

Norwegian Public Limited Liability Companies Act.

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The Public Limited Liability Companies Act was effective from 1 January 1999. The present translation is updated to reflect all amendments effective as of 1 July 2014.

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Chapter 1. Introductory provision

I. Scope of the Act. Limited liability

§ 1-1. Scope of the Act

(1) This Act applies to public limited liability companies.

(2) A public limited liability company is any company

1. where none of the members have personal liability for the obligations of the company, undivided or for parts which altogether make up the company's total obligations, and
2. which is designated a public limited liability company in its articles of association, and
3. which is registered as a public limited liability company in the Register of Business Enterprises.

(3) The King issues regulations on the application of the Act in Svalbard and may issue special rules having regard to any local circumstances.

§ 1-2. Limited liability

(1) The shareholders are not liable to the creditors for the obligations of the company.

(2) The shareholders are not obliged to make any payment to the company or to the company's bankruptcy estate except as provided in the share subscription documents.

II. Definitions

§ 1-3. Company groups

(1) A parent company constitutes, together with a subsidiary or subsidiaries, a company group.

(2) A public limited liability company is a parent company if it, owing to agreement or as owner of shares or partnership interests, has determinative influence over another company. A public limited liability company shall always be deemed to have determinative influence if the company:

1. owns so many shares or parts in another company that they represent a majority of the votes in such other company or;
2. has the right to elect or remove a majority of the members of the board of directors of such other company.

(3) A company which is related as mentioned in the preceding paragraph to a parent company is deemed to be a subsidiary.

(4) In calculating the voting rights and rights to elect or remove members of the board of directors, the rights of the parent company and that of its subsidiaries shall be included. The same applies to anyone acting in his own name but on account of the parent company or a subsidiary.

§ 1-4. Companies that are equivalent to group companies

(1) The following rules regarding parent companies apply also when the parent company is a private limited liability company: § 3-8, § 6-5, § 6-16 (1), § 6-16a (1) third sentence no. 3 § 6-35 (5), § 8-5, §§ 8-7 through 8-10 and § 9-8.

(2) The following rules regarding subsidiary companies apply also to a subsidiary with a foreign parent company: § 3-8, § 4-25, § 6-16 (1), § 6-16a (1) third sentence no. 3, § 8-7 (1) and (2), §§ 8-8 through 8-10, § 9-1 (1) and § 9-8. The rules in §§ 4-25 and 6-16 are not applicable to foreign subsidiaries.

§ 1-5. Related parties

(1) For the purpose of this Act, related parties shall be interpreted to include:

1. spouses or persons who cohabit in a quasi matrimonial relationship;
2. relatives in direct line of ascent or descent and siblings;
3. relatives in direct line of ascent or descent and siblings of persons as mentioned under this first paragraph no. 1;
4. the spouse of, or a person cohabiting in a quasi matrimonial relationship with, any person as mentioned under this first paragraph no. 2;
5. Company where a person or a party as mentioned in no. 1 through 4, has such determining influence as mentioned in § 1-3.

(2) For the purposes of this Act, personally related parties shall be interpreted to include:

1. spouses or persons who cohabit in a quasi matrimonial relationship;
2. minor children of the person concerned, and minor children of a person as mentioned under this second paragraph no. 1 above with whom such person cohabits;
3. a company in which the person concerned or anyone mentioned in no. 1 and 2, has such determining influence as mentioned in § 1-3.

Chapter 2. Formation of a public limited liability company**I. Documents of Formation. Share subscription****§ 2-1. Memorandum of Association**

(1) In order to form a public limited liability company, the subscriber(s) of shares in the company (the founders) shall draw up a memorandum of association. The memorandum of association shall contain the company's articles of association (§ 2-2) and the provisions that are mentioned in § 2-3.

(2) If shares may be paid for in non-cash assets, or if anybody is to be given special rights in connection with the formation, or the company is to pay the expenses of its formation, the memorandum of association shall so provide, cf. §§ 2-4 and 2-5.

§ 2-2. Minimum requirement to the articles of association

(1) The articles of association shall at least state:

1. that the company shall be a public limited liability company;
2. the name of the company;
3. the municipality in Norway in which the company will have its registered office
4. the company's business;
5. the amount of share capital, cf. § 3-1;
6. the par value of the shares (nominal value), cf. § 3-1;
7. the number of shares;
8. the number or the minimum and maximum number of directors, cf. § 6-1;
9. whether the company shall have two or more general managers or whether the board of directors or the corporate assembly may decide that the company shall have two or more general managers, and if so, whether these several general managers shall serve as a collective body;
10. the matters to be dealt with by the ordinary general meeting, cf. § 5-6.

(2) If the object of the company's business is not that of generating profit for the shareholders, the articles of association shall provide for the employment of any profit and of the capital in the event of liquidation.

§ 2-3. Other minimum requirements to the memorandum of association

The memorandum of association shall also state:

1. each founder's name or company name, address and personal number or organization number;
2. the number of shares to be subscribed by each founder;
3. the price payable for each share (share contribution);

4. the time of settlement for the share contribution, cf. § 2-11;
5. the names of the company's directors, and the name of the company's auditor.

§ 2-4. Provisions for special rights

- (1) The memorandum of association shall contain every agreement or other provision to the effect that shares may be subscribed with a right or obligation to pay for them in non-cash assets, that the payment may be set off against a claim, or that shares may be subscribed on other special terms. In such case the memorandum of association shall describe the assets to be contributed, each subscriber's name and address, the number of shares the company is to issue for the contributed assets, and the applicable conditions;
1. that shares may be subscribed with a right or obligation to pay for them in non-cash assets, that the payment may be set off against a claim, or that shares may be subscribed on other special terms. In such case the memorandum of association shall describe the assets to be contributed, each subscriber's name and address, the number of shares the company is to issue for the contributed assets, and the applicable conditions;
 2. that the company shall take over non-cash assets in return for other assets than shares. If so, the memorandum of association shall describe the assets involved, the assigner's name and address, the compensation to be made by the company, and the applicable conditions;
 3. that the company shall be party to an agreement, or that anybody shall have special rights in respect of or benefits from the company. If so, the memorandum of association shall describe the applicable conditions and include the name and address of the beneficiary.

(2) Instead of including the agreement or provision in the memorandum of association, the memorandum of association may refer to the agreement or the provision or to a report pursuant to § 2-6. In such case the main clauses of the agreement or report shall be cited in the memorandum of association, and the agreement shall be attached to the memorandum of association.

(3) An agreement or provision which has not been included in the memorandum of association according to the first paragraph or cited in the memorandum of association according to the second paragraph above, may not be invoked against the company.

§ 2-5. Expenses of formation to be covered by the company

(1) The company may cover the expenses of its formation to the extent that such expenses do not exceed the share capital contribution. The memorandum of association shall indicate the expenses, how they have been calculated, and the name and address of the person to whom they are paid.

(2) An agreement or provision of content as set forth in the first paragraph is similarly subject to the provisions in § 2-4 second and third paragraph above.

§ 2-6. Report on non-cash share contribution and special rights

(1) If the company is to take over assets or become party to an agreement as mentioned in § 2-4, a report shall be prepared including at least:

1. a description of each payment, acquisition or agreement. If an existing business is to be taken over, the annual financial statement, annual report and auditor's report of the business for each of the last three years shall be included in or attached to the report. The report shall state the profit or loss from the operation during the period after the last balance sheet date. If annual financial statements for the business are not available, the report shall give account of the result of the operation in the last three years;
2. information about the principles that have been applied to the valuation of the assets the company is to take over;
3. information about the conditions that may be significant to the evaluation of an agreement or provision to the effect that the company will take over assets or become party to an agreement;
4. a declaration to the effect that the assets which will be taken over by the company have a value at least equivalent to the agreed compensation, including the nominal value of the shares that are to be issued as payment, with the addition of any premium. The time of the valuation can at the earliest be four weeks prior to the incorporation, cf. § 2-9. The valuation of intangible assets that are to be taken over as payment for shares shall be separately accounted for.

(2) The founders shall ensure that the report is prepared by one or more independent experts. As independent expert, an auditor shall be engaged. Ministry regulation may provide that also other professional groups may be engaged as independent experts. The provisions on audit examination rights etc. in § 5-2 third paragraph in the Auditors Act will similarly apply.

(3) The report shall be attached to the memorandum of association.

(4) The King can through regulations make exceptions from first to third paragraph for circumstances where shares are subscribed against deposits in tradable securities or money market instruments or against deposits of other assets than money when the value of the deposit is stated in an audited, legally required financial statement.

§ 2-7. Non-cash contributions

Assets that cannot be entered in the balance sheet according to the Accounting Act may not be used as contribution for shares. An obligation to perform work or a service for the company cannot in any case be used as contribution for shares. Assets received by the company in payment for shares shall be set at their actual value, unless it follows from the provisions of the Accounting Act that the contribution shall be valued at its balance sheet value.

§ 2-8. Opening balance sheet

(1) If share contribution can be made by other assets than money, if the company shall become party to an agreement, or if anyone shall be given particular rights as mentioned in § 2-4, the founders shall prepare and date and sign an opening balance sheet to be attached to the memorandum of association.

(2) The opening balance sheet shall be drawn up in accordance with the provisions of the Accounting Act. The auditor shall issue a statement to the effect that the balance sheet has been drawn up in accordance with said provisions. The opening balance sheet with the auditor's statement shall at the earliest be dated four weeks before the formation, cf. § 2-9. The King may issue further regulations with regard to the requirement of an opening balance. In such regulations, exemptions may be made from the provisions in first to third sentence above.

(3) The company shall have an equity according to the opening balance sheet equivalent at least to the company's share capital. This does not apply insofar as the share capital contribution shall be used for the purposes of covering formation expenses in accordance with § 2-5.

§ 2-9. Formation of the company

The founders shall date and sign the memorandum of association. When all the founders have done so, the shares are subscribed and the company is formed.

§ 2-10. Share subscription which is not binding

(1) A subscription of shares which do not comply with the procedures laid down in § 2-9 is not binding on the company or the subscriber. The same applies to subscription of a share when it is subject to a reservation which is not in accordance with the subscription documents. Notwithstanding the foregoing, the subscription is binding if the company is registered without the company or the subscriber having notified the Register of Business Enterprises that the subscription is not considered binding.

(2) The provision of first paragraph, third sentence applies similarly when the share subscription is void according to general rules of property law transactions. The registration does not however make the subscription binding if it is forged, faked, made under gross coercion or is in conflict with the Guardianship Act.

(3) If a share subscription is not binding, the board of directors may reduce the share capital and retire the share, unless such reduction or retirement would conflict with § 3-1 first paragraph. If the share capital is reduced according to the preceding sentence, the board of directors may obtain a corresponding provision of share capital by separate res-olution of new subscription. Chapter 12 on reduction of the share capital does not apply to the board of directors' resolution to reduce the share capital according to this section.

II. Due date and settlement of claims for payment of shares etc.**§ 2-11. Due date of the company's claim for share capital contributions**

The company's claim for contribution for shares arises when the shares are subscribed and falls due on the date stipulated in the memorandum of association. This date may not be later than the date on which the company is reported to the Register of Business Enterprises, cf. § 2-18.

§ 2-12. Settlement of claim for contribution

(1) The price of a share may not be lower than the nominal value of the share. If a share is subscribed at a lower price, the nominal value of the share shall nevertheless be contributed.

(2) An agreement to settle the claim for contribution otherwise than as set forth in the memorandum of association does not release the subscriber. Whether or not the memorandum of association provides that the claim may be settled by a setoff, such settlement does not release the subscriber to the extent the setoff may cause a loss to the company or its creditors.

§ 2-13. Delayed settlement of claim for contribution

(1) In the event of delayed settlement of a claim for contribution in cash, the shareholder is obliged to pay interest from the due date according to the Overdue Payments Interest Act.

(2) In the event of delayed settlement of a claim for non-cash contribution, the shareholder is obliged to pay interest to the company based on the value of the payment in the opening balance sheet.

(3) In the event of delayed settlement of a claim for contribution the board of directors shall by registered letter urge the shareholder to settle within a period of seven days from the mailing of the letter. The letter shall inform the shareholder of the consequences of exceeding that period, cf. fifth paragraph. If the shareholder has no known address, the demand for settlement must be published in the Brønnøysund Register Center's electronic bulletin for public announcements.

(4) If the company knows that the share has changed owner or has been pledged, the owner or pledgee shall be notified as provided in the third paragraph. He shall also be notified if the share has been subject to distraint or arrest.

(5) If settlement is not made within the stipulated period, the board of directors may allow another person to subscribe to the share subject to undertaking the payment obligation. If there are no reasonable prospects of collecting the outstanding amount, or the collection costs are disproportionate to the amount involved, the board of directors may instead reduce the share capital and retire the share, unless retirement would be in conflict with § 3-1 first paragraph. If the share capital is reduced pursuant to the preceding sentence, the board of directors may within six months from registration of the company, provide corresponding cover of the share capital by separate resolution of new subscription. The board of directors' resolution to reduce the share capital according to this paragraph is not subject to the provisions of chapter 12.

§ 2-14. Defective non-cash contributions

(1) If a non-cash contribution is factually or legally defective, the shareholder is obliged to compensate the company for the loss it has been inflicted from the defect.

(2) If a legal defect prevents the contribution, the shareholder shall settle by payment of cash.

§ 2-15. Forfeiture of claim for contribution due to limitation of time

If the company forfeits its claim for contribution due to passage of time, the board of directors shall resolve to reduce the share capital and retire the shares and if appropriate to offer new shares for subscription. The rules of § 2-10 third paragraph are similarly applicable.

§ 2-16. Liability for contribution in connection with on change of owners of share

If a share changes owner before the claim for contribution has been settled, the new and the former owners are jointly and severally liable for the claim when the transfer has been reported to the company.

§ 2-17. The company's control over claims for contribution etc.

The company's claim for contribution may not be assigned. Nor may it be deposited as security or be subject to distraint for debt.

III. Report to the Register of Business Enterprises

§ 2-18. Reporting of the company to the Register of Business Enterprises

(1) The company shall be reported to the Register of Business Enterprises within three months of signature of the memorandum of association.

(2) Before the company is reported to the Register of Business Enterprises, the share capital contribution must have been paid in full. The results of any technical assistance, research and development services etc. shall have been made available to the company. In the report to the Register of Business Enterprises, it shall be confirmed that the company has received the share capital contributions. Such confirmation shall be given by the auditor. In the event that the share capital contributions shall be settled solely in cash, the confirmation may be given by a financial institution.

(3) If the company has not been reported to the Register of Business Enterprises by the end of the above period, it may not be registered. Obligations under the memorandum of association are in such case no longer binding. Nor are they binding if registration is refused due to errors that cannot be remedied.

§ 2-19. Responsibility for reporting the paid up share capital

(1) The directors and auditor or financial institution who have given a confirmation in accordance with § 2-18 second paragraph, are jointly and severally liable for any shortfall in the share capital which has been reported to the Register of Business Enterprises and has been confirmed as paid or otherwise settled. This rule applies whether or not any loss has been caused.

(2) Liability under paragraph one does not apply to any shortfall due to valuation of non-cash asset contributions.

§ 2-20. Rights and obligations before entry in the Register of Business Enterprises

(1) Before the public limited liability company has been registered, the company as such may not acquire other rights and incur other obligations to third parties than those following from the memorandum of association or from statute.

(2) For obligations that have been incurred in the company's name before the registration and for which the company is not liable under first paragraph, the persons who have incurred the obligation are personally, jointly and severally liable except as otherwise agreed with the creditor. Upon registration, the company takes over the obligation.

(3) If before the registration an agreement has been concluded which does not bind the company under first paragraph, and if the other party to the agreement knew that the company was not registered, the other party may disregard the agreement if the company has not been reported to the Register of Business Enterprises within the period mentioned in § 2-18 or the report is refused before the expiry of the period. If the party was unaware that the company was not registered, he or she may revoke the agreement until the company is registered. The provisions of this paragraph may be set aside by agreement.

