;
- d) Aggregate amount of contributions conveyed by general partners;
- e) Procedure for adoption of decisions by partners;
- f) Order of admission of new partners;
- g) grounds and procedure of withdrawal and exclusion of partners from the partnership.

Article 138. Management and Representation of Limited Partnership

(1) The limited partnership is managed by its general partners. The order of leadership, management, and representation of such partnership is established by its general partners, in conformity with the provisions of this Code regarding general partnerships.

(2) The limited partners are not entitled to participate in the administration and conduct of business of the limited partnership, to act on its behalf without powers of attorney and to appeal actions of general partners in connection with administration and representation of the partnership undertaken within the limits of ordinary activity. Where the actions exceed the limits of ordinary activity, consent of all partners is required.

Article 139. Rights and Duties of Limited Partner

(1) The limited partner is entitled:

- a) to receive a part of partnership's profit correspondent to his share in the registered capital, as established by the constitutive act ;
- b) to examine partnership's annual reports and balance sheets and check them against data from registers and other justificatory documents;
- c) to withdraw from partnership at the end of the financial year and receive a part of the assets proportionate to his share in the registered capital, as provided by the constitutive act;

d) to assign all or a part of his share in the registered capital to another limited partner or to a third party, if this is allowed by the constitutive act .

(2) Rules on prohibition of competition, provided for in art.116 para.(2), shall not apply to the limited partner, unless otherwise provided by the constitutive act .

(3) Upon registration of limited partnership, the limited partner is bound to pay in at least 60% of the share he undertook to convey, while the difference is to be paid in within the term set by the constitutive act. Payment of contribution shall be confirmed by the participation certificate issued by the partnership.

(4) Partnership's constitutive act may provide for other rights and duties of limited partners.

Article 140. Liability in Case of Becoming Limited Partner

The person that became limited partner in an already existing partnership shall bear the risk of losses within the limits of his share, including obligations arisen before he had become partner. A clause to the contrary shall not be opposable to third parties.

Article 141. Reduction of Share of Limited Partner

(1) The reduction in the share of a limited partner cannot be relied upon against third parties before its entry in the state register.

(2) The reduction in share cannot be relied upon against creditors whose claims had arisen before the reduction was registered.

Article 142. Alienation of share of limited partner

(1) The share of the limited partner can be alienated to third parties and may pass to successors without the consent of the partners, unless otherwise provided by the constitutive act .

(2) Limited partners have a right of preemption in case of alienation of share by another limited partner. Rules on alienation of share in a limited liability company shall apply accordingly.

(3) Alienation of the entire share triggers cease of membership as limited partner.

Article 143. Dissolution of Limited Partnership

(1) In addition to the grounds provided for in art.86 par.(1), the limited partnership shall be dissolved where it has no more general or limited partners and if, within 6 months from the withdrawal of the last general or limited partner, it did not reorganize or accept a general or limited partner.

(2) Where the limited partnership is dissolved, including dissolution as a consequence of insolvency, the limited partners have a preferential right in relation to general partners, to recovery of their contribution to partnership's property remaining after satisfaction of all creditors' claims.

Article 144. Reorganization of Limited Partnership

(1) In case of reorganization of limited partnership into a joint-stock company, limited liability company or cooperative, general partners continue to be jointly and severally liable for the debts of the limited partnership incurred before reorganization, for the following 3 years.

(2) The general partner shall not be liberated from liability even where he alienates the right of participation in the registered capital, before the expiry of the 3-year term.

§4. Limited Liability Company

Article 145. General Provisions on Limited Liability Company

(1) The limited liability company is a commercial company, whose registered capital is divided into shares, according to the constitutive act, and whose obligations are secured by society's property.

(2) The limited liability company may be founded by one or several persons.

(3) The members of the limited liability company do not bear liability for its obligations. They bear risks ensuing from company's activity only within the limits of their contribution to the registered capital.

(4) The associate who did not timely pay in the subscribed contribution shall bear subsidiary liability for company's obligations, limited to the part that has not been paid in.

(5) The limited liability company has full denomination and may have an abbreviated denomination. Both denominations must include the words "limited liability company" in the state language or the abbreviation 'LLC'.

Article 146. Constitutive Act of Limited Liability Company

Besides those specified in art.108 par.(1), the constitutive act of the limited liability company shall include:

- a) the amount of registered capital;
- b) the face value of contributions.

Article 147. Registered Capital of Limited Liability Company

(1) The minimum amount of the registered capital of the limited liability company shall be set by law.

(2) The registered capital of the limited liability company is divided into shares.

Article 148. Capital Reserves of Limited Liability Company

(1) The limited liability company is bound to form capital reserves in the amount of at least 10% of the registered capital.

(2) Capital reserves of the limited liability company may be used only for covering losses or for increasing the registered capital.

(3) Capital reserves of the limited liability company shall be formed by annual assignments from company's profit, in the amount of at least 5% of the net profit, until reaching the amount set by the constitutive act.

(4) Where the value of net assets of the limited liability company falls under the level of the registered capital and of capital reserves, assignments to capital reserves shall restart.

Article 149. Associate's Share in Limited Liability Company

(1) Associate's share in the limited liability company represents a portion of its registered capital, established contingent on the amount of contribution to that capital.

(2) An associate holds a single share. The shares may be of different value and are indivisible, unless otherwise provided by the constitutive act.

(3) Where an associate acquires another share or a part of such share belonging to another associate, the share of the former shall increase proportionate to the acquired share.

(4) The constitutive act of the limited liability company may set a maximum limit on associates' shares. The limitation may not be set only against a certain associate.

(5) Where the constitutive act does not provide otherwise, the associates may alter the ratio between shares.

(6) The limited liability company shall issue a certificate confirming right to the share and its amount to the associate that paid in the entire contribution.

(7) Additional contributions to the registered capital shall be made in conformity with the provisions of the statute, in proportion to the contribution of each associate. The constitutive act may limit the obligation to provide additional contributions up to a certain amount set proportionate to the contributions.

Article 150. Spouses' Share in Limited Liability Company

(1) Spouses' share acquired during marriage shall be subject to the regime of joint indivisible ownership.

(2) Associate's spouse may demand neither division of share nor his own admittance into the company, unless the constitutive act provides otherwise.

Article 151. Procurement of Own Shares by Limited Liability Company

(1) The limited liability company may procure its own shares, where they have been paid for entirely and only if:

- a) based on the decision of the general assembly of associates, adopted upon the request of the associate that proposed his share or a part of it for sale;
- b) from the successors of the deceased associate;
- c) in case of enforcement of claims of associate's creditors;
- d) in case of associate's exclusion.

(2) The share may be procured by the limited liability company only on account of assets that exceed the amount of registered capital and of other funds, which the company is bound to form and from which no payment to associates is allowed.

(3) The limited liability company that has acquired a share in its registered capital shall not be hereby entitled to obtain a part of the distributed profit and participate in voting at associates' assembly.

(4) The limited liability company is bound to decrease the registered capital proportionate to the value of the acquired share, where this share is not alienated within 6 months from the moment of procurement.

Article 152. Alienation of Share in Limited Liability Company

(1) The share or a part of the share may be alienated freely to the spouse, direct relatives and relatives by marriage, without limitations, and to collateral relatives to the second degree inclusive, to other associates and to the company, unless otherwise provided by the constitutive act.

(2) The associate may not alienate his share until complete payment of the subscribed contribution, save for the case of succession.

(3) In case of share alienation to other persons than those specified in par.(1), the associates shall have a right of preemption. The alienation shall be governed by provisions of para.(4)-(9).

(4) The associate intending to alienate his share in whole or in part shall submit a written offer to the manager of the company. The latter shall make the offer known to all associates within 15 days from the day of submittal.

(5) The associates must submit their written approval to the manager within 15 days from the day of offer receipt. The associate shall specify amount of the part of share, which he intends to procure.

(6) Where several applicants exist, each of them shall acquire a part of the share in the requested amount. Where no agreement is reached, the share shall be divided in proportion to the shares held by each of them.

(7) Where, within 30 days from submittal of offer, the associates or the company did not procure the share, this may be alienated to a third party at a price that cannot be smaller than that indicated in the offer.

(8) In case of sale of share or a part of it in breach of the right of preemption, any associate may demand in court, within 3 months from the day of conclusion of the transaction, that the rights and duties of the buyer be transferred on him.

(9) The transaction for alienation of share shall be certified by notary.

(10) Any clause contrary to para.(2)-(9) is void.

Article 153. Enforcement over Share by Associate's Creditors

(1) Associate's creditors may claim enforcement over his share only based on a writ of execution and if the claims cannot be satisfied on account of other assets of the associate.