Chapter 3. Company capital**I. Nondistributable equity****§ 3-1. Share capital**

(1) A public limited liability company shall have a share capital of at least one million Norwegian kroner.

(2) The share capital shall be represented by one or more shares to which the shareholder rights relate. The shares shall have the same nominal value.

§ 3-2. Fund for unrealized gains

(1) The company shall have a fund for unrealized gains. If the company estimates assets at real value, it shall allocate to the fund a positive difference between booked balance value of each asset or group of assets and their acquisition cost taking into consideration the effect of deferred tax. This applies correspondingly to estimates of debt at real value. The company shall allocate to the fund in the same manner as described in the second sentence if the company, by adjustment of value or otherwise, books assets at a value exceeding the acquisition cost.

(2) The duty to allocate to the fund for unrealized gains does not include differences pursuant to the first paragraph relating to the assessment of:

1. financial instruments in accordance with the Accounting Act § 5-8,
2. money items in foreign currency,
3. other items when determined in regulations issued by the Ministry.

(3) The fund may be dissolved when and to the extent that the basis for the allocation is no longer present.

(4) The Ministry may by regulations issue rules regarding the calculation of the difference pursuant to the first paragraph.

§ 3-3. Fund for valuation differences

The company shall have a fund for valuation differences. If the company books company investments in subsidiaries, affiliated companies or mutually controlled undertakings using the equity method or the gross method, the company shall allocate to the fund a positive difference between the investments' booked balance value and their acquisition cost. The company may omit to allocate to the fund a difference which is caused by profit from a transaction between an investor and a company booked using the equity method. Such difference shall at no time be higher than the investor's remaining unrealized profit.

§ 3-3a. (repealed by Act of 14 June 2013 No. 40)**II. Equity requirements****§ 3-4. Requirement of adequate equity**

The company shall at all times have an equity and liquidity which is adequate in terms of the risk and scope of the company's business.

§ 3-5. Obligation to act on loss of equity

(1) If the equity is presumed to be less than adequate in terms of the risk and scope of the company's business, the board of directors shall forthwith deal with the matter. The same shall apply if the company's equity is assumed to be less than half the share capital. The board of directors shall within a reasonable time call a general

meeting and report to it on the company's financial position. If the company does not have adequate equity in accordance with § 3-4, the board of directors shall propose to the general meeting measures to restore the equity. In such cases as mentioned in the second sentence of this paragraph, the general meeting shall be convened within six months at the latest.

(2) If the board of directors does not find it justified to propose measures as mentioned in first paragraph fourth sentence, or such measures are not feasible, it shall propose liquidation of the company.

III. Distributions

§ 3-6. *Distribution from the company etc.*

(1) Any distribution from the company may only be done in accordance with the rules regarding dividends, capital reduction, merger or demerger of companies, and repayment following liquidation.

(2) Distribution includes any transfer of values which directly or indirectly benefits the shareholder. The value shall be the actual value on the date of transfer.

(3) When provisions in this Act stipulates amount limitations for the right to distribution from the company, it is an asset's balance sheet value that is determinative when considering whether the value falls within the limitations. The Ministry may by way of regulations decide that another value can be relied upon in relation to stipulated distributions.

(4) The Ministry may by way of regulations issue rules regarding the calculation of distributable and tied-up equity when the annual accounts are prepared in a currency other than Norwegian kroner.

§ 3-7. *Unlawful distributions*

(1) If a distribution has been made by the company contrary to statutory provisions of this Act, the recipient shall return the received assets. In the event of a distribution of dividends or repayment following capital reduction, merger, demerger or liquidation, the preceding rule is nevertheless inapplicable if the recipient, at the time he received the distribution, neither understood nor ought to have understood that it was unlawful.

(2) Anybody who on behalf of the company assists in adopting or carrying out a resolution for unlawful distribution and who understood or ought to have understood that the distribution was unlawful, is liable for ensuring that the distribution is returned to the company. Such liability may be modified in accordance with § 5-2 of the Liability Act.

IV. Transactions between the company and shareholders etc.

§ 3-8. *Agreements with shareholders or members of the company's administration etc.*

(1) An agreement between the company and a shareholder, a shareholder's parent company, a director or the general manager shall not be binding on the company unless the general meeting has approved the agreement if the consideration from the company has a real value greater than one twentieth of the share capital at the time of the acquisition or sale. This rule does not apply to:

1. agreement concluded in accordance with the provisions in § 2-4, cf. § 2-6, and § 10-2;
2. agreement as mentioned in § 6-10 and § 6-16a.
3. agreement concerning the transfer of securities at a price according to public quotation;
4. agreement entered into as part of the company's normal business and contains price and other terms that are customary for such agreements,
5. agreement covered by § 8-7 third paragraph first sentence no. 2 and 3, cf. second paragraph, if the parent company or the legal person owns all shares in the company,
6. agreement entered into in accordance with rules given in or pursuant to § 8-10.

(2) The board of directors shall ensure that a report is prepared on the agreement according to the rules of § 2-6 first and second paragraph. The report shall contain a statement to the effect that there is a fair balance between the value of the consideration to be paid by the company and the value of the consideration to be received by the company. The report shall be attached to the notice to the general meeting and it shall with undue delay be notified to the Register of Business Enterprises.

(3) Performance according to an agreement which is not binding on the company shall be returned. The provisions of § 3-7 second paragraph shall apply similarly.

(4) The provisions of first through third paragraph apply similarly when the agreement has been concluded with a shareholder's related party or a related party to a shareholder's parent company, or with anybody who acts by virtue of agreement or understanding with a party as mentioned in the provisions of the first paragraph.

§ 3-9. Intercompany transactions

(1) Transactions between companies of the same group shall be based on customary business terms and principles. Major agreements between companies of the same group shall be made in writing.

(2) Costs, losses, revenues and gains that cannot be attributed to any specific company of the group, shall be divided among the companies of the group in accordance with sound business practice.

(3) Distribution of dividends and intercompany contributions from a company of the group to the parent company and other companies of the group shall in any one financial year altogether not exceed the limit set forth in § 8-1.

Chapter 4. Shareholders, transfer of shares etc.**I. The shareholders' rights in the company****§ 4-1. The equality principle/share classes**

(1) All shares carry equal rights in the company. Notwithstanding the foregoing provision, the articles of association may provide that there shall be different kinds of shares (shares of different classes). The articles of association shall in such case specify the distinctions between the share classes, and the total nominal value of the shares within each class.

(2) The articles of association may provide that shares of one class may be exchanged for shares of another class.

§ 4-2. Entry in the register of shareholders as a condition for exercising shareholder's rights

(1) The transferee of a share may only exercise the rights that pertain to a shareholder when the transfer has been entered in the register of shareholders, or when the transfer has been reported and proved without being prevented by restrictions following from the provisions of §§ 4-16 through 4-23 below. This rule does not apply to the right to dividends and other distributions and the right to new shares in a capital increase.

(2) In connection with a change of ownership, the transferee and transferor may agree that the rights that pertain to a shareholder may be exercised by the transferor until such rights have been transferred to the transferee.

(3) The articles of association may provide that the right to attend and vote at the general meeting may only be exercised when the transfer has been entered in the register of shareholders five working days prior to the general meeting (date of registration).

§ 4-3. Jointly owned shares

If two or more shareholders own shares jointly, they shall appoint one of the owners to act as shareholder towards the company, except as otherwise provided in the articles of association.

II. Register of shareholders**§ 4-4. Requirement of register of shareholders**

(1) When a public limited liability company has been formed, the board of directors shall without delay ensure the creation of a register of shareholders for the company in a securities registry. If the register of shareholders is established before the company has been registered in the Register of Business Enterprises, this shall be stated. When registration with the Register of Business Enterprises has been completed, the board of directors shall report this to the securities registry without delay.

(2) The register of shareholders shall state:

1. the name of the company;
2. the share capital of the company;
3. the nominal value of the shares;
4. each shareholder's name, date of birth and address, or - for legal entities - the name, organization number and address;
5. the number of shares owned by each shareholder and the class to which the shares belong, if any;
6. if there are two or more classes of shares in the company, the special rules applying to the shares in the classes that are subject to special rules;
7. whether the right to transfer or pledge shares is restricted by the articles of association;
8. whether the shares may be redeemed without the shareholder's consent;
9. whether there are special obligations associated with the shares other than payment of capital contribution.

§ 4-5. Access to the register of shareholders

The register of shareholders shall be accessible to anyone. The King may issue rules regarding the right to access according to the preceding sentence, and may decide that the company shall upon request issue a transcript of the register of shareholders subject to a stipulated fee.

§ 4-6. Duty to disclose amendments of the articles of association

If an amendment of the articles of association may cause a misinterpretation of the registered articles of association that may lead to loss or inconvenience, it is incumbent upon the board of directors to ensure an amendment of these entries.

§ 4-7. Change of owners

In the event of change of ownership, the former owner shall forthwith ensure that it is reported to the securities registry.

§ 4-8. Capital increase

(1) In the event of a capital increase the new shares shall be registered from the date on which the shares give rights in the company.

(2) If the capital increase is not registered in the Register of Business Enterprises, this shall be noted in the register of shareholders. When registration in the Register of Business Enterprises has been completed, the board of directors shall forthwith report this to the securities registry.

§ 4-9. Share certificates

(1) When a shareholder has been registered in the register of shareholders, the company shall notify the shareholder of such registration.

(2) The notification shall be dated and include the information about the shareholder and his or her registered shareholdings. In the event of amendments in the registered information, the company shall notify the shareholder of such amendment.

§ 4-10. Trustee registration

(1) A bank or any other trustee approved by the King may be entered in the register of shareholders instead of a foreign shareholder when the shares are approved for trade on a Norwegian regulated market. A foreign shareholder is a company registered in a foreign country, except when the company's head office is situated in Norway, and a foreign national who is not resident in Norway. The King may consent to trustee registration of shares belonging to foreign shareholders also in other cases than those mentioned in the first sentence of this paragraph. Another Norwegian securities registry may in accordance with rules issued by the King create a partial register which is incorporated in the register of shareholders on behalf of a shareholder. § 4-5 applies similarly for the partial register. The company may in the articles of association stipulate that the company's shares may not be subject to a trustee registration.

(2) The register of shareholders shall set forth the name and address of the trustee and state that he is the trustee of the shares. The register shall also state the number of shares comprised at any time under the trusteeship.

(3) A trustee may not exercise other rights in the company than the right to receive dividends or other payments on the shares comprised under the trusteeship, including the allotment of new shares in connection with a capital increase. The trustee is authorized to receive such payments.

(4) If so demanded by the company or a public authority, the trustee is obliged to name each owner of the shares comprised under the trusteeship, and disclose the number of shares belonging to each owner.

(5) The King may issue regulations regarding the registration of trustees, and as to whether the trustee is obliged to furnish public authorities with information about the ownership of the shares that are held in trust, and the obligation to furnish public authorities or others with periodical reports about the ownership of the shares.

III. Register of subscription rights**§ 4-11. Register of subscription rights**

(1) The company shall have a register of subscription rights registered in the securities registry in which the company's shares are registered.

(2) The following information shall be entered into the registry of subscription rights:

1. any preferential rights of a shareholder when the share capital is increased by subscription of new shares;
2. any right to require the company to issue a share to a creditor according to an agreement regarding loans to the company;

3. any right to require the company to issue a share to a shareholder as a consequence of the subscription of new shares in the company;
4. any right to require the company to issue a share to the holder of special subscription rights issued by the company.
 - (3) Subscription right as aforesaid shall also be entered into an account which the holder of the rights shall have in a securities registry. The provisions in § 4-10 will similarly apply.
 - (4) The register of subscription rights shall state:
 1. the name of the company;
 2. the name, date of birth and address of the holder of the rights, or - in the case of legal entities - the name, organization number and address;
 3. the number of shares comprised under the subscription right, or the number of subscription rights that are required for the subscription of one share;
 4. the share class to which the new shares shall belong if there are to be shares of different classes in the company;
 5. whether the subscription right is linked to a share or to a claim, and whether the holder of the right may in such case separate the subscription right from the share or claim.
 - (5) The right of access under § 4-5 applies similarly to the register of subscription rights.

IV. Transfer and other change of ownership

§ 4-12. *Special reporting duty for directors, senior executive officers etc.*

(1) Each director, auditor, chief executive and other senior employees shall immediately notify the board of directors of their own and any personally related party's sale or acquisition of shares or other securities in the company. The notification shall be entered into a separate protocol.

(2) The provisions of the preceding paragraph apply similarly to the sale and acquisition of shares or other securities in other companies of the same group.

(3) The King may issue further rules on the notification duty under this section.

§ 4-13. *Identification and legal protection rules on change of ownership*

(1) The legal effects of registration in a securities registry are subject to §§ 7-1, 7-2 and 7-4 in the Norwegian Securities Registry Act.

(2) The acquirer of such a share will not acquire better rights to collect dividends or other payments from the company than the seller had. However, any distribution other than dividends only release the company from the obligation towards a later acquirer in good faith, if it has been registered on the shareholder's account in a securities registry.

(3) The articles of association are binding upon the acquirer even if the register of shareholders contains incorrect or incomplete information. Any restriction in the right to transfer or pledge the shares which has not been registered may however only be invoked against the acquirer if

1. the acquirer knew or ought to have known about the restriction at the time the acquisition was registered, or
2. the failure of registration is due to an error in a securities registry.

§ 4-14. *Share subscription rights*

The provisions in §§ 4-7, 4-12 and 4-13 apply similarly to share subscription rights.

V. Share transferring and pledging rights

§ 4-15. *Share transferring rights*

(1) Shares may change owner by transfer or by other means except as otherwise provided by statute, the company's articles of association or agreement between the shareholders.

(2) If the articles of association provide that the acquisition of shares is subject to approval from the company, that a shareholder or acquirer of a share shall have specific qualities, or that a shareholder or other person shall have the right to take over a share that has been or is to be transferred, the provisions of §§ 4-16 through 4-23 shall apply.

(3) Transfer restrictions in the articles of association or agreement among the shareholders are subject to the provisions in § 36 of the Agreements Act.

(4) The provisions in the three preceding paragraphs, cf. §§ 4-16 through 4-23 below, apply similarly to share subscription rights.

(5) The articles of association may not provide other limitations in the shareholders' right to transfer shares, from the date of registration cf. § 4-2 third paragraph until the general meeting, than what is otherwise applicable.

§ 4-15a. Pledging of shares

Shares may be pledged unless otherwise provided in the articles of association. Pledge in shares will obtain legal protection according to the rules of the Securities Registry Act. Agreement may provide that dividends are to be distributed to the pledgeholder, without the limitations in § 8-3 second paragraph.

VI. Consent requirements in the articles of association in connection with change of ownership

§ 4-16. The board of directors' decision

(1) If the articles of association provide that acquisition of a share is subject to consent, it pertains to the board of directors to decide whether to grant such consent, unless otherwise provided in the articles of association. The decision shall be made as soon as possible after the acquisition has been reported to the securities registry.

(2) Consent may not be withheld in the event of change of ownership by way of inheritance when the acquirer is personally related to the former owner. In any case consent may only be withheld on justifiable grounds. The articles of association may provide further conditions for withholding consent.

(3) The acquirer shall without delay be notified of the decision. If consent is withheld, the acquirer shall be provided with the reason thereof and be informed of any actions required to remedy the situation cf. § 4-17.

(4) If the acquirer has not been informed that consent has been withheld within two months following the report on the acquisition, consent shall be deemed to have been granted.

§ 4-17. The effect of withholding consent

(1) In the event that the board of directors withholds consent to the acquisition, the acquirer may

1. amend the agreement with the transferor, except as otherwise provided in the agreement;
2. dispose of the share;
3. initiate legal proceedings to try the validity of the refusal.

(2) Any measure under the preceding paragraph must have been commenced within two months after the acquirer was informed that consent to the acquisition had been withheld, unless the articles of association provide a longer period. If the period is exceeded, the board of directors may require the share to be sold through the enforcement authorities in accordance with the provisions on compulsory sale. The provisions of § 10-6, cf. § 8-16 of the Enforcement Act regarding the minimum acceptable bid, do not apply to the sale. If legal proceedings have been initiated to try the validity of a refusal decision, compulsory sale may at the earliest take place two months subsequent to a legally enforceable judgment.

VII. Provisions of the articles of association requiring a transferee or owner of a share to have certain qualities

§ 4-18. Provisions of the articles of association requiring a transferee or owner of a share to have certain qualities

If the articles of association provide that an acquirer or an owner of a share shall have certain characteristics, the board of directors may give an acquirer or owner who fails to meet these requirements a period of at least three months to remedy the situation. If within that period the owner has not

1. amended the agreement,
2. disposed of the shares, or
3. initiated legal proceedings to try whether the requirements in the articles of association have been complied with, the provisions on compulsory sale in § 4-17 second paragraph will apply.

VIII. Pre-emption right under articles of association

§ 4-19. Pre-emption right

The articles of association may provide that a shareholder or other person shall have the right to acquire a share that has been or is to be transferred. If such articles of association have been adopted, the provisions of §§ 4-20 through 4-23 will apply except as otherwise provided in the articles of association.

§ 4-20. Notification to holders of the right

When the securities registry receives notification pursuant to § 4-7, it shall immediately notify the company. The company shall immediately send written notifications to the right holders. The same procedure applies if a shareholder notifies the company that shares have been or are to be transferred.

§ 4-21. When does the pre-emption right arise

(1) The pre-emption right arises in the event of any form of change of ownership, except as otherwise provided by statute.

(2) The right may be exercised against any acquirer, except an acquirer who is personally related to the former owner or a relative in direct line of ascent or descent of the former owner.

(3) The pre-emption right may not be exercised for less shares than the total number of shares for which the right can be exercised. In the event of consecutive transfers of several shareholdings from the same owner or several owners, the right shall be exercised in respect of all the shares as a whole.

§ 4-22. Who has the pre-emption right

(1) All shareholders have equal priority with regard to the right to acquire the share or the shares.

(2) When the pre-emption right is exercised by two or more shareholders in the company, the shares will be allotted to them in proportion to the number of shares in the company already owned by these shareholders. If there are two or more share classes in the company, shareholders of the same class have a preferential right over shareholders of other classes.

(3) Shares that cannot be allotted equally according to the rules of the two preceding paragraphs shall be allotted among the shareholders by drawing of lots.

§ 4-23. Exercise of the pre-emption right

(1) The pre-emption right is exercised by notification to the company. The notification must have arrived at the company no later than two months after the notification on the change of ownership in accordance with § 4-20 was received by the securities registry or the company.

(2) The redemption amount shall be fixed in accordance with the actual value of the share at the time the right is exercised. Any provision in the articles of association which sets forth the price or how the redemption price should be calculated may be adjusted in accordance with § 36 of the Contract Act. The holder of a right shall within the two-month period mentioned in the first paragraph have taken the necessary steps to have the redemption amount finally determined according to a procedure set forth in the articles of association or if appropriate by requesting a valuation. Can agreement on the redemption price not be reached it shall be determined by valuation except as otherwise agreed.

(3) The redemption amount is due and payable within one month following from the day on which the notice of the exercise of the pre-emption right was put forward or within two weeks from the final decision of a dispute about the redemption amount.

(4) The time limit set forth in this section may not be extended in the articles of association.

IX. Forced transfer of shares**§ 4-24. Redemption of small shareholdings**

(1) The company may make an offer to acquire shares that are owned by shareholders who each have so few shares in the company that the combined value of the shares according to the official price on the offering date does not exceed 500 kroner. An offer stating the redemption amount per share and the time limit within which to accept the offer shall be sent in writing to all shareholders whom the offer applies and whose address is known and. The acquisition shall be in accordance with the provisions regarding acquisition of treasury stock in §§ 9-2 through 9-8.

(2) If the company has made an offer in accordance with the provisions in the first paragraph, without all the shares under the offer having been acquired by the company, the Ministry may give the company permission to execute a compulsory transfer of the remaining shares.

(3) When the company has decided to execute a compulsory transfer under the Ministry's permission, the company shall be entered in the register of shareholders as the owner of the shares. This does not apply to shares of shareholders who after the offer was presented, have been registered as acquiring so many shares that they are no longer comprised under the offer.

(4) The provisions of § 4-25 second, third and fourth paragraph on the determination of the redemption amount will similarly apply.

(5) The valuation will take place in the venue where the company has its registered office. All the shareholders affected by the valuation may be called as parties. The company shall cover any expenses raised by the valuation.

§ 4-25. Forced transfer of shares in subsidiaries etc.

(1) When a public limited liability company alone or through subsidiaries owns nine tenths or more of the shares in a subsidiary and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the subsidiary. Each of the other shareholders of the subsidiary shall have the right to demand the parent company to take over the shares.

(2) The redemption amount will in the absence of agreement or acceptance of offer according to paragraph three third sentence be fixed by discretionary valuation at the expense of the parent company. Whenever special reasons so indicate it may be decided that all or part of the expenses shall be paid by the other party. The discretionary valuation shall be held in the venue where the company has its registered office.

(3) The parent company shall give the shareholders a redemption offer. If this offer is addressed in writing on paper to all shareholders whose addresses are known, and is in addition published in the Brønnøysund Register Center's electronic bulletin for public announcements a time limit may be set within which each shareholder may raise objections or reject the offer. If such objection does not reach the company within the time limit, the shareholder shall be deemed to have accepted the offer. The period may not be shorter than two months following the announcement. The written offer and the announcements shall draw the shareholder's attention to the time limit and the consequences of exceeding it.

(4) Even if a shareholder is deemed to be bound under paragraph three third sentence above, the court may on motion of the shareholder set aside the agreement pursuant to the provisions in § 36 of the Contract Act. The company shall cover any expenses which the proceedings raise. The provisions of paragraph two second and third sentences will similarly apply.

(5) When a parent company has decided to take over shares according to paragraph one above, the parent company shall be registered as owner of the shares in the register of shareholders. At the same time the parent company shall pay the total offer price to a separate account with a bank which can conduct business in Norway.

(6) The provisions in paragraph one through five apply similarly when a shareholder who is not a public limited liability company owns such large shareholdings in a public limited liability company as provided in paragraph one.

(7) With regard to redemption in connection with mandatory bids and voluntary bids as set out in chapter 6 of the Securities Trading Act, special provisions as provided in § 6-22 of the Securities Trading Act will apply.

Chapter 5. General meeting

I. General rules

§ 5-1. Authority of the general meeting

(1) Through the general meeting the shareholders exercise the supreme authority in the company.

(2) The foregoing provision notwithstanding, the general meeting may not review resolutions of the corporate assembly pursuant to § 6-37 first and fourth paragraph or board of directors' resolutions under § 6-37 fourth paragraph second sentence. The King may grant individual exceptions from the preceding sentence when the company is a subsidiary and the employees of the subsidiary have a right to be represented on the board of directors or in the corporate assembly pursuant to a resolution as mentioned in § 6-5 or § 6-35 fifth paragraph, or in the articles of association.

§ 5-2. Shareholders' attendance. Proxy

(1) The shareholders have the right to attend general meetings, either personally or by proxy at their option. The right of attendance may not be restricted by the articles of association.

(2) The person authorized to serve under proxy shall submit a written and dated instrument of proxy. If the proxy is presented by way of electronic transmission, a secure method shall be utilised to authenticate the transmitter. The proxy is deemed valid only for the forthcoming general meeting unless otherwise is clearly provided. The shareholder may at any time revoke the proxy. With regard to a revocation of proxy, first and second sentence will similarly apply.

(3) A shareholder may be assisted by an adviser and may give one adviser the right to speak.

§ 5-3. Requirement of advance notice to the company

(1) The articles of association may provide that shareholders who intend to participate in the general meeting shall notify the company accordingly within a certain time limit. The time limit may not expire earlier than five days before the meeting.

(2) The time limit shall be stated in the notice of the general meeting. A shareholder who has not given notice within the time limit may be denied access.

§ 5-4. Voting rights. Disqualification

(1) Each share carries one vote except as otherwise provided by statute or the articles of association. The articles of association may restrict the voting rights of certain persons. The articles of association may also provide that the shares of a certain share class shall not carry voting rights or shall have limited voting weight. Any such provision is subject to the approval of the Ministry if the combined nominal value of shares in the company with such voting restrictions shall make up more than half the share capital in the company.

(2) Voting restrictions related to a share or a person rank after provisions of this Act which grant rights to each shareholder or to shareholders who own or represent a certain part of the share capital. The same will similarly apply to provisions that - in order for a resolution to be adopted - require the support of a certain part of the share capital which is represented at the general meeting.

(3) Voting rights may not be exercised for a share which belongs to the company itself or a subsidiary. Such a share shall not be counted when a resolution requires the consent of all the shareholders or a certain part of the share capital, or when a right can be exercised only by the owners of a certain part of the company's share capital.

(4) Nobody may personally or by proxy or as proxy participate in a vote at the general meeting regarding legal action against himself or regarding his own liability to the company, or regarding legal action against others or regarding other persons' liability if he or she has a major interest in the case that may be in conflict with that of the company.

§ 5-5. Right and obligation of the management to attend the general meeting

(1) The chairman of the board and the general manager and the chairman of the corporate assembly shall attend general meetings. When absent for valid reasons, a deputy shall be appointed. Other members of the board and members of the corporate assembly may attend the general meetings.

(2) The members of the board, general manager and members of the corporate assembly may speak in general meetings.

II. General meetings etc.**§ 5-6. Ordinary general meeting**

(1) Within six months from the end of each financial year, the company shall hold an ordinary general meeting.

(2) The ordinary general meeting shall deal with and decide on the following matters:

1. adoption of the annual financial statement and annual report, including the distribution of dividends;
2. any other matters which by virtue of law or the articles of association pertain to the general meeting.

(3) The ordinary general meeting shall also deal with the board of directors' declaration concerning the fixing of salaries and other remuneration to senior employees pursuant to § 6-16a. An advisory vote shall be held following the board of directors' guidelines for fixing remuneration to senior employees. The guidelines on remuneration as mentioned in § 6-16a first paragraph third sentence must be approved at the general meeting.

(4) Public Limited Liability Companies which are under an obligation to provide a statement of business management in accordance with the Accounting Act § 3-3 b shall deal with this matter at the ordinary general meeting.

(5) The annual financial statement, annual report, auditor's report and statement by the corporate assembly pursuant to § 6-37 third paragraph and the declaration of the board of directors pursuant to § 16-6a shall at the latest one week before the general meeting be sent to every shareholder whose address is known.

§ 5-7. Extraordinary general meeting

(1) The board of directors, corporate assembly or chairman of the corporate assembly may decide to call an extraordinary general meeting.

(2) The board of directors shall call an extraordinary general meeting whenever the auditor who audits the company's annual accounts or shareholders representing at least one twentieth of the share capital so demand in writing in order to deal with a specific matter. The board of directors shall ensure that the general meeting is held within one month from the demand was submitted.

§ 5-8. Place of the general meeting

The general meeting shall be held in the municipality where the company has its registered office, unless the articles of association provide that it shall or may be held in another specified place. If necessary for special reasons, the general meeting may be held elsewhere.

§ 5-8a. Electronic participation on general meetings

(1) Unless the articles of association provide otherwise, the board of directors may decide that shareholders may participate in the general meeting by electronic means, including a right for shareholders to exercise his or her shareholder rights by electronic means.

(2) The board of directors may establish a right as provided for in paragraph one only if it ensures that the general meeting can proceed safely and properly and that there are systems which ensure compliance with statutory provisions regarding general meetings. The system must ensure satisfactory control of participation and voting at the general meeting, and a secure method must be put in place to authenticate the sender.

(3) The articles of association may provide further requirements with regard to participation on the general meeting by electronic means.

§ 5-8b. Written vote prior to the general meeting

The articles of association may provide that the shareholders may, within a limited time prior to the general meeting, deliver their votes in writing, which shall include the use of electronic means. Voting in writing requires an adequately secure method to authenticate the sender. The articles of association may provide further requirements with regard to voting in writing.

III. Notice and information to shareholders in connection with general meetings**§ 5-9. Authority to convene a general meeting**

(1) General meetings are convened by the board of directors. Companies which have a corporate assembly may provide in the articles of association that the general meeting shall be called by the chairman of the corporate assembly.

(2) Should the board of directors or chairman of the corporate assembly fail to call a general meeting which is to be held by virtue of statute, the articles of association or a former resolution of a general meeting, the District Court shall do so immediately upon request from a member of the board, a member of the corporate assembly, the general manager, the auditor who audits the company's annual accounts or a shareholder. Any expenses shall be covered by the company.

§ 5-10. Requirements to the notice

(1) The general meeting is convened by written notice to all shareholders whose address is known. The notice shall set forth the time and place of the meeting. The company may not require compensation in any form for the submission of the notice.

(2) A notice of general meeting shall be sent at the latest two weeks before the date of the meeting, unless the articles of association require a longer period. Any such provision in the articles of association does not apply to a notice which is given following a demand under § 5-7 second paragraph above.

(3) The notice shall, in a proposal to the agenda, specify the matters which are to be dealt with at the general meeting. Any proposal to amend the articles of association shall be quoted in the notice. The notice shall also state the name of the person appointed by the board of directors to open the general meeting, or the name of the person who will be opening the general meeting pursuant to the articles of association, cf. § 5-12 first paragraph. The board of directors shall prepare a proposal for the agenda in accordance with the provisions of law and the articles of association.

(4) Companies providing participation by electronic means at the general meeting in accordance with § 5-8 a or voting as laid down in § 5-8 b, shall in the notice of the general meeting inform the general meeting of this matter. Companies which by way of articles of association have adopted a resolution in accordance with § 5-11 a, shall in its notice provide information as to the internet site of the company and information that shareholders may need in order to have access to these documents, and information as to whom the shareholders may turn to in order to have the documents submitted to them. Companies which by way of articles of association have adopted a resolution in accordance to § 4-2 paragraph three, shall in the notice state the company's date of registration and that only those shareholders who have been registered in the register of shareholders have the right to participate and vote in the general meeting.

(5) The requirements in § 5-9 second and third paragraph of the Securities Trading Act will apply similarly to companies comprised by § 5-4 of the Securities Trading Act.

§ 5-11. A shareholder's right to have matters dealt with by the general meeting

A shareholder has the right to put matters on the agenda of the general meeting. The matter shall be reported in writing to the board of directors within seven days prior to the time limit for the notice to the general meeting, along with a proposal to a draft resolution or an explanation as to why the matter has been put on the agenda. In the event that the notice has already taken place, a new notice shall be sent if the time limit has not already expired. A shareholder has in addition a right to put forward a proposal for resolution.

§ 5-11a. Exemption to the requirement to submit documents which have been posted on the internet site of the company

The articles of association may provide that when documents have been made available on the internet site of the company regarding matters which are to be dealt with at the general meeting, the statutory requirements which state that these documents shall be sent to the shareholders shall not apply. This exemption is also applicable with regard to documents which according to statutory law shall be included in or attached to the notice of the general meeting. A shareholder may in any case require the submission of documents regarding matters which are to be dealt with at the general meeting. The company shall be required to send the documents free of charge to every shareholder who so requests.

§ 5-11b. Special rules with regard to convocation and information to shareholders about the general meeting in companies whose shares have been admitted to quotation on a regulated market

For companies whose shares have been admitted to quotation on a regulated market, cf. the Regulated Markets Act of 29 June 2007 no. 74 § 3, and which are situated in, or carry on activity in an EEA state, the following special rules apply:

1. The time limit for notice pursuant to § 5-10 second paragraph, first sentence is 21 days, unless the articles of association provide otherwise, cf. Securities Trading Act § 6-17 paragraph six. In companies where shareholders may vote by electronic means cf. § 5-8 a, the general meeting may by majority as for amendments of the articles of association and with effect until the next annual general meeting determine that notice of a general meeting shall be sent no later than two weeks prior to the general meeting.
2. The notice shall in addition to the requirements in § 5-10 comply with the requirements following from regulations determined by the King regarding the implementation of Directive 2007/36/EC Article 5 no 3.
3. Information and forms regarding the general meeting shall be available to shareholders on the internet site of the company in compliance with regulations determined by the King as part of the implementation of Directive 2007/36/EC Article 5 no. 4 and Article 14 no. 2.