(2) Creditors' rights over the share shall be exercised in compliance with art.152.

Article 154. Exclusion of Associate from Limited Liability Company

(1) The general assembly of associates, the manager, and one or several associates may demand exclusion of associate from the limited liability company:

a) where the associate was submitted warning of delay and did not pay the contribution within the additional term;

b) where the associate, while being manager, committed frauds in detriment of the company, used the assets of the company for personal purposes or for purposes of third parties.

(2) The exclusion of the associate shall be made only by court decision.

(3) The excluded associate shall be reimbursed the contribution paid, within 6 months, without interest accrual, but only after reparation of the damage caused. The duty to compensate for damage subsists in the part that is not covered by the contribution paid.

Article 155. Management, Administration and Representation of Limited Liability Company

Norms on management, administration and representation of limited liability company shall be set forth by law and the statute.

§5. Joint-Stock Company

Article 156. General Provisions on Joint-Stock Company

(1) The joint-stock company is a commercial company, whose registered capital is divided into stock shares and whose obligations are secured by company's property.

(2) The joint-stock company may be founded by one or several persons.

(3) The shareholders are not liable for company's debts. They bear the risk of losses that result from company's activity, within the limits of participation in the registered capital.

(4) The shareholder who did not timely pay in the subscribed contribution shall bear subsidiary liability for company's obligations, within the limits of the unpaid part.

(5) The joint-stock company has a full denomination and may have an abbreviated denomination. Both denominations must contain the words "joint-stock company" in the state language or the abbreviation 'JSC'.

Article 157. Constitutive Act of Joint-Stock Company

Without prejudice to those specified in art.108 par.(1), the constitutive act of the joint-stock company shall specify:

- a) Name or denomination of founders;
- b) Amount of registered capital;
- c) Number, type, face value of shares; share categories and number of shares in each category;
- d) Amount of contribution and number of shares attributed to each founder;
- e) Number, type, face value, interest rate and terms of extinction of bonds issued by the company;
- f) Order of keeping company's registers;
- g) Order of conclusion of contracts with conflict of interests.

Article 158. Registered Capital of Joint-Stock Companies

(1) The minimum amount of the registered capital of the joint-stock company shall be set forth by law.

(2) The registered capital of the joint-stock company shall be formed by stock flotation among shareholders and consists of the value of contributions in money and in kind paid in proportion to the number and value of subscribed shares.

(3) Shares issued upon company incorporation shall be distributed entirely between founders.

(4) The founders are bound to pay for the subscribed shares before registration of the joint-stock company, if the contribution is in monetary form, or within 30 days from the state registration, if the contribution is in kind.

(5) Where the assets of the joint-stock company dropped under the minimum set by law and the shareholders' assembly did not take the decision to cover losses or reorganize the company, the latter shall be dissolved.

Article 159. Additional Share Issuance

(1) The additional share issuance is public, unless the shares are invested into entirely by the shareholders.

(2) The terms of additional share issuance shall be set by law and shall be the same for all subscribers.

Article 160. Capital Reserves of Joint-Stock Company

(1) The joint-stock company shall form capital reserves of at least 10% of the amount of registered capital.

(2) The capital reserves may be used only for covering company's losses or for increasing the registered capital.

(3) The capital reserves shall be formed of annual assignments from company's profit, amounting to at least 5% of the net profit, until reaching the amount set by the constitutive act.

(4) Where the value of net assets of the joint-stock company drops under the level of the registered capital and the capital reserves, the assignments to the capital reserves shall restart.

Article 161. Shares

(1) Shares are the fractions in which the registered capital of the joint-stock companies is divided, as provided by the constitutive act.

(2) The share certifies shareholder's right to participate in company's management, to receive dividends or a part of company's assets in case of its liquidation, as well as other rights provided by law or by company's constitutive act.

(3) The types of shares shall be set by the constitutive act. Otherwise, they shall be deemed bearer shares. Nominative actions may be issued in material form, on paper holder, or in incorporeal form, by entry on account.

(4) Shares may not be issued against an amount smaller than their face value.

(5) New shares may not be issued until those from the previous issuance are paid for.

(6) Shares shall be issued with a total value not smaller than the amount of registered capital.

(7) The share is indivisible. Where several persons hold one share, they shall be deemed as a single shareholder and shall exercise their rights through an agent.

(8) Types of share, their legal regime and order of circulation shall be regulated by law.

Article 162. Procurement of Own Shares (Treasury Shares)

(1) A treasury share is a share procured by the issuer joint-stock company from its shareholder.

(2) The joint-stock company may not procure its own shares; either directly or through persons acting in their own name, but at company's expense, save for the case where the general assembly decides otherwise, in compliance with the provisions of this article.

(3) The value of shares acquired by the joint-stock company, including those in its portfolio, may not exceed 10% of the subscribed registered capital.

(4) Only entirely issued shares may be procured and only if the subscribed registered capital has been paid in entirety.

(5) The joint-stock company may procure its own shares only on account of assets that exceed the amount of registered capital and of other funds, which the company is bound to constitute and from which no payments under shareholders' rights are allowed.

(6) The own shares of the company procured in breach of the provisions of para.(2)-(6) shall be alienated within a year from the date of their subscription. Shares that have not been alienated within this term shall be cancelled, the company being under the obligation to reduce the registered capital accordingly.

(7) Limitations set in par.(2)-(6) shall not apply when the procurement by the company of a certain number of its own shares, entirely defrayed, takes place under one of the following circumstances:

a) with the purpose to reduce the registered capital, by cancellation of a certain number of own shares, with a value corresponding to the reduction;

b) with the purpose of assigning a number of shares to the personnel of the company, within the limits and under the terms set by the general assembly of shareholders;

c) by effect of universal succession or amalgamation or a court judgment issued in an enforcement procedure against a debtor of the company;

d) the procurement is gratuitous;
e) with the purpose to normalize the stock price at the stock exchange or on the organized extra-exchange market, only subject to the approval of the National Commission for Securities.

(8) The treasury share does not grant the company voting rights in the general assembly of shareholders, right to dividends or the right to a share in property in case of company's liquidation.

Article 163. Bonds

(1) The joint-stock company may issue bearer and nominative bonds. The immaterial bonds may be only nominative.

(2) The face value of all bonds issued by the company may not exceed the amount of the registered capital.

(3) The bond grants to its holder the right to interest promised by the issuer and, at the end of the period for which it has been issued, the right to the face value of the bond. The bonds may be converted into shares.

(4) The bond cannot be issued for a term shorter than one year.

(5) The bonds may be issued only by public offer and may be paid for only in money. Payment in installments is not allowed.

(6) Bonds may not be issued with the aim to formation, replenishment or increase in the registered capital.

(7) The type of bonds, the legal regime and the order of circulation shall be provided by law.

Article 164. Shareholders' Register and Bondholders' Register

(1) The company issuing nominative shares and bonds shall keep the register of shareholders and the register of bondholders.

(2) Where the company has more than 50 shareholders or bondholders, the registers shall be kept by an independent registrar.

(3) Shareholders' register and bondholders register shall specify:

a) name, seat and registration number of the issuer company, registration number of each issuance, assigned by the National Commission for Securities;

b) name, other data from the identity card, domicile of shareholder or bondholder, who is a natural person; denomination, registration number and seat of the shareholder or bondholder that is a legal entity;

c) number of shares or bonds, type, category and face value of shares or bonds held by each shareholder or bondholder;

d) date on which each shareholder or bondholder acquired or alienated shares or bonds.

(4) The register must contain a special rubric in which attachment, pledge or other encumbrance on shares or bonds of each shareholder or bondholder is registered.

Article 165. Share or Bond Certificate

(1) The joint-stock company is bound to issue share or bond certificates to the holder of immaterial shares or bonds.

(2) The certificate acknowledges that the person to whom it is issued holds a certain number of shares or bonds of the issuer company. The certificate is not a security and its transmittal does not equal transmittal of securities.

Article 166. Right to Alienate Shares and Duty of Redemption

- (1) The shareholder is entitled to alienate his shares freely, in compliance with the law.
- (2) The company is bound to redeem the issued shares, if:
 - a) the term for redemption set upon issuance of shares has come up;
 - b) Amendments limiting shareholders' rights have been included in the constitutive act ;
 - c) a major contract has been concluded based on the decision of the general assembly of shareholders;
 - d) the company reorganizes and redemption of shares is mandatory.
- (3) The shareholder is entitled to request redemption of shares where he has not been informed or allowed to participate at the assembly that has decided on issues specified in par.(2) let.b)-d) or if he has voted against such a decision and requested this to be recorded in the minutes.
- (4) The shareholder is not entitled to demand redemption of shares:
 - a) in cases set in par.(2) let.b)-d), where the actions have been included in the listing of the stock exchange;
 - b) where a decision for company's liquidation was adopted.
- (5) The decision for redemption of shares shall be adopted by the general assembly of shareholders, unless the constitutive act does not attribute this function to the council of the company.
- (6) The shares shall be redeemed at market price, unless the constitutive act provides otherwise.

Article 167. Additional Rights of Shareholders Detaining 5% of Stock

- Shareholders detaining 5% and more of the voting stock are entitled:
- a) to make proposals for the agenda of the general assembly of shareholders;
 - b) to propose candidates to company's council and for the position of inspector;
 - c) to demand convocation of the extraordinary meeting of company's council;
 - d) to demand from the court appointment of members of company's council, where they have not been elected during 2 consecutive meetings of the general assembly of shareholders.

Article 168. Additional Rights of Shareholders Detaining 10% of Stock

- Shareholders detaining 10% and more of the voting stock are entitled:
- a) to demand performance of extraordinary check-ups of the company;
 - b) to demand determination of the cost of stock flotation of the additional issuance, if the request is based on the conclusion of an auditor;
 - c) to demand, in the name of the company, reparation of damage caused to it by the members of its bodies.

Article 169. Management, Administration and Representation of Joint-Stock Company

Rules for management, administration and representation of joint-stock company shall be set by law and the constitutive act.

Article 170. Shareholders' access to joint-stock company information

(1) The joint-stock company is bound to publish in its publications, at least 10 days prior to the annual general shareholders assembly, the annual accounting balance, the loss and profit balance, the book value of shares and bonds, and other data, as provided by law.

(2) The joint-stock company shall make available to shareholders, in compliance with the law and the constitutive act, information regarding management, administration and representation of company, its financial standing, including the constitutive act, company's and shareholders' registration certificates, regulations of the company, minutes of general assembly meetings, of council meetings, the list of council's members and managers, contracts with the registrar, auditor, accounting and fiscal reports, inspectors' reports.

(3) Upon the shareholders' request, the company is bound to issue, at the expense of the solicitors, copies and excerpts from documents specified in para.(2).

**SECTION 3
COOPERATIVES****Article 171. General Provisions on Cooperatives**

(1) The cooperative is a voluntary association of natural persons and legal entities, organized on corporate principles, with an aim to favor and guarantee, by joint actions of its members, their economic and other legal interests.

(2) The cooperative may not have less than 5 members. Membership in cooperative may be detained by natural persons over 16 years of age and by legal entities.

(3) The cooperative member bears the risk of its activity within the limits of his contribution to the property of the cooperative, including the unpaid part.

(4) The denomination of the cooperative must contain the word "cooperative" and specify the main purpose of its activity.

(5) The specifics and legal status of various types of cooperatives, as well as rights and obligations of members shall be set by this Code and other laws.

Article 172. Cooperative

(1) Cooperative's statute shall specify:

- a) Denomination of cooperative;
- b) Object of activity and purpose;
- c) Seat;
- d) Members' contributions to the registered capital, order and term of payment of contributions;
- e) Performance in money or in kind which may be imposed on members, as well as the nature and value of such performance;
- f) Structure, functions, order of formation and functioning of cooperative managing bodies;
- g) Order of representation;
- h) Rules of convocation of members' general assembly;
- i) Cooperative branches and representation offices;
- j) Other data set by law.

(2) The following provisions shall be ineffectual, unless included in the statute:

- a) Contributions in kind, their object and price at which they are accepted, as well as specification of the member providing such contribution;
- b) Individual liability of members;

- c) Departure from legal provisions concerning joining, withdrawal and exclusion of cooperative member;
 - d) Extent and limitations of member's voting right;
 - e) Computation and destination of assets exceeding debts, for the reference financial period and in case of liquidation;
 - f) Limitation of contributions certain members to the cooperative of.
- (3) The statute may provide for other clauses that do not contradict the law.
- (4) The statute shall be drafted in the state language and shall be signed by all founders.

Article 173. Registration of Cooperative

State registration of cooperatives shall be performed according to the same manner as for made as commercial companies.

Article 174. Cooperative's Registered Capital

- (1) The cooperative has variable registered capital. It consists of the sum of all contributions of its members in conformity with its statute.
- (2) Before cooperative registration, the member shall be bound to pay in his entire contribution, unless otherwise provided by law or the statute.
- (3) Cooperative members are bound to recover the losses of the cooperative by additional contributions within 2 months after approval of the annual accounting balance. In case of failure to comply with this duty, the cooperative may be dissolved by court judgment, upon creditors' request. Cooperative members bear subsidiary, joint and several liabilities for cooperative's obligations, within the limits of the non-transferred part of the additional contribution of each member.
- (4) The property remaining after cooperative liquidation shall be distributed between its members, in accordance with the statute.

Article 175. Management of cooperative

- (1) The supreme management body of the cooperative is the general assembly of its members. A supervisory board may be created where the cooperative has more than 50 members, exercising control over the activity of its executive bodies. The members of the supervisory council shall not be entitled to act in the name of the cooperative.
- (2) The executive bodies of the cooperative – the management council and the director of the cooperative – exercise current administration and are subordinated to the supervisory board and the general assembly.
- (3) Only a cooperative member may become director of cooperative, member of the supervisory board and of the management council. A person may not be at the same time member of the supervisory board and of the management council or director of cooperative.
- (4) The terms of reference of the management bodies and the order of decision-taking shall be set by law and the statute.
- (5) The exclusive terms of reference of the general assembly includes:
- a) amendment of constitutive act;
 - b) creation of the supervisory board and termination of its powers, granting and terminating powers of cooperative's executive bodies, unless this right is attributed by the statute to the supervisory board;
 - c) approval of annual reports and accounting balance, distribution of losses;
 - d) deciding upon cooperative reorganization and liquidation.

(6) Legislation regarding cooperatives and the statute may also set other issues within the exclusive terms of reference of the general assembly. The issues within the exclusive terms of reference of the general assembly or of the supervisory board may not be attributed into the terms of reference of cooperative executive bodies.

(7) Cooperative member is entitled to one vote at the general assembly.

Article 176. Entrance into Cooperative

(1) The cooperative may accept new members anytime.

(2) The statute may set certain conditions for acceptance of new members.

Article 177. Termination of Membership and Return of Contribution

(1) Membership in cooperative terminates by withdrawal, exclusion, decease or liquidation.

(2) The member is entitled to withdraw from the cooperative until adoption of the decision of dissolution.

(3) The withdrawing member shall be compensated for the value of his contribution or shall be granted property according to his share. The computations shall be made according to the balance on the date of withdrawal and where the withdrawal occurs in the course of the financial period, the restitution shall take place according to the last balance.

(4) Unless otherwise provided by the statute, the cooperative member may at any time alienate his share to another member or to a third party that will hence become member, thus withdrawing from cooperative without claiming restitution of contribution.

(5) The cooperative member may be excluded by decision of the general assembly in case of failure to fulfill or inadequate fulfillment of duties imposed by statute, as well as in other cases provided for in the law or the statute. The member excluded from the cooperative shall be entitled to restitution of his share as under par.(3).

(6) The share may pass by succession, unless the statute provide otherwise. Where the successors cannot become cooperative members, they shall be paid the value of the share.

(7) The enforcement over share for personal debts is allowed only in case of insufficiency of another property of cooperative member to cover the debts as provided by law and by statute.

Article 178. Cooperative Reorganization and Liquidation

The cooperative shall reorganize and liquidate according to the manner set forth for commercial companies.

Section 4 **STATE ENTERPRISES** **AND MUNICIPAL ENTERPRISES**

Article 179. State Enterprises and Municipal Enterprises

(1) State enterprises are founded and provided with property by the Government or other authorities authorized thereto.

(2) Municipal enterprises are established and provided with property by local public administration authorities.

(3) State and municipal enterprises are legal entities liable for their obligations with all their property.

(4) The state and territorial-administrative units shall not be liable for the debts of state and municipal enterprises. The enterprises shall not be liable for debts of the state and of territorial-administrative units.

(5) The specifics of incorporation, activity and cease of activity of state and municipal enterprises are established by this Code, legislation concerning state and municipal enterprises, legislation concerning local public administration, other normative acts, as well as typified statute of these enterprises.

Section 5

NONCOMMERCIAL ORGANIZATIONS

Article 180. General Provisions on Noncommercial Organizations

(1) The noncommercial organization is the legal entity whose purpose is other than profit-making.

(2) The following entities are noncommercial organizations:

- a) Association;
- b) Foundation;
- c) Institution.

Article 181. Association

(1) The association is a noncommercial organization voluntarily incorporated, as provided by law, by associated natural persons and legal entities, based on common interests that do not infringe upon public order and moral principles, for the purpose of satisfying non-material needs.