IV. Meeting rules**§ 5-12. Opening of the meeting. Person chairing the meeting**

(1) General meetings are opened by the chairman of the board or by a person appointed by the board of directors. If the company has a corporate assembly, the general meeting is opened by the corporate assembly chairman or another person appointed by the corporate assembly. If the articles of association determine a chairman of the meeting cf. paragraph 3 second sentence, the general meetings shall be opened by the chairman of the meeting.

(2) The District Court shall appoint the person who will open the general meeting if so demanded by shareholders representing more than one twentieth of the share capital no later than seven days prior to the general meeting. The same applies when the general meeting is called by the District Court. The decision of the Court may not be appealed.

(3) The general meeting shall elect a chairman for the meeting who need not be a shareholder. The articles of association may name the person to chair the meeting.

§ 5-13. List of shareholders at the meeting

The person opening the meeting shall before the first vote draw up a list of the shareholders who are attending the meeting, either personally or by proxy. The list shall set forth the number of shares and votes each of them represents. The list shall be used until altered by the general meeting.

§ 5-14. Matters outside the agenda

(1) Matters that have not been reported to the shareholders according to the rules for convening the general meeting may not be decided at the meeting without the consent of all shareholders.

(2) The fact that the matter has not been entered on the agenda shall nevertheless not prevent

1. the ordinary general meeting from deciding matters which pursuant to law or the articles of association shall be dealt with in the meeting;
2. the ordinary general meeting from deciding proposals for investigation under § 5-25 first paragraph;
3. a resolution to convene for a new general meeting to decide any proposals submitted at the meeting.

§ 5-15. Disclosure duty of the management

- (1) A shareholder may require members of the board, members of the corporate assembly and general manager to furnish in general meetings all available information about matters that may affect the consideration of
1. the adoption of the annual financial statement and annual report;
 2. any matters that have been submitted to the shareholders for decision;
 3. the company's financial position, and the business of other companies in which the company participates, and any other matters which the general meeting is to deal with, unless the information required cannot be given without disproportionately harming the company.
- (2) If information has to be sought so that answers cannot be given at the general meeting, written answers shall be prepared within two weeks after the meeting. The answers shall be kept available to the shareholders at the company's office and sent to all shareholders who have asked for the information. An answer which is deemed to be of major importance to the consideration of matters as mentioned in paragraph one shall be sent to all shareholders whose address is known.

§ 5-16. Minutes

- (1) The person chairing the meeting shall ensure that minutes from the general meeting are kept.
- (2) Resolutions of the general meeting shall be entered in the minutes together with the outcome of the voting. The minutes shall state the number of submitted votes, how many shares and the part of the share capital representing the number of submitted votes, in favor of and against the resolutions to the extent this is relevant for the outcome of the vote. The list of the attending shareholders pursuant to § 5-13 shall be included in or attached to the minutes.
- (3) The minutes shall be signed by the person chairing the meeting and at least one other person elected by the general meeting among the attending shareholders. The minutes shall be kept available to the shareholders at the company's offices and shall be adequately stored.

V. Majority requirements etc.

§ 5-17. Ordinary majority requirement

- (1) A resolution of the general meeting requires a majority of the votes cast, except as otherwise provided by statute. In the event of a tie, the person chairing the meeting has the casting vote, whether or not he has voting rights.
- (2) In the case of election or employment, the person(s) who obtains the largest number of votes is deemed to be elected. The general meeting may decide in advance that renewed voting shall be held if nobody obtains a majority of the votes cast. In the event of a tie, the decision will be made by drawing of lots.
- (3) The articles of association may provide for majority requirements that differ from those of the present paragraph, and provide differing rules in the event of a tie.

§ 5-18. Amendment of the articles of association

- (1) A resolution to amend the articles of association shall be adopted by the general meeting, except as otherwise provided by statute. The resolution requires the support of at least two-thirds of the votes cast and of the share capital represented at the general meeting.
- (2) A resolution to amend the articles of association which detracts from the rights of an entire class of shares requires the support of owners of two-thirds of the represented capital of that class. Moreover, at least half the votes of the shareholders who do not own shares in any other class shall have been cast in favour of the proposal.
- (3) The articles of association may provide stricter majority requirements than those contained in the present paragraph.

§ 5-19. Qualified majority requirement

- (1) The supporting vote of owners of shares making up more than nine-tenths of the share capital represented at the general meeting, and moreover a majority as for amendments of the articles of association, are required for a resolution which in respect of issued shares causes the shareholders' right to dividends or to the company's assets to be reduced otherwise than by a provision as mentioned in § 2-2 second paragraph.

(2) In a company where the shares may change owner without the consent of the company under § 4-15 second paragraph, cf. §§ 4-16 and 4-17, the majority mentioned in paragraph one is required also for a resolution under which issued shares can be acquired only with the consent of the company. In a company in which the shares may change owner regardless of the provisions on pre-emption rights pursuant to § 4-15 second paragraph, cf. §§ 4-19 through 4-23, the same majority requirement applies to a resolution which for issued shares has the consequence that the shareholders shall be entitled to take over a share which has changed or will change owner (pre-emptive right). The majority requirement in paragraph two shall also apply to a resolution which for issued shares has the consequence that the acquirers of a share or shareholders shall have certain qualifications, cf. § 4-18 above.

§ 5-20. Requirement of unanimity etc.

(1) A resolution requires the support of all the shareholders when it in respect of issued shares, has the result:

1. that the obligations of the shareholders towards the company are increased;
2. that the right to assign or acquire shares in the company is restricted otherwise than as mentioned in § 5-19 second paragraph;
3. that shares may be subject to compulsory redemption;
4. that the legal relationship among formerly equivalent shares is altered;
5. that the right of shareholders to collect dividends or to the company's capital is reduced by a provision as mentioned in § 2-2 second paragraph.

(2) If such a resolution affects only some of the shareholders, the resolution requires the support of all affected shareholders and moreover a majority as for amendments of the articles of association.

§ 5-21. Abuse of the general meeting's authority

A general meeting may not adopt any resolution which is suited to give certain shareholders or others an unreasonable benefit at the expense of other shareholders or the company.

VI. Legal action to void a resolution

§ 5-22. Authority to bring legal action for avoidance

A shareholder, director, member of the corporate assembly or general manager may bring legal action to void a resolution of a general meeting on the ground that it was unlawfully adopted or is otherwise in conflict with statute or the articles of association of the company. Such action may also be brought by a majority of the employees or alternatively unions that comprise two-thirds of the employees.

§ 5-23. Period allowed for bringing legal action

(1) Any legal action to void a resolution under § 5-22 must be brought within three months after the resolution was adopted. Otherwise the resolution is valid.

(2) The provisions in paragraph one are not applicable in the event that:

1. the resolution is of such character that it cannot be adopted even with the consent of all the shareholders;
2. the resolution is subject to the consent of all or certain shareholders by virtue of statute or the articles of association and such consent has not been given;
3. notice of general meeting has not taken place, or the rules on notices to general meetings have been substantially disregarded;
4. legal action is brought within two years from the time limit set forth in paragraph one and the court finds that the plaintiff has had reasonable grounds for his dereliction and that it would be manifestly unreasonable to deem the resolution valid.

§ 5-24. Judgment voiding the resolution

(1) A judgment voiding a resolution adopted by the general meeting or which alters the resolution will take effect for all those who are granted the right to bring legal action pursuant to § 5-22.

(2) The judgment may only alter the resolution if the plaintiff has submitted a motion to that effect and the court is able to determine the content which the resolution ought to have had.

(3) If the resolution has been reported to the Register of Business Enterprises, the judgment shall be reported and registered with the Registrar. It is incumbent upon the company to cover any expenses arising hereof.

VII. Investigation

§ 5-25. *Proposal for investigation*

(1) A shareholder may propose that the incorporation of the company, its administration or specified matters relating to the administration or the accounts be investigated. The proposal may be submitted at an ordinary general meeting or at a general meeting whose agenda sets forth the proposal for an investigation.

(2) If the proposal is supported by shareholders owning at least one-tenth of the share capital which is represented at the general meeting, any shareholder may within one month from the date of the general meeting require the District Court to pronounce by decree a decision for investigation.

§ 5-26. *Decision of the District Court*

(1) The District Court shall comply with a requirement for investigation under § 5-25 second paragraph if the court finds that it has reasonable grounds for doing so.

(2) Before the court comes to a decision, the court shall give the company and if appropriate, any other party whom the investigation will also comprise, an opportunity to give a statement.

(3) The court appoints one or more investigators. The provisions regarding the auditor as set out in §§ 4-1 through 4-7 and § 5-2 third paragraph in the Auditors Act will similarly apply to the investigators. They have an obligation to maintain secrecy according to the provisions applicable for auditors.

(4) The court fixes the investigators' fees in its decree. It is incumbent upon the company to cover the expenses relating to the investigation. The court may decide that the company shall make an advance deposit of an appropriate amount.

§ 5-27. *Investigators' right to information*

(1) The senior employees in the company, members of the board of directors and corporate assembly and any authorized accountants according to the Accounting Act, shall, upon the investigators' request, hand over any information of which they have knowledge and may be of importance to the investigation. The disclosure obligation in this provision applies similarly to persons who formerly held such managerial positions or duties as set out in the first paragraph.

(2) The company shall give the investigators access to conduct such investigations as they find necessary, and shall hand over information which the investigators may require in the course of the investigation. Demands for release of information shall be submitted to the company in writing, and the company shall be given a time limit of minimum one week to complete the requirements.

(3) The investigators' disclosure demands as defined in the second paragraph of this provision concerning documents or other objects which may contain information of importance for the investigation, and which the company is required to prepare or be custodian of, is basis for extinction in accordance with the Enforcement Act § 13-2 first paragraph.

(4) The company's bank connections shall give the investigators access to information regarding the company's customer relationship with the bank, and confidentiality clauses shall not apply.

§ 5-28. *Investigation report*

(1) The investigators shall submit a written report on the investigation to the District Court.

(2) The court convenes for a general meeting to deal with the investigation report. The report shall at least one week before the meeting be sent to every shareholder whose address is known.

Chapter 6. Company management

I. Requirements of board of directors and general manager. Election of board of directors, term of service etc.

§ 6-1. *Board of directors*

(1) The company shall have a board of directors comprising of at least three members. Companies which have a corporate assembly shall have a board comprising of at least five members.

(2) The board of directors elects its own chairman except when he has been elected by the general meeting, cf. however § 6-37. The board of directors shall always elect its chairman if it has been agreed that the company shall not have a corporate assembly, cf. § 6-35 (2).

(3) The general manager may not be member of the board of directors.

§ 6-2. *General manager*

(1) The company shall have a general manager.

(2) The general manager is appointed by the board of directors. In the articles of association the authority of the board of directors may however be vested in the corporate assembly, or in the general meeting if the company does not have a corporate assembly. In the event that it has been agreed that the company shall not have a corporate assembly, cf. § 6-35 second paragraph, it is always for the board of directors to elect the general manager.

§ 6-3. Election of members of the board of directors

(1) Directors are elected by the general meeting, which also decides whether to elect any deputy directors. (2)

The preceding paragraph does not apply to directors who are to be elected by the employees in the company under § 6-4, or who are to be elected by the corporate assembly under § 6-37.

(3) The articles of association may provide that the general meeting's right of election pursuant to paragraph one shall be transferred to others. More than half of the board of directors must, however, be elected by the general meeting unless the right to elect is assigned to a corporate body stipulated in the articles of association. The right of election may not be transferred to the board of directors or to a member of the board of directors.

§ 6-4. Employees' right to elect members of the board of directors

(1) When a company with more than 30 employees has not established a corporate assembly (cf. § 6-35), a majority of the employees may require the election of one member of the board of directors and one observer, both with deputies by and amongst the employees.

(2) When a company with more than 50 employees has not established a corporate assembly (cf. § 6-35), a majority of the employees may require the election of up to one-third and at least two of the members of the board of directors with deputy directors, by and amongst the employees.

(3) When a company has more than 200 employees and it has been agreed that the company shall not have a corporate assembly (cf. § 6-35 second paragraph), the employees shall elect one member of the board of directors with deputy director or two observers with deputies in addition to the representation following from the preceding paragraph.

(4) The King may issue regulations on the calculation of the number of employees, including the use of average figures. The King may also issue regulations on the election, including the conditions of voting rights and eligibility, the method of election and the decision of election disputes, and the termination of the office of director. The King may issue exceptions from the provisions of first, second and third paragraph.

§ 6-5. Employees' right to elect members of the board of directors in company groups

(1) When a company belongs to a group of companies, a written agreement may be entered into between the group of companies and the majority of the employees, or between the group of companies and one or more of local unions that represents a majority of the employees in the group of companies, deciding that the employees of the group of companies for the purposes of applying § 6-4 shall be considered as employed in the company.

(2) When a company belongs to a group of companies, and an agreement as mentioned in the first paragraph is not entered into, the King may, following an application from the group of companies, from a majority of its employees or from one or more local unions that represents a majority of the employees in the group of companies, decide that the employees of the companies for the purposes of applying § 6-4 shall be considered as employed in the company.

(3) The first and second paragraphs apply similarly when a company constitutes a part of a group of enterprises that are connected through ownership interests or joint administration.

(4) The King may decide that this present section shall apply to parts of a group of companies or such group of enterprises.

§ 6-6. Member of the board of directors' term of service

(1) Members of the board of directors serve for two years. The articles of association may provide for a shorter or longer term of service, although not for more than four years. For the purpose of supplementary elections, the period of service may be made shorter.

(2) The period of service commences on the date of the election except as otherwise provided. It terminates at the end of the ordinary general meeting in the year of expiry of the period of service.

(3) Regardless of whether the period of service has expired, the director will remain in office until his replacement has been elected.

(4) The provisions in first and second paragraph do not apply to members of the board of directors who have been elected pursuant to § 6-4, cf. § 6-5 above.

§ 6-7. Retirement and removal before expiry of the term of service

(1) A member of the board of directors may on special grounds retire before his period of service has

expired. The board of directors and the body having elected the member of the board of directors shall be given reasonable advance notice.

(2) A member of the board of directors may be removed by the body having elected him. This rule does not apply to a member of the board of directors who has been elected pursuant to § 6-4, cf. § 6-5 above.

6-8. Supplementary elections

(1) If the office of a member of the board of directors terminates before the expiry of his period of service, and there is no deputy, the other members of the board of directors shall arrange for the election of a new member of the board of directors for the remainder of his period of service. They shall also do so if a member of the board of directors is deprived of legal capacity or barred from serving due to disqualification pursuant to §§ 142 and 143 of the Bankruptcy Act.

(2) If the election pertains to the general meeting, it may be postponed to the next ordinary general meeting provided the board of directors still constitutes a quorum.

§ 6-9. Deputy directors and observers

The provisions of this Act regarding members of the board of directors apply similarly to deputy directors and observers wherever appropriate.

§ 6-10. Remuneration

The remuneration of members of the board of directors, deputy directors and observers is fixed by the general meeting. In the event of bankruptcy, the right to collect remuneration terminates on the date of commencement of the bankruptcy proceedings.

§ 6-11. Requirement for members of the board and the general manager

(1) The general manager and at least half the members of the board of directors shall reside in Norway, except as otherwise provided individually by the King. The preceding paragraph does not apply to nationals of states that are parties to the EEA Agreement, when they are residents in such state.

(2) Only persons of age may be elected as members of the board of directors.

§ 6-11a. Requirement regarding the representation of both sexes on the board of directors

(1) On the board of directors of public limited liability companies, both sexes shall be represented in the following manner:

1. If the board of directors has two or three members, both sexes shall be represented.
2. If the board of directors has four or five members, each sex shall be represented by at least two members.
3. If the board of directors has six to eight members, each sex shall be represented by at least three members.
4. If the board of directors has nine members, each sex shall be represented by at least four members, and if the board of directors has more members, each sex shall represent at least 40 percent of the members of the board.
5. The rules in no. 1 to 4 apply correspondingly for elections of deputy members of the board of directors.

(2) The first paragraph does not apply to members of the board of directors who have been elected among the employees pursuant to § 6-4 or § 6-37 first paragraph. When two or more members of the board of directors as mentioned in the first paragraph are elected, both sexes shall be represented. The same applies to deputy directors. The provisions in the second and third sentence do not apply if one of the sexes is represented by less than 20 percent of the total number of employees in the company at the time of election.

II. Tasks and procedures etc. of the management

§ 6-12. Management of the company

(1) The management of the company pertains to the board of directors. The board of directors shall ensure a proper organization of the business of the company.

(2) The board of directors shall draw up plans and budgets for the company's business. The board of directors may also lay down guidelines for the business.

(3) The board of directors shall keep itself informed of the company's financial position and is obliged to ensure that its activities, accounts and capital management are subject to adequate control.

(4) The board of directors shall effectuate any inspections they consider necessary in order to perform its tasks. The board of directors shall effectuate such inspections if so demanded by one or more members of the board of directors.

(5) If it has been agreed that the company shall not have a corporate assembly, cf. § 6-35 second paragraph, the board of directors have the authority following from § 6-37 fourth paragraph.

§ 6-13. Supervisory responsibility

(1) The board of directors shall supervise the day-to-day management and the company's business in gen-

eral.

(2) The board of directors may issue instructions for the general manager.

(3) In companies having only one shareholder, the board of directors shall ensure that agreements between the company and the shareholder are entered into in writing.

§ 6-14. Day-to-day management

(1) The general manager is in charge of the day-to-day management of the company's business and shall comply with the guidelines and instructions issued by the board of directors.

(2) The day-to-day management does not comprise matters which by the company's standards are of an unusual kind or major importance.

(3) The general manager may decide matters under authorization from the board of directors in each case or whenever the board of directors' decision cannot be awaited without major inconvenience to the company. The board of directors shall be notified as soon as possible of the decision.

(4) The general manager shall ensure that the company's accounts are in accordance with statutory law and regulations, and that the capital management is properly organized.

§ 6-15. General manager's duties to the board of directors

(1) The general manager shall at least each month, at a meeting or in writing, furnish the board of directors with information on the company's business, position and profit/loss development.

(2) The board of directors may at any time require the general manager to furnish the board of directors with a detailed report on specific matters. Such report may be demanded also by each member of the board of directors.

§ 6-16. A subsidiary's relations with its parent company

(1) The board of directors of a subsidiary is obliged to furnish the board of directors of its parent company with the information that is necessary for the purposes of considering the position of the group and the results of the operation of the group.

(2) The parent company shall inform the board of directors of a subsidiary of matters that may be of importance to the group as a whole. The parent company shall also inform the subsidiary's board of directors of resolutions that may be of importance to the subsidiary, before they are finally adopted.

§ 6-16a. Declaration on the fixing of salaries and other remuneration for leading personnel

(1) The board of directors shall prepare a declaration on the fixing of salaries and other remuneration to the general manager and other senior employees. The articles of association may stipulate that the declaration shall be prepared by another body. The declaration shall include salary and also remuneration in the form of:

1. payment in kind,
2. bonuses,
3. allocation of shares, subscription rights, options and any other form of remuneration stemming from shares or the development of the official share price in the company or in other companies within the same group of companies,
4. pension schemes,
5. severance pay arrangements,
6. any other form of variables in the remuneration, or special compensation in addition to the basic salary.

(2) The declaration shall contain guidelines for the fixing of salaries and other remuneration as mentioned in the provisions in paragraph one for the next financial year. The guidelines should state the main principles of the company's policy regarding remuneration to senior employees. The guidelines shall state whether it shall be permitted to give remuneration in addition to the basic salary, whether conditions or limits shall be stipulated for such fees and, if so, what these conditions or limits are, in addition to any potential performance criteria or allocation/allotment criteria. The guidelines for schemes as mentioned in paragraph one third sentence no. 3 are binding on the board of directors, unless otherwise provided in the articles of association. The guidelines are precatory, although the articles of association may provide that they shall be binding. If the board of directors in an agreement deviates from these guidelines, the reasons for this shall be stated in the minutes of the board of directors' meeting.

(3) The declaration shall also provide a statement on the remuneration policy for senior employees of the previous financial year, including how the guidelines for fixing remuneration for senior employees have been implemented.

(4) The declaration shall moreover give an account of the effects on the company and the shareholders of agreements on remuneration as mentioned in the provisions of paragraph one third sentence number one through six which were entered into or amended in the previous financial year.

§ 6-17. Remuneration by others than the company

(1) A member of the board of directors, general manager or any employee of the company may not in connection with his performance of tasks on behalf of the company receive any remuneration from others than the company. This rule applies also to remuneration which a joint contractor or his or her representative has reserved right to receive from the company.

(2) Remuneration which a director or general manager may not receive may not be received by parties related to them.

(3) Remuneration that has been agreed or received contrary to the prohibition in first and second paragraph accrues to the company. So does any yield from and any assets replacing such remuneration.

(4) The present section does not prevent a member or the board of directors who does not participate in the day-to-day management from acting as agent in respect of the company subject to remuneration common for agents, provided that

1. the member of the board of directors does not also represent the company, and
2. the transaction forms part of an agent's business which the member of the board of directors conducts as his trade.

§ 6-18. Petition for debt and bankruptcy proceedings

(1) Any petition for debt negotiations or bankruptcy proceedings in the company can only be submitted by the board of directors.

(2) The board of directors represents the company as bankruptcy debtor in bankruptcy proceedings.

§ 6-19. The board of directors' procedure

(1) The board of directors shall deal with matters in meetings unless the chairman of the board finds that the matter can be submitted in writing or dealt with in some other adequate manner. The annual financial statement and annual report shall be dealt with in a meeting. In situations where the board of directors is responsible for the appointment of the general manager, the fixing of salary or other remuneration to the general manager shall be dealt with in a meeting. The same shall apply if the board of directors fixes the salaries and other remuneration of other senior employees.

(2) The chairman of the board shall ensure that the directors wherever possible can participate in a collective consideration of matters that are dealt with outside meetings. The directors and general manager may require the matter to be dealt with in a meeting.

(3) The board of directors' proceedings are chaired by the chairman of the board. If neither the chairman of the board nor the deputy chairman participates, the board of directors will elect an ad hoc chairman for the proceedings.

(4) The general manager is subject to both a right an obligation to participate in the board of directors' dealing with matters and to speak, except as otherwise decided by the board of directors in each case.

§ 6-20. Demand for the board of directors' consideration etc.

(1) The chairman of the board shall ensure the consideration of relevant matters that pertain to the board of directors.

(2) Each member of the board of directors and the general manager may require the board of directors to deal with specific matters.

§ 6-21. Preparation of matters

(1) The general manager prepares matters that are to be dealt with by the board of directors in consultation with the chairman of the board.

(2) A matter shall be prepared and submitted so that the directors have an adequate basis for dealing with it.

§ 6-22. Notice of board of directors' proceedings

The proceedings of the board of directors shall be announced in a suitable manner and with the necessary advanced notice.

§ 6-23. Board of directors' instructions

(1) In companies where the employees are represented on the board of directors, the board of directors shall issue instructions detailing the board of directors' activities and procedure.

(2) The instructions shall inter alia include rules as to which matters that are to be dealt with by the board of directors and the functions and duties of the general manager towards the board. The instructions shall also contain rules for notices of meetings and proceedings at meetings.

(3) The King may issue regulations regarding board instructions.

§ 6-24. Quorum of the board of directors

(1) The board of directors may adopt resolutions when more than half of the members of the board of directors are present or otherwise participate in the board of directors' proceedings, unless the articles of association provide stricter requirements.

(2) Notwithstanding this, the board of directors may not adopt resolutions unless all the members of the board of directors have wherever possible been invited to participate in the proceedings.

(3) If any member of the board of directors is absent and there is a deputy, the deputy shall be called to participate.

§ 6-25. Ordinary majority requirement

(1) A resolution of the board of directors requires the supporting vote of a majority of the directors who participate in the consideration of a matter. In the event of a tie, the chairman of the board has the casting vote. Those who vote in favour of a proposal which entails a change must however always make up more than one third of all the members of the board of directors.

(2) Stricter voting rules may be provided in the articles of association.

§ 6-26. Majority requirements for elections and appointments

(1) For the purposes of elections and appointments, the person who obtains the largest number of votes shall be deemed to have been elected or appointed. The board of directors may decide in advance to hold renewed voting if nobody obtains a majority of the votes cast.

(2) In the event of a tie in the election of chairman of the board or ad hoc chairman, the election will be decided by drawing of lots. In other cases, the chairman of the board has the casting vote.

(3) The articles of association may provide stricter voting rules.

§ 6-27. Disqualification

(1) A member of the board of directors may not participate in the discussion or decision of any matter which is of such particular importance to himself or any related party that he must be deemed to have a special and prominent personal or financial interest in the matter. This provision is similarly applicable to the general manager.

(2) Nor may a member of the board of directors or general manager participate in any decision to grant a loan or other credit to him-self or to issue security for his own debt.

§ 6-28. Abuse of position in the company etc.

(1) Members of the board of directors and others who represent the company pursuant to §§ 6-30 through 6-32 may not adopt any measure which may tend to give certain shareholders or others an unreasonable benefit at the expense of other shareholders or the company.

(2) The directors and general manager may not comply with any resolution by the general meeting or another company body if the resolution is contrary to law or the company's articles of association.

§ 6-29. The minutes of the board of directors

(1) Minutes shall be kept of the board of directors' proceedings. It shall at least provide the time and place, name the participants, the mode of procedure and the board of directors' resolutions. It shall state that the procedure satisfies the requirements of § 6-24.

(2) If the board of directors' resolution is not unanimous, the names of those having voted for and against shall be stated. Directors and general managers who do not agree on a resolution may require their opinion to be entered in the minutes.

(3) The minutes shall be signed by all the members of the board of directors who have participated in the proceedings. If the board of directors is comprised of at least 5 directors, and the resolution has been adopted in a meeting, the board of directors may elect two of them to sign. In such case a transcript of the minutes shall be sent to all the directors allowing them a period in which to return their comments, if any, which upon demand shall be included in the minutes.

III. The company's external affairs**§ 6-30. Representation of company**

The board of directors represents the company toward external parties and has the authority to sign for the company.

§ 6-31. Power of signature for the company

(1) The board of directors may authorize directors, the general manager or named employees to sign for the company. Such authorization may be included in the articles of association, which may also restrict the board of directors' powers to grant authorization to sign for the company.

(2) Powers to sign for the company may be revoked at any time. Authorization which is included in the articles of association may be revoked by the board of directors when the general meeting's resolution cannot be awaited without harming the company.

(3) The provisions regarding the general manager in § 6-27 apply similarly to any person authorized to sign for the company who is not a general manager or a member of the board of directors.

§ 6-32. The general manager's representation

The general manager represents the company externally in matters relating to day-to-day management.

§ 6-33. Exceeding authority

If anybody who represents the company in external matters pursuant to the provisions in §§ 6-30 through 6-32, in any transaction on behalf of the company, has exceeded his authority, the transaction is not binding on the company when the company documents that the other party to the transaction understood or ought to have understood that the authority was being exceeded and that it would be dishonest to invoke the transaction.

§ 6-34. Faulty election of director or appointment of general manager

Subsequent to the registration of the election of a member of the board of directors or appointment of a general manager in the Register of Business Enterprises, any defects in the election or appointment may not be invoked in respect of third parties unless the company can document that the third party was aware of any such defect.

IV. Corporate assembly. Special rules for companies having a corporate assembly**§ 6-35. Corporate assembly. Election of members to the corporate assembly**

(1) In companies having more than 200 employees there shall be elected a corporate assembly of 12 members or such higher number, divisible by three, as is determined by the general meeting.

(2) The company and a majority of the employees or unions comprising two-thirds of the employees may agree that the company shall not have a corporate assembly, cf. § 6-4 third paragraph. The King may issue further rules on the conclusion and contents of such agreement.

(3) Two-thirds of the members with deputy members of the corporate assembly are elected by the general meeting. The articles of association may transfer the election right to others, including employees of the company of a group of enterprises to which the company belongs. This election right may not be transferred to the corporate assembly itself or the board of directors, or to the members of these bodies. More than half the corporate assembly members shall be elected by the general meeting.

(4) One-third of the corporate assembly members with deputy members are elected by and amongst the employees. Employees or unions comprising two-thirds of the employees may decide that observers and deputy members shall be elected in addition. The number of observers may not exceed half the number of the employee members.

(5) If a company belongs to a group of enterprises that are connected through ownership interests or common administration, a written agreement may be entered into between the group of enterprises and a majority of the employees, or between the group of enterprises and one or more local unions that represents a majority of the employees of the group of enterprises, deciding that the employees of the group, for the purposes of applying the provisions in first paragraph shall be considered to be employed in the company, and that elections under paragraph four shall be conducted by and amongst the employees of the group of enterprises.

(6) If a company belongs to a group of enterprises that are connected through ownership interests or common administration, and an agreement as mentioned in the fifth paragraph is not entered into, the King may on application from the group of enterprises, or a majority of the employees of the group of enterprises, or from one or more local unions that represents the majority of the employees of the group of enterprises, decide that the employees of the group, for the purposes of applying the provisions in first paragraph shall be considered to be employed in the company, and that elections under paragraph four shall be conducted by and amongst the employees of the group of enterprises.

(7) The King may by regulation or individual decision grant exceptions from the provisions of first paragraph and fourth paragraph or decide that the provisions of sixth paragraph shall apply in relation to parts of the group of enterprises. The King may also issue supplementary regulations to the provisions of first, fourth, fifth and sixth paragraph, including conditions of voting rights and eligibility, the method of election, the decision of election disputes and the termination of membership in the corporate

assembly. The King may furthermore issue regulations for the calculation of the number of employees and the use of average figures.

§ 6-36. Requirements to corporate assembly members etc.

(1) Terms of service and termination of corporate assembly membership are similarly subject to §§ 6-6, 6-7 and 6-8. The terms of service according to § 6-6 first and second paragraph and the removal of a member pursuant to § 6-7 second paragraph, first sentence do not apply to members who have been elected by the employees according to § 6-35 fourth and fifth paragraph.

(2) Members of the board of directors and observers and the general manager may not be members or observers of the corporate assembly. At least half of the corporate assembly members shall be resident in Norway, unless an exception is issued by the King. This rule does not apply to nationals of states that are party to the EEA Agreement when they are resident in such state. The statutory provisions regarding corporate assembly members apply to observers and deputy members where appropriate.

(3) The corporate assembly elects its chairman amongst its members.

§ 6-37. Tasks of the corporate assembly

(1) It pertains to the corporate assembly to elect the members and the chairman of the board of directors. One-third of the corporate assembly members may require the election of new members of the board of directors and may require the election of members of the board of directors to be organized as proportional elections. Up to a third and at least two of the directors with deputies shall be elected amongst the company's employees if so demanded by a third of the corporate assembly members. Half of the members that are elected by and amongst the employees may require that the members of the board of directors be elected separately by the respective groups of shareholder-elected and employee-elected members. In exceptional circumstances, the King may grant an exception from the provisions of this paragraph in each case. The King may also issue supplementary rules regarding the election of members of the board of directors.

(2) The corporate assembly shall supervise the board of directors' and general manager's administration of the company. In meetings of the corporate assembly, each of the members and observers may demand information on the company's affairs to the extent they consider necessary. The corporate assembly may undertake inspections on its own or through a committee.