(2) The association may take the form of a public association, a religious association, a political party or another social-political organization, trade union, association of legal entities, employer association, and other forms as provided by law.

(3) Membership in association is recorded.

(4) The property conveyed to the association by founders (associates) belongs to the former.

(5) Members do not preserve title to property conveyed to the association into ownership, as well as the right on the membership fee paid. Members shall not be liable for association's obligations, and the latter shall not be liable for obligations of its members.

(6) The specifics of incorporation, activity and legal status of various types of associations shall be set by law.

Article 182. Foundation

(1) The foundation is a noncommercial organization, without members, formed of one or several natural persons and legal entities, endowed with distinct property, separated from that of the founders, designated to accomplish noncommercial purposes provided in the constitutive act .

(2) The foundation may be instituted through will.

Article 183. Institution

(1) The institution is a noncommercial organization created by the founder (founders) in order to fulfill certain functions of administrative, social, cultural, educational nature or other noncommercial functions, financed in whole or in part by that founder (those founders).

(2) The property is deemed conveyed by the founder into institution's ownership, unless the constitutive act provides otherwise.

(3) Both natural persons and legal entities, including legal entities of public law, may become founders.

(4) The founder shall be liable for institution's obligations inasmuch as its property is not sufficient for their extinction.

(5) The institution may be public or private.

Article 184. Public Institution

(1) The public institution shall be established based on an act issued by the public authority and shall be financed, in whole or in part, from the budget of the latter.

(2) The public institution shall not be entitled to establish other legal entities, save for unions of legal entities.

Article 185. Private Institution

(1) The private institution shall be established based on the decision of a natural person or a legal entity of private law that provides the institution with assets in accordance with the purpose set.

(2) The decision to establish a private institution shall be certified by notary.

Article 186. Statute of Noncommercial Organization

(1) The noncommercial organization acts based on its statute, unless the law provides otherwise.

(2) The statute shall be signed by all founders, unless the law provides otherwise.

(3) The statute of the noncommercial organization shall specify:

a) Denomination;

b) Purpose and object of activity;

c) Seat;

d) Name, domicile, date of birth, citizenship and other data from the identity cards of the founders;

e) Conditions and order of admittance into the noncommercial organization, order of withdrawal and exclusion of members (for associations);

f) Order of property formation, founders' contributions and members' periodical fees;

g) Procedure of appointment and discharge of body members;

h) Procedure for creation and liquidation of branch offices;

i) Order and terms of reorganization;

j) Order of organization's liquidation;

k) Other data set forth by the law for the respective type of noncommercial organizations.

(4) The statute may provide for other clauses that do not contradict the law.

Article 187. Types of Activity of Noncommercial Organization

(1) Noncommercial organizations are entitled to carry out any type of activity that is not prohibited by law and pertains to the accomplishment of purposes provided by the statute.

(2) Activity subject to licensing under the law shall be carried out by noncommercial organizations only after obtaining license.

Article 188. Economic Activity of Noncommercial Organization

(1) The noncommercial organization is entitled to carry out economic activity that directly derives from the purpose provided in the statute.

(2) Noncommercial organizations may establish commercial partnerships and companies and cooperatives, in order to carry out economic activity that does not follow directly from the purpose provided by the statute.

(3) The rights of certain types of noncommercial organizations to found commercial partnerships and companies and cooperatives may be limited by law.

Article 189. Management, Administration and Representation of Noncommercial Organization

Rules concerning management, administration and representation of noncommercial organization shall be set by law and its statute.

Article 190. Conflict of Interests

(1) The noncommercial organization must avoid conflicts of interests in its activity, and when such conflicts arise it shall solve them in conformity with art.191.

(2) It shall be deemed that there is a conflict of interests in case of conclusion of a legal transaction regarding property of noncommercial organization, between that organization and the interested person.

(3) For the purpose of this article, the following persons shall be deemed as interested: organization's manager, members of its management and control bodies, employees, as well as other persons who, due to specific relations with the noncommercial organization, may influence decisions regarding conclusion of legal transactions in the name of the organization with himself or with other persons that are relatives up to the third degree inclusive, have labor relations with, or are debtors of, the interested person.

Article 191. Resolution of Conflicts of Interests

(1) Legal transactions with conflict of interests must receive preliminarily approval from the supreme body of the noncommercial organization, unless the statute attributes this to the terms of reference of another collective body.

(2) The interested person is bound to compensate for the damage caused to the noncommercial organization by conclusion of a legal transaction with conflict of interests, where the competent body had not approved it.

(3) In addition to provision of compensation for damage, the interested person is bound to return to the organization all income obtained as a consequence of concluding the legal transaction with conflict of interests. Where the damage has been caused by actions of several interested persons, they shall bear joint and several liabilities towards the noncommercial organization.

CHAPTER III**PARTICIPATION OF THE REPUBLIC OF MOLDOVA AND TERRITORIAL-ADMINISTRATIVE UNITS OF THE REPUBLIC OF MOLDOVA IN RELATIONS REGULATED BY CIVIL LEGISLATION****Article 192. Republic of Moldova and territorial-administrative units of the Republic of Moldova as subjects of civil law**

(1) The Republic of Moldova and the territorial-administrative units of the Republic of Moldova participate in relations regulated by civil legislation based on the principle of equality with other parties to these relations – natural and legal entities.

(2) The rules that govern participation of legal entities in relations regulated by civil legislation shall apply to the subjects specified in para.(1), unless it appears otherwise from the law or the nature of these subjects.

Article 193. Participation of the Republic of Moldova and territorial-administrative units in relations regulated by civil legislation

(1) Central public administration authorities may acquire and exercise property and personal non-property rights and duties on behalf of the Republic of Moldova, as well as represent the Republic of Moldova before courts, within the limits of their terms of reference.

(2) Local public authorities may acquire and exercise rights and duties, in the name of territorial-administrative units, within the limits of their terms of reference.

(3) In cases and in the order provided by the law, Presidential decrees, Governmental decisions and ordinances and by acts of local public administration, natural persons and legal entities may act in the name of those authorities, under a special authorization. The rules of mandate shall apply inasmuch as they do not contravene to the essence of the legal relation or a different stipulation has been expressly provided.

Article 194. Civil liability of the Republic of Moldova and its territorial-administrative units

(1) The Republic of Moldova and its territorial-administrative units are liable for their obligations with all property belonging to them by the right of private ownership.

(2) The Republic of Moldova does not bear liability for the obligations of territorial-administrative units.

(3) The territorial-administrative units are not liable for the obligations of the Republic of Moldova.

(4) Provisions of par.(2) and (3) shall not apply in cases when the Republic of Moldova has offered guaranty for the obligations of territorial-administrative units or the latter have offered guaranty for the obligations of the Republic of Moldova.

(5) The specifics of civil liability of the Republic of Moldova and its territorial-administrative units in relations with foreign natural persons and legal entities or in relations with other states shall be set forth by law.

TITLE III

LEGAL TRANSACTION AND REPRESENTATION

CHAPTER I

GENERAL PROVISIONS ON LEGAL TRANSACTION

Article 195. Definition of Legal Transaction

A legal transaction is a declaration of will by natural person or legal entity intended for rise, alteration or termination of civil rights and duties.

Article 196. Unilateral, Bilateral and Multilateral Legal Transaction

(1) The legal transaction may consist in the declaration of will of a single party. The unilateral transaction gives rise to obligations of third parties only in cases provided for by law.

(2) Rules concerning obligations and contracts shall apply to unilateral transactions accordingly, unless this contravenes to the law or the unilateral character of the transaction.

(3) The bilateral transaction consists in declaration of the coordinated will of two parties.

(4) The multilateral transaction is a declaration of will of three or more parties.

Article 197. Gratuitous Transaction and Onerous Transaction

(1) Gratuitous transaction is the act by which a property benefit is procured in favor of a party, without aiming at obtaining another property benefit in exchange.

(2) The onerous transaction is the act by which a property benefit is procured in favor of a party in exchange for another property benefit.

Article 198. Transactions for Preservation, Administration and Disposal

(1) Transaction for preservation is the act by which prevention of loss of a subjective civil right is pursued.

(2) Transaction for administration is the act by which an ordinary use of an asset or of a property is pursued.

(3) Transaction for disposal is the act aiming at alienation of a right or charging an asset with real encumbrances.

CHAPTER II

CONDITIONS OF VALIDITY OF LEGAL TRANSACTIONS

Article 199. Consent

(1) The consent is person's expressed declaration of will to conclude a transaction.

(2) The consent is valid where it comes from a person of sound mind, is expressed with the intention to produce legal effects and is not vitiated.

Article 200. Moment when Consent Becomes Effective

(1) The declaration of will that must be received by the other party shall produce effects at the moment when it is received by the latter, regardless of whether that party became aware of its content.

(2) The declaration of will shall not produce effects where the other party has earlier or at the same time received a declaration of retraction.

(3) The validity of declaration of shall not be affected by the decease of person who expressed his will, or his deprivation of capacity to contract, where these events occurred after declaration of will.

Article 201. Impossibility to Determine Substance of Consent

The transaction shall not be deemed concluded where the substance of consent cannot be inferred with certainty either from the expressed declaration or from other circumstances of conclusion.

Article 202. Consent of Third Party upon Transaction Conclusion and Performance

(1) Where the effect of a transaction that must ensue in relation to another person depends on the consent of a third party, the consent or disapproval may be expressed towards either of the parties involved.

(2) The consent does not require compliance with the form requirements set for the transaction.

Article 203. Preliminary Consent for Conclusion of Legal Transaction

Preliminary consent is revocable until the transaction is concluded, unless it follows otherwise from the legal relation based on which the preliminary consent has been given. Revocation may be expressed towards either of the parties involved.

Article 204. Subsequent Consent on Conclusion of Legal Transaction

(1) Absent provisions to the contrary, the subsequent consent (confirmation) has retroactive effects from the moment of conclusion of the transaction.

(2) Acts of disposal prior to confirmation made by the person entitled to confirm, or those made in the course of enforcement or attachment procedure, or those taken by the insolvency trustee, shall not be cancelled by retroactivity of confirmation.

Article 205. Effects of Transaction for Disposal Made by Person without Powers

(1) The transaction for disposal in regard of an asset, made by a person without powers, shall produce effects where it is concluded with the consent of the entitled person.

(2) The transaction for disposal in regard of an asset, made by a person without powers, shall produce effects where the entitled person confirms it, or where the one who concluded the transaction later acquires the asset or inherits it from the entitled person, undertaking unlimited liability for the inherited obligations. In case of acquisition or inheritance, where several mutually incompatible transactions for disposal have been concluded, only the transaction concluded first shall produce effects.

Article 206. Object of Transaction

(1) The obligation of the person that concluded the transaction constitutes the object of that transaction.

- (2) The object of transaction must be licit, in civil circulation and determined or determinable at least in its genre.
- (3) Future assets may constitute object of legal transaction.

Article 207. Cause of Transaction

- (1) The civil transaction concluded without cause or based on a fictitious or illicit cause cannot produce any effects.
- (2) The cause of transaction is presumed until the first disproof.
- (3) The cause that contravenes to legal provisions, public order or moral principles is deemed illicit.

Article 208. Form of Transaction

- (1) The transaction may be concluded by word of mouth, in written or in certified form.
- (2) The form shall be a condition for validity of transaction only in cases expressly provided by law.
- (3) The transaction that may be concluded by word of mouth shall also be deemed concluded where the intent to conclude the transaction obviously appears from person's conduct.
- (4) Silence shall be deemed declaration of the will to conclude a transaction in cases provided by law or under parties' agreement.
- (5) Any amendment of transaction must take the form set for that transaction.
- (6) The promise to conclude a transaction does not require the form set forth for that transaction.

Article 209. Transaction Concluded by Word of Mouth

- (1) The transaction for which the law or parties' agreement does not establish written or certified form may be concluding by word of mouth.
- (2) The transaction performed upon conclusion may be concluded by word of mouth. This rule does not apply to transactions requiring certified form or transactions for which written form is required *ad validitatem*.

Article 210. Transaction Concluded in Written

- (1) Transactions between legal entities, between legal entities and natural persons, and those between natural persons, with regard to an object the value of which exceeds 1000 lei, or, in cases provided by law, regardless of object value, shall be concluded in written.
- (2) Where, according to legal provisions or parties' agreement, the transaction should be concluded in writing, it may be concluded either by drafting a single document, signed by the parties, or by an exchange of letters, telegrams, phoned telegrams, other similar instruments, signed by the party that sent them.
- (3) Use of technical means for signing transactions is allowed in cases and in the order set by law or by parties' agreement.
- (4) Where, due to physical disability, illness or other reasons, the person cannot personally sign the transaction, it may be signed by another person, based on empowerment given by the former. The signature of the third party shall be certified by notary or another person empowered by law and record shall be made of the reason by virtue of which the transaction could not be signed personally.

Article 211. Nonobservance of Written Form Requirement

(1) Nonobservance of written form requirement shall deprive the parties of the right to demand proof of transaction by witness testimony, in case of dispute.

(2) Nonobservance of written form requirement shall render the transaction null only this is expressly provided by law or by agreement of the parties.

Article 212. Certified Form of Transaction

Conclusion of transaction in certified form is mandatory in the following cases:

a) cases set forth by law;

b) cases set forth by parties' agreement, even if the law does not require certified form.

Article 213. Effects of Nonobservance of Certified Form Requirement

(1) Nonobservance of certified form requirement shall render the transaction null.

(2) Where one of the parties performed, in whole or in part, the transaction for which the certified form is required, while the other party is eluding notary certification, the court is entitled, upon the request of the party that performed the transaction, to declare the transaction valid, unless it contains elements that contradict legal provisions. In such case, subsequent certification of transaction by notary is not required.

(3) The party that eluded notary certification of transaction without good reason is bound to compensate the other party for damage caused by delay of certification.

Article 214. Registration of Transaction

(1) The transaction regarding immovable assets shall be registered as established by law.

(2) The law may set registration requirement for other transactions.

Article 215. Effects of Nonobservance of Transaction Registration Requirement

(1) Where the transaction subject to registration is concluded in the legally required form, but the party bound eludes registration or the term for registration set by law has lapsed, the court may, upon the request of the interested party, order registration of transaction. In such case, registration of transaction shall be made on basis of court decision.

(2) The party that eluded registration of transaction without good reason is bound to compensate the other party for damage caused by delay of registration.

CHAPTER III NULLITY OF TRANSACTION

Article 216. Null and Annulable Transactions

(1) A transaction is null on grounds established by this code (absolute nullity).

(2) The transaction may be declared null on grounds established by this Code by the court or by parties' agreement (relative nullity).

Article 217. Absolute Nullity of Transaction

(1) The absolute nullity of transaction may be invoked by any person that has an existent and actual interest. The court shall invoke such nullity on its own initiative.

(2) The absolute nullity may not be lifted by confirmation of null transaction by the parties.

(3) The action for ascertainment of absolute nullity shall not be subject to period of limitation s.

Article 218. Relative Nullity of Transaction

(1) The relative nullity of transaction may be invoked only by the person in whose interest it is established or by successors of that person, by his legal representative or by the unsecured creditors of the protected party, by means of oblique action.

(2) Relative nullity may be remedied by express or tacit will of the person in whose interest the nullity is provided for. The will to confirm the annullable transaction must be unconditional and obvious.

(3) In order to confirm an annullable transaction, it is not necessary for the will to be expressed in the form required for the respective transaction.

(4) Where each party may invoke the nullity of the transaction or where several persons may demand ascertainment of nullity, confirmation of transaction by one of those persons does not hamper others' right to rely on nullity of that transaction.

Article 219. Effects of Transaction Nullity

(1) The null transaction terminates retroactively from the moment of conclusion. Where it follows from the substance of the transaction that it may terminate only for the future, the transaction shall not produce effects for the future.

(2) Each party is bound to return all that he received by virtue of null transaction and, in case of impossibility of restitution, to compensate for the value of counter-performance.

(3) The party and third parties in good faith are entitled to compensation for the damage caused under the null transaction.

Article 220. Nullity of Transaction Contrary to Law, Public Order and Morality

(1) The transaction or the clause contrary to peremptory norms is void, unless it follows otherwise from legal provisions.

(2) The transaction or the clause contrary to public order or moral principles is void.

(3) Nullity of clause does not entail nullity of the entire transaction if it may be assumed that the transaction would have been concluded even in the absence of the void clause.

Article 221. Nullity of Sham and Feigned Transactions

(1) The transaction made with no intention to create legal effects (sham transaction) is void.

(2) The transaction concluded with the purpose to conceal another transaction (feigned transaction) is void. In regard of the concealed transaction the respective rules shall apply.

(3) In case of transfer of asset acquired by virtue of a sham transaction to a third party in good faith, it shall be deemed that the transfer occurred on a valid legal ground.

Article 222. Nullity of Transaction Concluded by Incapable Person

- (1) The transaction concluded by an incapable person is void.
- (2) The person with full legal capacity shall be bound to compensate for the damage caused to the other party by conclusion of the void transaction; if it is proved that the former was or should have been aware that the other party was incapable.