(3) The corporate assembly shall issue an opinion to the general meeting as to whether the board of directors' proposal for the income statement and balance sheet, if appropriate also the consolidated income statement and balance sheet, should be adopted, and as to the board of directors' proposal for the employment of the profit or coverage of the loss. The board of directors' proposal and the auditor's report shall be sent to the members of the corporate assembly at least one week before the proposal is to be considered. The corporate assembly may also make a statement to the general meeting regarding the board of directors' declaration on the fixing of salaries and other remuneration to senior employees pursuant to § 6-16a. The second sentence will similarly apply to the declaration.

(4) At the proposal of the board of directors, the corporate assembly adopts resolutions in matters that concern

1. investments that are substantial compared with the company's resources
2. such efficiency measures or alteration of the operations as will entail a major change or reallocation of the labour force.

If it is agreed that a corporate assembly shall not be established the board of directors shall adopt the resolutions mentioned in the preceding sentence, cf. § 6-12 fifth paragraph. The articles of association may moreover provide that certain transactions which do not pertain to the day-to-day management shall be subject to the consent of the corporate assembly. The King may issue regulations further defining the powers of the corporate assembly under the first sentence of this paragraph and concerning the proceedings in the corporate assembly meetings.

(5) The corporate assembly may adopt recommendations to the board of directors on any matter whatsoever.

(6) No other functions may be vested in the corporate assembly unless specifically authorized by statute.

§ 6-38. Rules of procedure etc.

(1) The chairman of the corporate assembly shall convene assembly meetings as often as necessary and moreover whenever at least one sixth of its members or the board of directors so demands. Unless otherwise decided by the corporate assembly in each case, directors, observers and general manager may attend and speak at assembly meetings. The chairman of the board and general manager are obliged to attend unless such attendance is obviously unnecessary or they are validly excused. In the latter case a deputy shall be appointed. The provisions in § 6-19 third paragraph and § 6-29 shall similarly apply to the conduct and minutes of assembly meetings. Regarding quorum and voting, the provisions in §§ 6-24 through 6-26 will similarly apply.

(2) The disqualification rules in § 6-27 and the provisions in § 6-28 concerning abuse of position in the company apply also to members and observers of the corporate assembly.

(3) Their remuneration will be fixed by the general meeting. The provisions of in § 6-17 will similarly apply to the remuneration of assembly members who act as agents.

§ 6-39. Investigation

The employee representatives of the corporate assembly may request that the District Court appoints by decree one or more inspectors to ascertain whether the disclosure duty pursuant to § 6-37 second paragraph has been satisfied and to obtain the right information. The provisions in § 5-26 will apply correspondingly. When the report has been submitted to the court, it shall be sent to the chairman of the corporate assembly. The corporate assembly shall be called to a meeting where the report shall be distributed and read.

§ 6-40. Corporate assembly according to provision of the articles of association

(1) The articles of association may provide that the company shall have a corporate assembly even when the conditions in § 6-35 are not met. Provisions regarding a corporate assembly that are issued in or pursuant to this Act will in such case apply similarly, except as otherwise provided by the articles of association.

(2) If the company belongs to a group of enterprises that are linked by owner interests or common administration, the articles of association may provide that employees of the group shall have voting rights for and be eligible to corporate assembly membership.

V. Audit committee

§ 6-41. Audit committee

(1) Companies with securities listed on a regulated market shall elect an audit committee. The audit committee is a preparatory and advisory working committee for the board of directors.

(2) The provision in paragraph one does not apply for companies which for the preceding accounting year satisfied at least two of the following three criteria:

1. an average number of employees of less than 250,
2. a balance sum of less than 300 million NOK at the end of the accounting year,
3. a net turnover of less than 350 million NOK.

In companies which are exempted from the requirement of having an audit committee, the board of directors shall perform the tasks referred to in § 6-43. When the board of directors performs such tasks, the chairman of the board may not participate in the meeting provided he is also a senior employees of the company.

(3) The provision in paragraph one does not apply to wholly owned subsidiaries if the parent company has appointed an audit committee which satisfies those requirements being applicable for an audit committee in the subsidiary company.

§ 6-42. Appointment of audit committee and its composition

(1) The members of the audit committee shall be elected by and amongst the members of the board of directors. Board members who are senior employees in the company may not be elected as members of the audit committee.

(2) The audit committee shall collectively have the competence which is necessary from the perspective of the organization and operation of the company in order to fulfill its tasks. At least one of the members of the audit committee shall be independent of the operations and shall also have qualifications within accounting or auditing.

(3) The articles of association of the company may contain provisions that the full board of directors may serve as the audit committee of the company to the extent the board of directors at all times satisfies the requirements of first paragraph, second sentence and second paragraph.

§ 6-43. The tasks of the audit committee

The audit committee shall:

- (a) prepare the follow-up of the financial reporting process for the board of directors,
- (b) monitor the systems for internal control and risk management including the internal audit of the company to the extent such a function is established,
- (c) have continuous contact with the appointed auditor of the company regarding the auditing of the annual accounts,
- (d) review and monitor the independence of the auditor, cf. Auditors Act chapter 4, in particular to which extent other services than audit services rendered by the auditor or the audit firm represents a threat against the independence of the auditor.

Chapter 7. Auditor

I. Election of auditor

§ 7-1. *The general meeting's election of auditor*

(1) The general meeting shall elect one or more auditors, and may elect one or more deputy auditors. The corporate assembly shall put forward proposals. If the company is required to have an audit committee according to § 6-41, the statement of the audit committee regarding the proposal for the auditor shall be presented to the general meeting prior to the election.

(2) The auditor's fee is subject to the approval of the general meeting.

§ 7-2. *Termination of the auditor's assignment*

(1) The auditor serves until another auditor has been elected.

(2) The company may not remove the auditor prior to the expiry of the service period without having a justifiable basis for doing so. Any disagreement relating to accounting management or auditing issues shall not be considered as forming a justifiable basis for removal.

(3) If the auditor's assignment expires before the end of the service period, the board of directors shall without delay arrange for the election of a new auditor. The board of directors shall make such arrangement also if the auditor no longer satisfies the conditions for eligibility as auditor of the company.

(4) The company shall without undue delay notify the Register of Business Enterprises that the service of the auditor is terminated. If the assignment is terminated prior to the expiry of the service period, companies of public interest cf. Auditors Act §5a-1, shall notify the Financial Supervisory Authority of Norway. The Ministry may by regulations give rules determining that notification of reasons for terminating the audit assignment according to second sentence of this provision, shall also apply to other public companies being subject to mandatory audit.

§ 7-3. *Election of a new auditor*

(1) The general meeting may only elect a new auditor when the notice of a general meeting states that such proposal will be put forward. The auditor is granted the right to submit his opinion relating to the proposal.

(2) If the general meeting has rejected a proposal for the election of a new auditor, shareholders representing at least one twentieth of the share capital may within one month from the date of the general meeting request the District Court to appoint by decree an auditor in addition to the company's other auditors. The request shall be complied with providing that the request is based on reasonable grounds.

(3) The court stipulates the period of service and the fee of the auditor which it has appointed. If the auditor intends to retire before his service period has expired, the court shall be given reasonable advance notice thereof.

§ 7-4. *Auditor's report*

The auditor shall for each financial year submit an auditor's report to the general meeting. The auditor's report shall have been received by the board of directors at least two weeks before the date of the ordinary general meeting. In companies as described in § 5-11 b the auditor's report shall be received by the board of directors no later than 22 days prior to the general meeting.

§ 7-5. *The auditor attends the general meeting*

The auditor shall attend the general meeting to the extent that the matters dealt with are of such nature that his presence may be deemed necessary. In general the auditor is granted a right to attend general meetings.

Chapter 8. Distribution of dividends and other employment of the assets of the company

I. Dividends and intercompany contributions

§ 8-1. *What may be distributed as dividend*

(1) The company may only distribute dividend to the extent that it after the distribution still has net assets covering the company's share capital and other restricted equity according to §§ 3-2 and 3-3. The calculation shall be made on the basis of the balance sheet in the company's last approved financial statements, however so that it is the registered share capital on the time of decision that applies.

(2) In the amount that may be distributed according to the first paragraph, a deduction shall be made for credit and collateral etc. according to §§ 8-7 to 8-10 from before the balance day which after these provisions shall lie within the scope of the funds the company can distribute as dividend. It shall however not be made a deduction for credit and collateral etc. that is reimbursed or settled before the time of decision, or credit to a shareholder to the extent that the credit is settled by a netting in the dividend. In the amount that may be distributed according to the first paragraph, a deduction shall also be made for the value of treasury shares that the company has acquired as pledge created by agreement before the balance day, with an amount equivalent to the accounts receivable secured by the pledge. This, however, does not apply if a deduction has been made for the accounts receivable according to the first sentence.

(3) When conducting the calculation according to the first paragraph, it shall be made a deduction for other dispositions after the balance day which pursuant to the law shall lie within the scope of the funds that the company may use to distribute dividend, or that is comprised by § 12-1 first paragraph no. 2.

(4) The company may only distribute dividend to the extent that it after the distribution has a sound equity and liquidity, cf. § 3-4.

§ 8-2. Dividend resolutions

(1) Distribution of dividends is subject to resolution of the general meeting following a proposal by the board of directors for such distribution or other employment of the profit. If the company has a corporate assembly, the articles of association may provide that the decision to distribute dividends shall be made by the corporate assembly subject to the general meeting's adoption of the annual financial statement. The general meeting may not adopt a resolution to distribute dividends exceeding the proposed amount submitted by the board of directors. Subject to the board of directors' proposal, the corporate assembly may stipulate the maximum amount to be distributed as dividends.

(2) The general meeting may, after it has approved the annual financial statement, give the board authorization to resolve distribution of dividend on the basis of the company's financial statement. The authorization can not apply for a longer time than up until the first ordinary general meeting. The general meeting's resolution on the board authorisation shall without delay be notified to the Register of Business Enterprises. The board may not use the authorisation before it is registered.

§ 8-2a Distribution of dividend on the basis of an interim balance

(1) The company may distribute extraordinary dividend on the basis of an interim balance that is prepared and audited by the provisions for annual financial statements and approved by the general meeting. The day of such balance may not lie further back in time than six months prior to the day of resolution for the extraordinary dividend.

(2) The provisions in § 8-1 on what may be distributed of dividend, apply correspondingly to distribution of extraordinary dividend.

(3) Decision on extraordinary dividend is made by the general meeting. § 8-2 apply correspondingly.

§ 8-3. Payment of dividends

(1) The dividends accrue to the shareholders who are shareholders at the time of the dividend resolution, except as otherwise provided by the resolution.

(2) The right to collect dividends may not be separated from the owner's right for a period longer than two years.

(3) The payment date may not be set later than six months from the resolution to distribute dividends.

§ 8-4. Complaint to the District Court

(1) Shareholders owning at least one twentieth of the share capital may request the District Court to stipulate higher dividends than those stipulated according to the provisions in § 8-2. The court shall by decree increase the dividends if it was unreasonably low relative to the shareholders' interests, the company's liquidity or other circumstances.

(2) The court may not decide to distribute more than five per cent of the company's equity capital according to the balance sheet and not more than permissible pursuant to § 8-1 and the company's articles of association.

(3) The court may refuse the request if the shareholders have not prior to such request made reasonable attempts to persuade the board of directors and, if appropriate, the general meeting to agree to higher dividends.

§ 8-5. Group contributions

(1) The company may distribute a group contribution to another company of the group, cf. §§ 10-2 through 10-4 of the Fiscal Act. A company participating in a company group pursuant to § 5 of the Co-operative Act shall also be deemed a group company.

(2) The provisions in §§ 8-1 through 8-4 above apply similarly to the distribution of group contributions. The sum of dividends and group contributions may in any one year not exceed the limit in § 8-1.

II. Gifts

§ 8-6. *Gifts*

(1) The general meeting may decide to grant occasional gifts, and moreover gifts for public benefit or similar purposes which must be deemed to be reasonable in view of the purpose of the gift, the company's position and the circumstances in general.

(2) The board of directors may for the same purposes grant gifts which by the standard of the company are of minor importance.

(3) Other gifts may only be made if approved by all shareholders and only if the gift is within the range of funds that can be used for the distribution of dividends.

III. Credits and securities etc.

§ 8-7. *Credit to shareholders etc.*

(1) The company may only grant credit to or provide security for the benefit of a shareholder or a party related to him within the range of the funds that the company may use for the distribution of dividends pursuant to § 8-1. § 8-2a first and second paragraph shall apply correspondingly. Adequate security shall be provided for the repayment or recovery claim.

(2) The prohibition in paragraph one applies similarly to credit to or security for the benefit of a shareholder or part owner of another company of the same group or any party related to him.

(3) The prohibitions in paragraph one and two does not apply to

1. credit of customary duration in connection with commercial agreements;
2. credit or security for the benefit of the parent company or other company of the same group.
3. credit or security in favor of a legal person that has such controlling interest as mentioned in § 1-3 over the company, or in favor of a subsidiary of such legal person, provided that the credit or security shall serve the groups economic interests.

First sentence no. 3 does not apply when the legal person is a state, municipality or county municipality.

§ 8-8. *Credit to employees who are shareholders etc.*

(1) The provisions in § 8-7 do not prevent the company from granting credit to or providing security for the benefit of a shareholder or a part owner or any of their related parties if

1. the debtor is employed by the company or another company of the same group, and such employment is his main occupation and
2. the credit is granted in accordance with customary rules for financial assistance to employees.

(2) The provisions in paragraph one do not apply if the shareholder owns more than one per cent of the share capital in the company or another company within the same group of companies. Equivalent to the shareholder's own shares are shares owned by the shareholder's personally related parties.

§ 8-9. *Credits to elected officers etc.*

(1) The provisions in § 8-7 apply similarly to the company's right to grant credit to or issue security for the benefit of a member of the board of directors, general manager or a member of the corporate assembly of the company or another company within the same group of companies, or any of their related parties.

(2) The provisions in paragraph one do not prevent the company from providing credit to or issuing security for the benefit of an employee or any of his related parties if

1. the employee has been elected as an employee representative to the board of directors or corporate assembly pursuant to the rules of the present Act or articles of association, and
2. the debtor has his main occupation with the company or another company of the same group of companies, and
3. the credit is granted in accordance with customary rules for financial assistance to employees.

§ 8-10. *Credit assistance to acquisition of share in the company etc.*

(1) The company can make funds available or grant a loan or provide security in connection with a third person's acquisition of shares or a right to shares in the company or the company's parent company. Within the scope of the funds that the company may use for distributing dividend pursuant to § 8-1. § 8-2a first and second paragraph shall apply correspondingly. The company's assistance shall be made on customary business terms and principles, and satisfactory security shall be made for the repayment or recovery claim. Assistance may only be made to acquisition of shares that are fully paid.

(2) The board shall ensure that a credit evaluation is made of the party or parties that receives assistance as mentioned in the first paragraph. The boards resolution regarding such assistance shall be before the assistance

is given, be approved by the general meeting with the same majority as for amendment of the articles of association.

(3) The board shall ensure that a report is prepared, which shall include the following:

1. the background for the proposal for financial assistance,
2. the company's interest in conducting such disposition,
3. terms connected with the conducting of the disposition
4. an evaluation of the consequences the disposition will have on the company's liquidity and solvency, and
5. the price that the third party shall pay for the shares or the right to the shares.

(4) The report pursuant to the third paragraph shall be attached to the notice to the general meeting. It shall without delay and before the assistance is given be sent to the Register of Business Enterprises, who shall announce the report through their electronic announcement system.

(5) The King may by regulation or individual decision grant exceptions from the provisions of paragraph one to four for the acquisition of shares by or for employees of the company or of a company within the same group of companies.

§ 8-11. Unlawful credit and security etc.

(1) If the company has granted credit or otherwise acted contrary to the provisions in §§ 8-7 through 8-10, the transaction is void. If security has been provided, the voidance cannot however be invoked against the other contracting party who acted in diligent good faith at the time the security was issued.

(2) Funds that have been transferred from the company or an amount equivalent to the value of the funds shall forthwith be returned to the company. The person who on behalf of the company has undertaken or approved an unlawful transaction is liable pursuant to the provisions in § 3-7 second paragraph.