Article 223. Nullity of Transaction Concluded by a Minor between 7 and 14 Years of Age

- (1) Transactions concluded by a minor between 7 and 14 years of age are void, save for those set forth in art.22 par.(2).
- (2) The person with full capacity shall be bound to compensate for the damage caused to the minor, unless he proves that he was not and shouldn't have been aware of the fact that the other party lacked capacity needed to conclude the transaction.

Article 224. Nullity of Transaction Concluded by a Minor between 14 and 18 Years of Age or by a Person with Limited Capacity

- (1) The transaction concluded by a minor between 14 and 18 years of age or by a person with limited capacity, without the consent of the parents, adoptive parents or the trustee, where such consent is required by law, may be declared void by court, upon the request of the parents, adoptive parents or trustee.
- (2) The person with full capacity shall be bound to compensate for the damage inflicted to the other party; if it is proved that he was or should have been aware that the other party was lacking capacity to conclude the transaction.

Article 225. Nullity of Transaction Concluded by a Person without Discernment or a Person Unable to Direct His Actions

The transaction concluded by a capable person in a moment when he was not able to realize or direct his actions may be declared void by court.

Article 226. Nullity of Transaction Concluded in Breach of Powers Accorded

Where powers of a person to conclude transactions are limited by contract or – in regard of powers of a body of a legal entity – by constitutive act, as compared to the powers stipulated in the mandate, law or deducted from the circumstances of transaction conclusion, the transaction concluded in breach of the limits imposed shall be declared null only where it is proved that the other party was or should have been aware about those limits.

Article 227. Transaction Made by Error

- (1) A transaction made on basis of a serious error may be declared void by court.
- (2) An error is deemed serious if upon conclusion there has been a false representation in regard of:
 - a) the nature of the transaction;
 - b) the substantial properties of the object of transaction;
 - c) the parties to the transaction (partner or beneficiary), where their identity constitutes a decisive reason for concluding the transaction.
- (3) Error regarding reason for transaction is substantial only where the reason is included in the object of transaction.

(4) Error imputable to the one whose consent is vitiated may not serve as grounds for annulment of transaction.

(5) The person in whose interest the nullity has been declared shall be bound compensate the other party for damage caused, limited to the amount of the benefit the latter would have obtained absent the nullification of transaction. Likewise, the damage shall not be compensated for, where it is proved that the person entitled to compensation knew or should have known about the error.

(6) The transaction concluded by error may not be contested, if the other party agrees to perform in conformity with the wish of the party that intends to challenge the transaction.

Article 228. Nullity of Transaction Made by Fraud

(1) The transaction, conclusion of which has been induced by fraudulent or deceitful conduct of one of the parties, may be declared null by the court, even where the author of fraud had estimated that the transaction is also advantageous for the other party.

(2) If a party conceals certain circumstances, which, if revealed, would prevent the other party from concluding the transaction, the latter may demand nullification of transaction only if, based on the principle of good faith, it could have been expected that the other party would reveal those circumstances.

(3) Where the fraud is committed by a third party, the transaction may be declared null only if it is proved that the other party knew or should have known about the fraud.

Article 229. Transaction Made by Duress

(1) Transaction concluded under physical or mental duress may be declared null by court even in cases when duress had been exercised by a third party.

(2) Only such duress may serve as grounds for annulment of transaction, which, by its nature, is sufficient to make a person believe that an inevitable danger threatens him, his spouse, his relatives or other close persons or their property.

(3) For the purposes of this article, there is no duress where its author has not used illicit means.

Article 230. Nullity of Transaction Made under Confluence of Difficult Circumstances

(1) The transaction concluded by a person under extremely unfavorable terms, due to confluence of difficult circumstances, which the other party profited by, may be declared null by court.

(2) The court may maintain the transaction where the defendant offers a reduction of claim or a fair pecuniary compensation.

Article 231. Nullity of Transaction Concluded due to Fraudulent Agreement between Party's Agent and Other Party

(1) The transaction concluded due to a fraudulent agreement between the agent of a party and the other party may be annulled by court.

(2) The request for annulment under par.(1) may be submitted within one year from the day when the interested person became or should have become aware of the conclusion of transaction.

Article 232. Nullity of Transaction Concluded in Breach of Interdiction of Asset Dispose

The transaction by which an asset, regarding which the law or a competent body had established an interdiction of disposal, has been disposed of in favor of certain persons, may be declared null by court, upon request of the persons in whose interest the interdiction is set.

Article 233. Term for Filing Action for Annulment of Transaction

(1) The entitled person may demand annulment of transaction on grounds set in art.227, 228 and 230 within 6 months from the day when that person became or should have become aware about the grounds for annulment.

(2) The annulment request on grounds set in art.229 may be submitted within 6 months from the day when violence ceased.

**CHAPTER IV
CONDITIONAL TRANSACTIONS****Article 234. Conditional Transaction**

A transaction is deemed conditional where the rise or termination of civil rights and duties is conditional upon a future uncertain event.

Article 235. Void Condition

(1) A condition shall be void if it is contrary to the law, public order and moral principles or if its fulfillment is impossible. A transaction that depends on such a condition is null.

(2) A condition the occurrence or non-occurrence of which depends on the will of parties to the transaction is void. A transaction concluded under such a condition is ineffective.

Article 236. Positive Condition

(1) Where the transaction is concluded contingent on occurrence of a certain event within a fixed term, the condition is deemed unfulfilled if that term has elapsed and the event did not come about.

(2) Where no term is fixed, the condition may be fulfilled anytime. The condition shall be deemed unfulfilled if it is clear that the event cannot come about.

Article 237. Negative Condition

(1) If a transaction is concluded contingent on non-occurrence of certain event within a fixed term, the condition shall be deemed fulfilled even when, before the lapse of the term fixed, it is clear that the event cannot come about.

(2) If no term is fixed, the condition shall be deemed fulfilled only when it is clear that the event will not come about.

Article 238. Inadmissibility to Influence Occurrence of Condition

(1) A person, who concludes a transaction under a certain condition, is not entitled, before the satisfaction of that condition, to commit any act, which may prevent fulfillment of his obligations.

(2) If the condition occurs at a certain time and the person has already committed an interfering act, he shall be bound to compensate the other party for damage caused thereby.

Article 239. Transaction under Suspensive Condition

A transaction shall be deemed concluded under a suspensive condition, if the rise of rights and duties stipulated by the transaction depends on a future uncertain event or an event, which has already happened, but is not yet known to the parties.

Article 240. Transaction under Subsequent Condition

A transaction shall be deemed concluded under a subsequent condition, if the occurrence of that condition results in termination of transaction and restores the state, which existed before concluding the transaction.

Article 241. Good faith in Condition Occurrence

(1) If the occurrence of a condition is delayed in bad faith by the party to whom the occurrence of this condition is disadvantageous, the condition is deemed to have occurred.

(2) If the occurrence of a condition is brought about in bad faith by the party to whom the occurrence of this condition is advantageous, the condition is deemed not to have occurred.

CHAPTER V**REPRESENTATION AND POWER OF ATTORNEY****Article 242. Representation**

(1) Legal transactions may be concluded personally or by an agent. The power of representation either follows from the law, from transaction or from circumstances under which the agent acts.

(2) A transaction entered into by a person (agent) in the name of another person (principal) within the scope of his representation gives rise, modifies and extinguishes rights and duties of the principal.

(3) If the transaction has been concluded in the name of another, the principal may not rely on absence of power of representation against the other party to the transaction, if the principal had created such circumstances that the other party presumed in good faith the existence of such power.

(4) If upon concluding transaction the agent makes no mention of his power of representation, the transaction shall give rise to effects against the principal only, when the other party could have inferred existence of the representation from circumstances under which the transaction was concluded. The same rule applies when it does not matter for the other party, whom he concludes the transaction with.

(5) Conclusion of transaction by agent is prohibited, if, based on the nature of the transaction, it must be concluded by the person himself or if the law prohibits conclusion of transaction through agent.

Article 243. Agent with Limited Capacity

The validity of a transaction entered into by an agent is not impaired by the fact that he is limited in capacity.

Article 244. Replacement of Agent

(1) The agent must conclude in person the transactions for which he has been empowered. He may convey his powers to a third party only if he is empowered by the principal to do so or where the interests of the latter require this.

(2) The agent who conveyed his powers to a third party is bound to give notice about this to the principal as soon as possible, along with information on the substituting person. Where the agent does not fulfill this obligation, he shall bear liability for the actions of the substitute as for his own.

Article 245. Vitiating Consent. Duty of Awareness

(1) Upon declaration of nullity of transaction concluded by the agent on grounds of vitiated consent, only agent's consent shall be taken into account.

(2) Where the agent empowered by power of attorney has acted in conformity with principal's instructions, the latter is not entitled to invoke agent's unawareness of the circumstances, which the principal was aware or should have been aware of.

Article 246. Powers of Representation

(1) The granting of powers is made by declaration of will towards the person that is being empowered or towards a third party in whose regard Representation shall take place.

(2) The declaration of empowerment need not be made in the form required for the transaction to be concluded through Representation. This provision shall not apply where its application removes the protective function of form requirements.

Article 247. Duration of Powers

(1) Where the powers are granted by declaration to a third party, powers shall remain valid for that person until their cancellation by the person who has granted them.

(2) Where a person announced, in a public communication or in a special communication addressed to a third party, that he empowers another person with right of Representation, the latter holds the right of representation in relation to any person in the first case, and in relation to the respective third party in the second case. Representation powers shall continue to exist until cancellation under the procedure by which they have been granted.

Article 248. Alteration or Withdrawal of Powers

Third parties must be given notice of alteration or withdrawal of powers through adequate means. In case of nonobservance of this requirement, alteration or withdrawal of powers may not be relied upon against third parties, save for cases where it is proved that those persons were or should have been aware of the alteration or withdrawal at the moment of conclusion of transaction.

Article 249. Conclusion of Transaction without Powers of Representation

(1) Where a person concludes a transaction in the name of another person, without having powers of representation or by exceeding powers granted to him, the transaction shall be effective in regard of the principal only where he subsequently confirms it. In such case, the transaction may be confirmed either expressly, or by actions implying such confirmation.

(2) Where the other party submits to the principal a request for confirmation of transaction, the confirmation may be done by an express declaration submitted directly to the other party. Where the declaration of confirmation is not submitted to the other party within 2 weeks from the date of receiving the request, it shall be deemed that the principal has refused to confirm the transaction.

(3) Until confirmation and contingent on the fact that the party that concluded the transaction with the agent without powers was not aware of the absence of powers of representation, he may relinquish the transaction by declaration submitted to the agent or the principal,.

Article 250. Liability of Agent Acting without Powers

(1) Where a person, who concluded a transaction as agent, cannot prove the existence of powers of representation and the principal refuses to confirm the transaction, the former is bound, upon the choice of the of the other party, to perform the transaction or to compensate for damage caused thereby.

(2) Where the agent was not aware of the absence of powers, he shall be bound only to compensate for damage owing to the fact that the other party was convinced that the powers exist and only inasmuch as the validity of the act is of interest to the other party.

(3) The agent who has acted without powers shall be liberated from liability, where the other party was or should have been aware of the absence of powers. The agent shall neither be liable in cases when his capacity was limited, save for cases when he acted with the consent of the trustee.

Article 251. Transaction Concluded with Agent Himself

Inasmuch as he is not expressly authorized, the agent may not conclude transactions in the name of the principal with himself, either in agent's own name, or as an agent of a third party, save for cases where the transaction consists exclusively in performance of an obligation.

Article 252. Power of Attorney

(1) The power of attorney is a deed drafted to confirm powers of Representation granted to one or several agents.

(2) The power of attorney issued for conclusion of transactions requiring notary certification must be also certified by notary.

(3) Powers of attorney certified by local public administration authorities, in conformity with the law shall be equivalent to powers of attorney certified by notary.

(4) Powers issued by the following authorities shall be equivalent to those certified by notary:

a) Powers of attorney issued by persons under in-patient treatment in hospitals, sanatoriums and other military medical institutions, where powers of attorney are certified by the chiefs of those institutions, by their deputies in medical problems or by the chief medical officer or the doctor on duty;

b) powers of attorney issued by military men, and – in points of dislocation of military units, institutions or military educational institutions, where there are no notary offices or other bodies that perform notary acts – powers of attorney issued to employees of those institutions, to their family members and to family members of military men, certified by the commander (chief) of the respective unit or institution;

c) powers of attorney issued by persons serving their sentence in institutions of confinement, certified by the chief of that institution;

d) powers of attorney issued by adult persons found in institutions of social protection of the population, certified by the administration of the respective institution or by the chief of the respective social protection body.

(5) Powers of attorney issued for receipt of salary or other benefits at the workplace, for receipt of pension, aids, stipends, correspondence, including parcels and money transfers, may be certified by administration at the workplace or place of study of the person that issues the power of attorney, by the organization for housing administration from the domicile of the person issuing the power of attorney or by the management bodies of the medical institution where the person issuing the power of attorney is interned.

Article 253. Replacement Power of Attorney

(1) The person to whom the power of attorney is issued may issue a replacement power of attorney only if this is expressly provided in the power of attorney or if this corresponds to principal's interests.

(2) The replacement power of attorney shall be certified by notary in all cases.

Article 254. Term of Power of Attorney

(1) The power of attorney shall be issued for 3 years to the most. Where the term is not specified in the power of attorney, it shall be valid for one year from the date of issuance.

(2) The power of attorney that does not specify the date of issuance is void.

(3) The power of attorney issued for concluding transactions outside the Republic of Moldova and certified by notary shall be valid until its cancellation by the person that issued it.

Article 255. Termination of Power of Attorney

(1) The validity of the power of attorney ceases in case of:

- a) expiry of the term of the power of attorney;
- b) its cancellation by the principal;
- c) refusal of the agent;
- d) Dissolution of legal entity that has issued the power of attorney;
- e) Dissolution of legal entity to whom the power of attorney has been issued;
- f) Death of natural person-principal or his becoming incapable, limited in capacity or declared missing;
- g) Death of natural person-agent or his becoming incapable or limited in capacity or declared missing.

(2) The person that issued the power of attorney may cancel it anytime, while the person to whom the power of attorney is issued may refuse anytime to provide Representation under the power of attorney. Any clause to the contrary shall be void.

(3) Upon cease of validity of the power of attorney, the replacement power of attorney shall also terminate.

Article 256. Notification on Cancellation and Termination of Power of Attorney

The person that issued the power of attorney is bound to give notice on cancellation and cease of validity of power of attorney to the one to whom it was issued and to third parties known to the former, whom the agent was to contract with. The same obligation is binding on the successors of the person that issued the power of attorney, in cases set in art.255 par.(1) let.d) and f).

Article 257. Effects of Cease of Validity of Power of Attorney

(1) Transactions concluded by agent before he became or should have become aware of the cease of validity of the power of attorney shall remain valid for the principal and his successors, save for the case when they prove that the other party was or should have been aware that the power of attorney had terminated.

(2) Upon cease of validity of the power of attorney, the person that issued it or his successors shall be bound to return the power of attorney immediately.

Article 258. Commercial Representation

(1) The commercial agent is the person that represents independently and permanently the interests of the entrepreneur upon conclusion of transaction with a view to business conduct.

(2) The concomitant commercial Representation of different participants to the conclusion of the transaction is allowed only with the express agreement between parties regarding this issue and in other cases provided by law, the commercial agent being bound to fulfill his duties with the diligence of a good owner.

(3) The commercial agent is entitled to demand the agreed remuneration, as well as compensation for outlays incurred upon fulfillment of power of attorney, from the persons who have been represented concomitantly as provided by par.(2), unless the contract provides otherwise.

(4) The commercial Representation is carried out by virtue of contract, concluded in writing, specifying the powers of the agent and, in case of absence of such powers, by virtue of power of attorney as well.

(5) The commercial agent is bound not to disclose confidential information that became known to him due to representation, even after termination of commercial power of attorney.

(6) The specifics of commercial representation in certain spheres of entrepreneurial activity shall be set by law.

**TITLE IV
TERMS****CHAPTER I
COMPUTATION OF TERMS****Article 259. Term Setting**

(1) The term may be set by law, court judgment or by agreement of the parties.

(2) Regardless of the grounds for term setting, the term shall be computed according to the rules stipulated in this Title.

Article 260. Order of Term Setting

The term shall be set forth by specification of a calendar date, of a period or by reference to a future event that will certainly occur.

Article 261. Beginning of Term Running

(1) If a term begins to run from an event or a moment in time occurring during the course of a day, then, upon term computation, the day in which the event or the moment comes about is not taken into account.

(2) If the beginning of a day is moment from which a period begins to run, then this day shall be taken into account while computing the period. The same rule applies to the day of birth at age computation.

Article 262. Types of Terms

(1) Half a year or semester means 6 months, quarter – 3 months, half a month – 15 days, ten-day period – 10 days.

(2) Where the term was set for a period and a fraction of that period, the fraction shall be computed last.

(3) Where terms “beginning”, “middle” or “end” of month are used, the dates of first, fifteenth or the last day of the month are meant, respectively.