Chapter 9. Own shares

I. Subscription of own shares

§ 9-1. Prohibition against the company subscribing its own shares

(1) A public limited liability company may not subscribe to its own shares. Nor may a subsidiary subscribe to shares in the parent company. If a share in the company has been subscribed to by others than the company, but for account of the company, the share shall be deemed to have been subscribed to by the person who has acted as subscriber.

(2) In the event that shares in relation to the incorporation are subscribed to contrary to the provisions in first paragraph, first sentence, the founders shall be deemed to have subscribed to the shares for their own account. In the event that shares in relation to a capital increase are subscribed to contrary to provisions in first paragraph, first and second sentence, the board of directors shall be deemed to have subscribed to the shares for its own account. The founders or members of the board of directors are jointly and severally liable for the amount payable for the share. Founders and members of the board of directors who have voted against the share subscription or who are able to prove that at the time of the resolution they neither knew nor ought to have known about the unlawful share subscription, are however not liable under the provisions in the first, second and third sentences of this paragraph.

II. Acquisition of own shares otherwise than by subscription

§ 9-2. The company's right to acquire its own shares

(1) A public limited liability company may acquire its own shares if the combined nominal value of the holding of own shares after the acquisition does not exceed ten per cent of the share capital. The acquisition must not cause the share capital deducted the combined nominal value of the holding of own shares to be less than the minimum permitted share capital under § 3-1 first paragraph.

(2) The holding of own shares comprises shares which the company owns or holds under agreed pledge. Shares acquired for ownership or pledge by others than the company but for account of the company are deemed to be acquired by the company. A parent company's holding of own shares comprises also the shares that a subsidiary owns or holds under an agreed pledge.

(3) The company may only acquire shares that are fully paid.

§ 9-3. Requirements of distributable equity etc.

A public limited liability company may only acquire its own shares if the consideration to be paid for the shares is within the scope of the funds that the company may use to distribute dividend pursuant to § 8-1. § 8-2a first and second paragraph shall apply correspondingly. In no case may the company acquire its own shares to

an extent incompatible with careful and good business practice, with due account to any losses that may have occurred after the balance sheet date, or which may be expected to occur.

§ 9-4. Authorization by the general meeting

(1) The company may only acquire its own shares if the general meeting with the majority required for amendments of the articles of association has authorised the board of directors to make such acquisition.

(2) The authorisation shall apply for a specific period, which may not exceed two years.

(3) The general meeting shall also describe the basis on which acquisition and disposal of own shares may take place.

(4) The resolution of the general meeting shall be notified to the Register of Business Enterprises and must be registered before shares can be acquired pursuant to the authorisation.

§ 9-5. Agreed pledge on own shares

The provisions in §§ 9-2 through 9-4 apply similarly to the company's acquisition of agreed pledge on its own shares. For the purposes of §§ 9-3 and 9-4, the claim which the agreed pledge is to secure shall be deemed to be compensation from the company.

§ 9-6. Exceptions from §§ 9-2 through 9-5

(1) The provisions in §§ 9-2 through 9-5 above shall not prevent the company from acquiring its own shares as a gift, by enforcement to cover the company's claim, by takeover of another business through merger, demerger or otherwise or by redemption pursuant to § 16-19.

(2) If the combined nominal value of the holding of own shares (cf. § 9-2 second paragraph and paragraph one of this section) exceeds ten per cent of the share capital, shares acquired according to paragraph one shall as soon as possible and at the latest two years following the acquisition be disposed of or retired by reduction of the share capital.

§ 9-7. Effect of unlawful acquisition of own shares

(1) If the company has concluded an agreement to acquire a share or an agreed pledge contrary to the provisions in §§ 9-2 through 9-5, the agreement is void if the other party to the agreement realized or ought to have realized that the company was acting contrary to the provisions. If the voidance is established after the company has performed its part of the agreement, the company may retain the share until the contribution has been repaid.

(2) If a share has been acquired contrary to the provisions in §§ 9-2 through 9-5 and the agreement is binding on the company according to paragraph one, the shares acquired shall as soon as possible and within three months following the acquisition be assigned or retired by reduction of the share capital. If the share cannot be disposed of by the end of that period without loss to the company, those who acquired the share on behalf of the company shall take over the share on the same conditions as the company. Members of the board of directors who have voted against the acquisition or who are able to prove that at the time of the resolution they neither knew nor ought to have known about the unlawful share acquisition, are however not liable under the provisions in the second sentence.

(3) If the company contrary to the provisions in § 9-5 has acquired a pledge on its own share, and the agreement is not deemed to be void according to the provisions in paragraph one, the pledge shall be terminated before the end of the period set forth in second paragraph.

§ 9-8. Subsidiary's acquisition of shares in the parent company

The provisions in §§ 9-2 through 9-7 apply similarly to a subsidiary's acquisition of shares or agreed pledge on shares in the parent company.

Chapter 10. Share capital increase

I. Capital increase by subscription of new shares

§ 10-1. Resolution of the general meeting

(1) Any resolution to increase the share capital through subscription of new shares shall be adopted by the general meeting except as otherwise provided in this Act. Such resolution may not be adopted before the company has been registered.

(2) A resolution to increase the share capital shall at least state:

1. the amount by which the share capital shall be increased. Instead, an upper and lower limit of the increase may be set.
2. the par value of the shares (nominal amount);

3. the price payable for each share, or an authorisation for the board of directors to subsequently fix the subscription price subject to an upper and lower limit which shall be stated in the resolution;
4. whom may subscribe the new shares;
5. the time limit for subscription. The time limit for subscription of shares in accordance with the preferential right set out in § 10-4 may not be shorter than two weeks from notification under third paragraph;
6. the time and place for payment of the share price;
7. the provisions that are to apply in the event of oversubscription regarding the allotment of shares that have not been subscribed by virtue of the preferential right, unless the allotment has been left to the board of directors to decide;
8. from which date the new shares are entitled to dividends;
9. if there are or will be shares of different classes in the company, to which class the new shares will belong;
10. estimated expenses connected to the share capital increase, including the amount of any commission for the underwriting of subscription of shares. An account shall be given of the content of the underwriting provisions.

(3) Shareholders or others who pursuant to the resolution have a right to subscribe to the new shares shall be notified in writing unless their address is unknown. The notification shall state how to proceed in order to exercise the preferential right, and the period allowed for exercising it.

§ 10-2. Non-cash payment for shares and other special subscription terms

(1) The general meeting's resolution to increase the capital shall include every agreement or provision to the effect

1. that shares may be subscribed to with a right and obligation to make non-cash payment (cf. § 10-12 first paragraph), that the share payment obligation may be settled by set off (cf. § 10-12, cf. § 2-12 second paragraph, second sentence), or that shares may be subscribed on other special terms. The resolution shall state the kind of non-cash assets, the name and address of the subscribers, the number of shares the company is to issue for the non-cash payment and the conditions that are to apply;
2. that the company shall take over non-cash assets against compensation in assets other than shares. The resolution shall state the kind of non-cash assets, the name and address of the transferor, the compensation to be paid by the company, and the conditions that are to apply;
3. that the company shall become party to an agreement, or that anybody shall have special rights in respect of or benefits from the company. In such case the resolution shall state the conditions that are to apply, and the name and address of the beneficiary.

(2) Instead of reproducing the agreement or the provision in the general meeting's resolution, reference may be made to a written agreement according to the rules of § 2-4 second paragraph.

(3) The board of directors shall ensure that a report is prepared according to the provisions in § 2-6 first and second paragraph. The time of valuation of assets that the company shall assume may at the earliest four weeks before the general meeting's resolution. § 2-6 fourth paragraph shall apply correspondingly.

(4) The report and the written agreement mentioned in second paragraph shall be included in or attached to the notice of the general meeting.

(5) An agreement or provision that has not been included in or stated in the general meeting's resolution as required in this section, may not be invoked against the company.

§ 10-3. The board of directors' proposal

(1) The board of directors shall prepare a proposal for the general meeting's resolution to increase the capital, cf. §§ 10-1 and 10-2, and a proposal for the required amendments of the articles of association.

(2) The proposal shall be explained. Circumstances that should be taken into account with respect to the subscription of new shares shall be briefly accounted for. If the general meeting does not at the same time deal with the annual financial statement, the account shall also comprise events that have occurred after the last balance sheet date, and which are of substantial importance to the company.

(3) Any proposal that the general meeting shall adopt a resolution under § 10-5 to set aside the shareholders' right to subscribe for the new shares, shall be specifically stated and explained.

(4) The board of directors' proposal shall be included in or attached to the notice of the general meeting.

(5) A copy of the last annual financial statement, annual report and auditor's report shall be made available at the company's office simultaneously with the notice, unless the general meeting is at the same time to deal with the annual financial statement. The notice shall include information to this end.

§ 10-4. Preferential right of shareholders

(1) When the share capital is increased by a subscription of shares against payment in cash, the shareholders have a preferential right to the new shares in proportion to the number of shares in the company they already own.

(2) The shareholders' preferential right may not be set aside in the articles of association. If the company has two or more classes of shares, and the difference between them is one of voting rights, dividend rights or right of allotment of the company's assets in the event of liquidation of the company, the articles of association may nevertheless provide that, in the event of a proportional capital increase within each class of shares, the shareholders shall only have preferential rights to shares within the class of shares in which the shareholder already owns shares.

(3) If the preferential right is not fully exercised, the shareholders who have used their preferential right and who want to take over additional shares, may subscribe to the parts of the capital increase which have not been subscribed to. The shares in question shall in such case be allotted among these shareholders as far as possible in proportion to the number of subscription rights each of them has exercised. The board of directors may nevertheless resolve that subscription rights which have not been exercised shall be sold so that the value thereof benefits the shareholders who have not exercised their subscription rights. If the company has a provision in its articles of association as mentioned in second paragraph, second sentence, the provision of this paragraph, first and second sentences shall apply to each class of shares, however so that shares which have not been subscribed to by the shareholders in one share class of shares may also be subscribed to by shareholders in other classes of shares.

(4) A preferential right being linked to a share may not, in the event of a capital increase, be separated from the share until the capital increase is approved.

§ 10-5. Setting aside the shareholders' preferential right

The general meeting may resolve to, with the majority required for amendments of the articles of association, set aside the provision of the shareholders' preferential right in § 10-4 or in the articles of association. The general meeting may however not adopt deviation from the shareholders' preferential right exceeding that of the board of directors' proposal, unless the shareholders whose right will be restricted consent thereto.

§ 10-6. Entry of the preferential right in the register of subscription rights

The preferential right to subscribe to new shares shall be entered in the subscription rights register under the securities registry pursuant to the provisions in § 4-11.

§ 10-7. Subscription etc.

(1) New shares shall be subscribed to on a special subscription form which is included in or attached to the offering circular or prospectus which has been prepared in accordance with the requirements in statutory law or regulations. The first sentence does not prevent electronic subscription of shares, provided that the subscription may also take place on a physical document at the subscribers request. New shares may also be subscribed in the minutes from the general meeting which adopts the capital increase resolution.

(2) The subscription form shall state where subscribers of new shares may examine the resolution to increase the capital, notice of the general meeting with appendices as mentioned in §§ 10-2 and 10-3, the company's articles of association, annual financial statement and annual report for the last two years and other subscription documentation. The subscription form shall also state how the subscription price should be determined if it is to be determined by the board of directors pursuant to § 10-1 second paragraph, third sentence.

(3) Subscription of shares taking place otherwise than provided for in this section or subject to provisions that are not in accordance with the general meeting's resolution, are not binding on the company or the subscriber. The provisions of § 2-10 will similarly apply.

(4) The provisions in this Act shall not prevent the company from being held liable according to a declaration of indemnity issued in connection with the capital increase to a party who implements or manages the capital increase on a commercial basis. Liability pursuant to first sentence is limited to the aggregate amount of the payment of the shares' net value after the deduction of the expenses accrued in the capital increase.

§ 10-8. Insufficient subscription

If the minimum amount resolved by the general meeting is not subscribed to at the end of the subscription period, the capital increase is void.

§ 10-9. Report to the Register of Business Enterprises

(1) If the minimum amount resolved by the general meeting has been subscribed to, the Register of Business Enterprises shall be notified of the capital increase within three months from the end of the subscription period. The report shall state the amount of the capital increase.

(2) Prior to the notification of the capital increase to the Register of Business Enterprises, the share contribution shall be fully paid, and the result of any technical services, research and development work etc. shall have been made available to the company. The notification to the Register of Business Enterprises shall state that the company has received payment for the shares. This shall be confirmed by the auditor. In the event that the share capital contribution shall be settled solely in cash, the confirmation may be given by a financial institution. § 2-19 will similarly apply.

(3) If the Register of Business Enterprises is not notified of the capital increase by the end of the time limit, it may not be registered. The subscription of shares will in such event not be binding. This will similarly apply if registration is refused due to an error which cannot be remedied.

§ 10-10. Registration of the capital increase

(1) The share capital is increased by the amount that is stated in the notification pursuant to § 10-9 when the capital increase has been registered in the Register of Business Enterprises.

(2) The capital increase may not be registered if the combined sum of shares that have been subscribed and allotted with final effect, after deduction of shares that have been retired pursuant to the provisions in § 10-12 fourth paragraph cf. § 2-13 fifth paragraph, is less than the stipulated capital increase or the minimum amount that has to be subscribed to according to the general meeting's resolution.

§ 10-11. Rights under the new shares

The new shares convey rights in the company from the date of registration of the capital increase, except as otherwise provided in the general meeting's resolution. The right to attend the general meeting and other rights held by every shareholder become in any case effective at the latest on the registration date.

§ 10-12. Payment for shares, due date and settlements etc.

(1) Assets that cannot be entered in the balance sheet under the Accounting Act may not be used as payment for shares. An obligation to perform work or a service for the company may in no case serve as payment for shares. Assets which the company receives as payment for shares shall be valued to reflect their actual value, unless it follows from the Accounting Act that the payment is to remain valued at its balance sheet value.

(2) The company may cover expenses related to the share capital increase to the extent that the expenses do not exceed the share contribution. If the expenses exceeds the share contribution, the expenses may however be covered to the extent that they lie within the scope of the funds, the company may use to distribute dividend pursuant to § 8-1.

(3) The company's claim for payment arises on the subscription of shares and falls due on the date stipulated in the general meeting's resolution. This date may not be later than the date on which the capital increase is notified to the Register of Business Enterprises pursuant to § 10-9.

(4) The provisions in §§ 2-12 through 2-17 will similarly apply to the settlement of the share capital contribution. If the offer to subscribe to shares is extended to 100 persons or more and it concerns an amount of at least EUR 100,000 a party other than the subscriber may settle a matured share capital contribution on behalf of the subscriber according to the following rules:

1. Such shares shall be provisionally registered in a separate account in the securities register. The shares shall not confer rights in the company until the subscriber has settled the share capital contribution or a party other than the subscriber has taken over the rights according to the provisions in § 4-2 no. 2 and 3.
2. If the subscriber for shares has not settled the payment of the share capital contribution within seven days of being requested to do so, the party who has settled on behalf of the subscriber can take over the share after registration of the capital increase by notifying the company to this effect within two days after the deadline in the request has expired, or sell it for the subscriber's account and risk. § 2-13 third paragraph will similarly apply to such request as mentioned above. The sale shall take place at the market price or at a price which is reasonably reflecting the market.
3. If such right is stated in the subscription terms, the share may be taken over or sold pursuant the provisions in no. 2 above three days after the due date and without special request for settlement. If the share is be taken over, this must be notified to the company within two days of the earliest date on which the shares could have been taken over.

§ 10-13. *Special account for share payments*

Cash payments for shares may be made to separate account with a credit institution which may conduct business in Norway. The account may not be disposed by the company before the capital increase has been registered. Nor may it be transferred, deposited as security or levied as a distraint for debt. If the capital increase is voided, the amount that has been paid for the shares shall without delay be repaid to the subscribers. Such repayment shall also be made if a share subscription is not accepted or is deemed not binding.