Article 263. Computation of One-Year and One-Month Term

Where one-year and one-month terms are computed without having regard to their continuous running, it shall be deemed that a month has 30 days and a year – 365 days.

Article 264. Expiry of term

(1) A term determined by years expires in the respective month and on the respective day of the last year of the term.

(2) The term set in months expires on the respective date of the last month of the term.

(3) The term set in weeks expires on the respective day of the week.

(4) The term expires at 12 pm of the last day of the term. Where the action must be performed at an organization, the term expires at the hour when the work program of that organization ends, in conformity with the established norms.

(5) Where the term is shorter than a day, it expires upon the running out of the respective unit of time. The second phrase of par.(4) shall apply accordingly.

(6) Documents handed to mail or telegraph offices until 12 pm of the last day of the term shall be deemed timely submitted. Transmittal of the text of the document through teletype, fax or other means of communication shall be deemed equivalent with handing of document to the mail office.

Article 265. Expiry of Term during a Day-Off

Where the last day of the term is a Sunday, a Saturday or a day, which, in conformity with the effective legal provisions, is a day-off at the place of obligation fulfillment, the term shall expire on the following workday.

Article 266. Prolongation of Term

In case of prolongation, the new term shall be computed from the moment of expiry of the previous term.

**CHAPTER II
PERIOD OF LIMITATION****Article 267. General Period of limitation**

(1) The general term within which the person may defend his infringed right by way of filing an action with the court is 3 years.

(2) Actions concerning protection of personal non-property rights shall be subject to period of limitation s only in cases expressly provided by law.

Article 268. Special Terms of Period of limitation s

In regard to the following actions, the period of limitation constitutes 6 months:

- a) collection of penalty;
- b) hidden flaws of sold good;
- c) flaws in works executed based on contract of consumer services;
- d) disputes under contract of carriage.

Article 269. Period of Limitation regarding Flaws in Constructions

(1) Under contract for work, the right arising from the flaw in construction shall be subject to a 5-year period of limitation.

(2) Under the contract of sale and purchase, the right arising from the flaw in construction, shall not be prescribed before the elapsing of 5 years from the execution of construction works.

(3) In regard of flaws in raw materials or materials designated for execution of construction, that have caused the flaw of that construction, the according right shall prescribe after 5 years.

Article 270. Prohibition of Modification of Period of limitation s or of Computation Order

The transaction concerning modification of the period of limitation or of the order of its computation or concerning relinquishment of the right to invoke period of limitation is void.

Article 271. Application of Period of Limitation

The action concerning protection of the infringed right shall be rejected on grounds of period of limitation s only upon the request of the person in whose interest the period of limitation has run, filed until finalization of examination in the first instance. In appeal or review procedure, the period of limitation may be relied upon only where the court is deciding on the merits of the case.

Article 272. Beginning of Period of Limitation

(1) The period of limitation s starts running from the date of arising of the right to file action. The right to file action arises on the date when the person became or should have become aware about infringement of right.

(2) Unless the law provides otherwise, the period of limitation s starts running from the date when the obligation becomes due, or – if pertaining to an obligation to refrain from an action – from the date on which the obligation is infringed. Where the right of action is subject to a suspensive term or a suspensive condition, the period of limitation s starts running from the date of term elapsing or from the date when the condition comes about.

(3) In legal relations that do not specify the term of obligation performance or where performance may be demanded anytime, the period of limitation s shall start running from the date when the debtor became bound to perform the obligation.

(4) In actions for delictual liability, the period of limitation s starts running from the date when the injured person became or should have become aware of the damage and the person responsible for it.

(5) The period of limitation s in case of action for annulment of a transaction for duress starts running on the day when duress ceased. In other cases of annulment, the period of limitation s starts running from the date when the entitled person, his legal representative or the person designated by law to approve transactions, became aware of the grounds for annulment.

(6) In case of recourse obligations, the period of limitation s starts running from the date when the principal obligation should have been performed.

(7) Period of limitation s on actions for hidden flaws starts running:

a) in case of an alienated asset or of an executed work, other than a construction, after a year from the date of taking over (handing over) of the asset or of the work. Where the flaw was discovered earlier, the period of limitation s starts running from that date.

b) in case of a construction, after 3 years from the date of taking over (handing over) of the construction. Where the flaw has been discovered earlier, the period of limitation starts running from that date.

(8) In case of execution of current works, terms set in par.(7) shall constitute 1 month in the case provided by let.a) and 3 months in the case provided by let.b).

(9) In case of successive performances, the period of limitation starts running from the date when each performance becomes due and – if such performances constitute a unity – from the date of default of performance.

Article 273. Effect of Assignment of Claim or Assumption of Debt on Period of limitation s

Assignment of claim or assumption of debt does not affect the running of the period of limitation.

Article 274. Suspension of Period of Limitation

(1) The running of the period of limitation s may be suspended if:

- a) filing action is impossible due to *force majeure*;
- b) performance of obligations is deferred (moratorium);
- c) the creditor or the debtor is enrolled in the military forces, in state of war;
- d) the creditor is incapable or with limited capacity and does not have a legal representative, save for cases in which the creditor has procedural capacity;
- e) the normative act on which the disputed relation is based is suspended;

f) the activity of courts that are competent to solve the dispute between the parties is suspended.

(2) The running of period of limitation s shall be suspended only if grounds for suspension arose or continued to exist in the last 6 months of the period of limitation s, or within the term of the period of limitation s, if it is less than 6 months.

(3) The running of period of limitation continues from the date of cease of circumstances serving as grounds for suspension of period of limitation. The term for which the period of limitation was suspended shall not be included into the period of limitation. The remaining term shall be extended to 6 months or – if the period of limitation is shorter than 6 months – to the term or the period of limitation.

Article 275. Suspension of Period of Limitation in Family Relations

The running of the period of limitation shall be suspended:

- a) for claims between spouses – for the duration of marriage;
- b) for claims between parents and children – until children attain majority;
- c) for claims between guardians or trustees and persons under their guardianship or trusteeship – for the duration of guardianship or trusteeship.

Article 276. Suspension of Period of Limitation in case of Administration of Property of Another Person

The period of limitation s shall not start running, and the commenced period of limitation s shall be suspended in relations between the person that administers the property of another person by virtue of law, court judgment or transaction, and the person whose property is being administered, until administration terminates and settlements are submitted and approved.

Article 277. Interruption of Period of Limitation

(1) The running of the period of limitation is interrupted:

- a) where an action is filed in compliance with the set forth procedure;
- b) where the debtor performs actions in witness of acknowledgement of his debt.

(2) A new term shall start running after interruption of the period of limitation. The time elapsed before interruption of the period of limitation shall not be counted in the new term of limitation.

Article 278. Running of Period of Limitation in case of disregard of action

Where the court disregards the action, the period of limitation that commenced before filing the action shall continue running without interruption.

Article 279. Restoration of Omitted Period of Limitation

(1) In extreme cases, where the court concludes that the period of limitation is not complied with due to circumstances linked to plaintiff's person, the infringed right shall be entitled to protection.

(2) Restoration of period of limitation may not be prescribed unless the party exercised his right to file action within 30 days, calculated from the day when he became or should have become aware of the cease of grounds that justified omission of the term of period of limitation.

Article 280. Claims Not Subject to Period of Limitation

The following claims are not subject to period of limitation s:

- a) claims regarding protection of personal non-property rights, unless the law provides otherwise;
- b) claims of depositors against financial institutions regarding restitution of deposits;
- c) claims for damages for injury caused to life or health of a person. In such case, damage for up to 3 years preceding the filing of the action shall be compensated for.

Article 281. Performance of Obligations after Expiry of Period of limitation s

(1) After expiry of the period of limitation, the debtor may refuse to perform the obligation.

(2) Voluntary performance of obligations after the expiry of the period of limitation shall not be deemed as an act without legal grounds.

(3) The person that performed the obligation after the expiry of the period of limitation is not entitled to demand restitution of performance, even if, on the date of execution, that person was not aware of the expiry of period of limitation. This provision shall also apply to acknowledgement of contractual debts, as well as to security offered by debtor.

Article 282. Effects of Period of limitation s in regard of Secured Rights

(1) The expiry of the period of limitation s regarding a right secured by pledge does not preclude the person entitled to claim satisfaction from the pledged asset.

(2) Where a right has been assigned as security, the restitution of performance may not be claimed on grounds that the right has been lost due to expiry of the period of limitation s.

(3) Par.(1) and (2) does not apply to period of limitation concerning interest and other periodical successive obligations.

Article 283. Period of limitation of Additional Performances

The period of limitation regarding additional performances runs together with the period of limitation regarding the principal right, even when the special period of limitation for that right did not begin to run.

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