II. Board of directors' authorization to increase the capital by subscription of new shares**§ 10-14. *The general meeting's resolution to authorize the board of directors***

(1) The general meeting may, with the majority required for amendments of the articles of association, authorise the board of directors to increase the share capital by subscription of new shares.

(2) The general meeting's resolution to authorise the board of directors shall state:

1. the amount by which the share capital may altogether be increased;
2. the duration of the authorisation;
3. whether the shareholders' preferential right under § 10-4 may be set aside;
4. whether the authorisation comprises capital increase by non-cash payment or a right to charge the company with special obligations, cf. § 10-2;
5. if there are or will be shares of different classes in the company, to which share class the new shares will belong. If the new shares are to form a separate class, the main features of the rights applying to that new class shall be stated;
6. whether the authorisation comprises any resolution to merge pursuant to § 13-5.

(3) The total nominal amount of shares that may be issued under the board of directors' authorisation may not exceed half the share capital at the time the authorisation is registered. The authorisation may not have a duration of more than two years at a time.

§ 10-15. *The board of directors' proposal for the general meeting's resolution*

The board of directors shall prepare a proposal for the general meeting's resolution to issue board of directors' authorisation, cf. § 10-14. The provisions in § 10-3 will similarly apply.

§ 10-16. *Report to the Register of Business Enterprises*

The general meeting's resolution to authorise the board of directors shall without delay be filed to the Register of Business Enterprises. The board of directors may not utilise the authorisation until it has been registered.

§ 10-17. *The board of directors' resolution to increase the capital*

(1) The board of directors' resolution to increase the share capital is subject to the provisions in § 10-1. (2)

If the new shares can be subscribed against non-cash contributions, or if any other special subscription terms are to apply, the terms shall be stipulated by the board. The provisions in § 10-2 will similarly apply.

(3) Shareholders and others who under the resolution are to have a preferential right to subscribe the new shares shall be notified according to the provisions in § 10-1 third paragraph.

§ 10-18. *The subscription*

The subscription of new shares is subject to the provisions in § 10-7, however so that new shares may be subscribed to in the minutes of the board of directors' meeting.

§ 10-19. *Implementation of the capital increase*

(1) The provisions in §§ 10-8 through 10-13 apply similarly to any capital increase pursuant to board of directors' resolution.

(2) The board of directors may adopt such amendments of the articles of association as are required by the capital increase.

III. Capital increase by bonus issue**§ 10-20. *General meeting's resolution to make a bonus issue***

(1) Share capital increase through bonus issue may be conducted through transfer to share capital from funds that the company may use to distribute dividend pursuant to § 8-1. § 8-2a first and second paragraph shall apply correspondingly.

(2) Any resolution for a bonus issue is adopted by the general meeting. The resolution may not be adopted before the company has been registered in the Register of Business Enterprises.

- (3) The general meeting's resolution shall state
1. the amount of the increase of the share capital;
 2. whether the capital increase shall be implemented by the nominal amount of the existing shares being increased or by the issue of new shares;
 3. if there are to be shares of different classes in the company, to which class the new shares are to belong.

§ 10-21. Proposal for bonus issue

The board of directors shall prepare a proposal for a resolution for a bonus issue and a proposal for the required amendments of the articles of association. The proposal shall be explained. The provisions in § 10-3 will similarly apply.

§ 10-22. Report to the Register of Business Enterprises

The general meeting's resolution on the capital increase shall be filed to the Register of Business Enterprises. The share capital is increased by the notified amount when the capital increase has been registered.

§ 10-23. Allotment of shares

(1) If the capital increase is to take place by the issue of new shares, the new shares shall be allotted to the company's shareholders in proportion to the number of shares they already own in the company.

(2) If there are two or more classes of shares in the company, the shareholders may only be allotted shares within the class in which they already own shares, except as otherwise provided in the articles of association. The provision of paragraph one may not be set aside in the articles of association.

(3) The provisions in § 10-11 will similarly apply.

Chapter 11. Financial instruments

I. Loans with a right to require issuance of shares

§ 11-1. Raising of loans with the receivable having the right to require the issuance of shares

A public limited liability company may under a loan agreement give the creditor a right to require the issuance of shares against payment in cash or against a set off of the receivable.

§ 11-2. Resolution of the general meeting

(1) Any resolution to raise loans as mentioned in § 11-1 shall be adopted by the general meeting with the majority required for amendments of the articles of association. When the right to require the issuance of shares under such loan agreement is exercised, the share capital may be increased without additional resolution by the general meeting.

(2) The general meeting shall for each loan determine the loan conditions. The resolution shall state:

1. the combined loan amount. The general meeting may set an upper and lower limit for the amount;
2. who may subscribe to the loan;
3. the period allowed for subscribing to the loan. The period for subscription under § 11-4 may not be shorter than two weeks from notification according to paragraph three;
4. the nominal amount of the receivable and the interest rate;
5. the price of subscribing the loan. The general meeting may delegate to the board of directors the authority to determine the subscription price within an upper and lower limit to be determined by the general meeting;
6. the time and place of payment of loan amounts into the company;
7. the provisions that are to apply in the event of oversubscription to the allotment of loans that have not been subscribed by virtue of the preferential right, unless the allotment has been left to the board of directors to decide;
8. the conditions for requiring the issuance of shares to be issued, including the consideration for the new shares;
9. the time limit for the right to require the issuance of shares. The time limit may not be set to a later date than five years following the date on which the resolution of the general meeting was adopted;
10. whether or not the company shall have two or more classes of shares, and to which class the new shares shall be part of;
11. the position in which the holders of the rights shall have in the event that the company resolves to increase or decrease the share capital, in the event of a new resolution to issue subscription rights as mentioned in this chapter, or on liquidation, merger, demerger or reorganization. It may be decided that the holders of the rights pursuant to such resolutions shall have the same rights as a shareholder;

12. from which date the new shares are entitled to dividends;
 13. whether the creditor may separate the subscription right from the receivable and exercise it independently thereof.
- (3) Shareholders or others who pursuant to the resolution have a right to subscribe to the loans shall be notified of the resolution in accordance with the provisions in § 10-1 third paragraph above.

§ 11-3. *The board of directors' proposal*

The board of directors shall prepare a proposal for the general meeting's resolution to raise loans as mentioned in § 11-1, cf. § 11-2 second paragraph. The provisions in § 10-3 will similarly apply.

§ 11-4. *Preferential right of the shareholders*

The shareholders have a preferential right to subscribe loans as mentioned in § 11-1. The provisions in §§ 10-4 and 10-5 will similarly apply. The provisions in § 10-4 are however not applicable to shares that are issued by virtue of the subscription right.

§ 11-5. *Subscription of loans, entry in register of subscription rights*

- (1) The subscription of loans as mentioned in § 11-1 is subject to the provisions in § 10-7 above.
- (2) The rights to require the issuance of shares shall be entered in a register of subscription rights, cf. § 4-11.

§ 11-6. *Report to the Register of Business Enterprises of the resolution to raise a loan etc.*

(1) If the minimum amount adopted by the general meeting is not subscribed to by the end of the subscription period, the resolution to raise the loan becomes void. Amounts that have been paid shall in such case be repaid without delay.

(2) If the amount stipulated by the general meeting has been subscribed to, the resolution shall without delay be filed to the Register of Business Enterprises. The notification shall state the amount by which the share capital may be increased, and the period allowed for exercising the right to require the issuance of shares in the company.

(3) The provisions of § 10-13 apply similarly to the repayment of loans.

§ 11-7. *Implementation of the capital increase by the issue of new shares*

(1) When the period allowed for exercising the right to require the issuance of shares in the company has expired, the capital increase shall forthwith be filed to the Register of Business Enterprises. If the period has a duration exceeding 12 months, the board of directors shall no later than one month following the end of each financial year notify the amount by which the share capital has been increased during the course of the year. When registration has taken place, the share capital is deemed to be increased and shares issued by the notified amount.

(2) Any amendment of the company's articles of association necessitated by the capital increase may be notified without any further resolution of the general meeting.

(3) The new shares convey rights in the company according to the provisions in § 10-11. If the shares are issued against payment, the provisions on consideration for shares in §§ 2-12 through 2-17 and §§ 10-12 and 10-13 will similarly apply. The company's claim for payment arises by the subscription of the shares and falls due on the date stipulated in the resolution of the general meeting.

§ 11-8. *Resolution of general meeting to authorize the board*

(1) The general meeting may with the majority required for amendments of the articles of association authorize the board of directors to adopt resolutions to raise loans as mentioned in § 11-1.

(2) The resolution of the general meeting shall state:

1. the total amount of the loans that may be raised;
2. the total amount by which the share capital may be increased;
3. the duration of the authorization;
4. whether the shareholders' preferential right to subscribe to the loans pursuant to § 11-4, cf. §§ 10-4 and 10-5, may be set aside;
5. if there are or will be shares of different classes in the company, which class the new shares shall be part of. If the new shares are to make up a separate class, the main features of the rights applying to the new share class shall also be stated.

(3) The total nominal value of the shares that may be issued pursuant to loan agreement by virtue of the board of directors' authorization may not exceed half the amount of the share capital at the time the authorization is registered. The authorization may not have a duration exceeding two years at a time.

(4) The board of directors shall prepare a proposal for the general meeting's resolution to authorize the board. The proposal shall be explained. The provisions in § 10-3 will similarly apply.

(5) The provisions in § 10-16 will similarly apply.

§ 11-9. *Board of directors' resolution to raise a loan pursuant to authorization etc.*

(1) A resolution adopted by the board of directors to raise a loan as mentioned in § 11-1 is similarly subject to the provisions in § 11-2.

(2) Shareholders or others who pursuant to the resolution are granted a right to subscribe to the loans shall be notified of the resolution pursuant to the provisions in § 10-1 third paragraph.

(3) The subscription of loans is similarly subject to § 10-18. The provisions in § 11-7 will similarly apply.

II. Shares with subscription rights

§ 11-10. *Resolution of the general meeting to issue shares with subscription rights*

(1) In its resolution to increase the capital by the subscription of new shares pursuant to § 10-1, the general meeting may, with the majority required for amendments of the articles of association, resolve that the shares to be subscribed in connection with the capital increase shall entitle the subscriber to subsequently require the issuance of one or more new shares against consideration. When exercising the right to require the issuance of shares pursuant to such resolution, the share capital may be increased without any further resolutions of the general meeting.

(2) The resolution of the general meeting shall in addition to the statements provided in § 10-1 state:

1. the conditions for requiring the issuance of shares, and the amount to be paid for the new shares;
2. The period allowed for exercising the right to require the issuance of shares. The period may be no longer than five years from the adoption of the general meeting's resolution;
3. whether or not the company shall have two or more classes of shares, and to which class the new shares shall be part of;
4. the position the holders of the rights are to have in the event of the company resolves to increase or decrease the share capital, in the event of a new resolution to issue subscription rights as mentioned in this chapter, or on liquidation, merger, demerger or reorganization. It may be decided that the holders of the rights under such resolutions shall have the same rights as a shareholder;
5. from which date the new shares are entitled to dividends;
6. whether the shareholder may separate the subscription right from the share and exercise it independently thereof.

§ 11-11. *Preferential right, register of subscription rights, report to the Register of Business Enterprises*

(1) The provisions in § 10-4 on the preferential right of shareholders do not apply to shares that are issued in accordance with the rights mentioned in § 11-10.

(2) The rights to require the issuance of shares shall be entered in a register of subscription rights, cf. § 4-11.

(3) The resolution to increase the share capital through the issuance of shares under § 11-10 shall be notified to the Register of Business Enterprises, cf. § 10-9. The notification shall state that the issued shares relating to the capital increase entitle the shareholder to require the issuance of new shares in the company, the amount by which the share capital may be increased through the exercise of the subscription rights and the period allowed for exercising the right to require the issuance of shares. The provisions in § 11-7 will similarly apply.

III. Independent subscription rights

§ 11-12. *Resolution of the general meeting to issue independent subscription rights*

(1) The general meeting may resolve, with the majority required for amendments of the articles of association, that subscription rights shall be issued entitling the holder of the rights to subsequently require the issuance of one or more new shares in the company. When exercising the right to require the issue of shares by virtue of such resolution, the share capital may be increased without any further resolution of the general meeting.

(2) The resolution of the general meeting shall state:

1. the number of subscription rights to be issued. The resolution may set an upper and a lower limit for the number;
2. whom may subscribe to the subscription rights;
3. the period allowed for subscribing the subscription rights. The period for subscription pursuant to the preferential right may not be shorter than two weeks from notification according to third paragraph below;

4. the price payable for the subscription rights. The general meeting may delegate the authority to determine the price to the board of directors within an upper and lower limit to be determined by the general meeting;
5. the rules that in the event of oversubscription are to apply to the allotment of subscription rights that have not been subscribed by virtue of the preferential right, unless the allotment has been left up to the board of directors to decide;
6. the conditions to require the issuance of shares, including the consideration for the new shares;
7. the time limit for the right to require the issuance of shares. The time limit may not be set to a later date than five years following the date on which the resolution of the general meeting was adopted;
8. whether or not the company shall have two or more classes of shares, and to which class the new shares shall be part of;
9. the position in which the holders of the rights shall have in the event that the company resolves to increase or decrease the share capital, if the company resolves to raise loans as described in the present chapter, or in the event of liquidation, merger or demerger. It may be resolved that the holders of the rights under such resolutions shall have the same rights as those of a shareholder;
10. from which date the new shares are entitled to dividends.

(3) Shareholders or others who pursuant to the resolution have a preferential right of subscription shall be notified of the resolution in accordance with the provisions in § 10-1 third paragraph.

(4) The board of directors shall prepare a proposal for the general meeting's resolution to issue subscription rights as mentioned in first and second paragraph. The provisions in § 10-3 will similarly apply.

§ 11-13. Preferential rights, register of subscription rights, report to the Register of Business Enterprises etc.

(1) The shareholders have a preferential right to subscribe to the subscription rights. The provisions in § 10-4 and 10-5 will similarly apply. The provisions in § 10-4 are however not applicable to shares that are issued by virtue of subscription rights as mentioned in § 11-12.

(2) The rights to require the issuance of shares shall be entered in a register of subscription rights, cf. § 4-11.

(3) The provisions in § 10-7 regarding subscription, § 11-6 regarding notification to the Register of Business Enterprises and § 11-7 regarding the implementation of the capital increase by the issuance of new shares will similarly apply.

IV. Loans on special conditions

§ 11-14. Loans on special conditions

Any resolution to raise a loan at an interest rate which depends wholly or partly on the dividends that are distributed to the shareholders, or on the company's profit, shall be adopted by the general meeting or by the board of directors under authorization by the general meeting. The general meeting's resolution to raise a loan or to authorize the raising of a loan requires a majority as for amendments of the articles of association.

Chapter 12. Reduction of share capital

§ 12-1. Resolution of the general meeting

(1) Any resolution to reduce the share capital shall be adopted by the general meeting. The amount for which of the reduction applies (the reduction amount) may be used only for:

1. coverage of loss that cannot be covered otherwise;
2. distribution to the shareholders or retirement of the company's own shares pursuant to chapter 9;
3. allocation to a fund to be used as decided by the general meeting.

(2) The resolution shall state the amount of the reduction and the purpose for which it shall be used. It shall also state whether the capital reduction shall be carried out by a redemption of shares or by a reduction in the nominal amount of the shares. A resolution as mentioned in first paragraph, no. 2 or 3 may only be adopted on the basis of a proposal from the board of directors or with the consent of the board.

(3) If in connection with the reduction any distribution shall be made to the shareholders in an amount larger than the amount of the reduction, the general meeting's resolution shall set forth such higher amount and how it is to be covered.

(4) The provisions in §§ 12-1 through 12-7 do not apply to a reduction in the share capital pursuant to § 2-10 third paragraph, § 2-13 fifth paragraph, § 2-15, § 10-7, cf. § 2-10 third paragraph, § 10-12 fourth paragraph, cf. § 2-13 fifth paragraph and § 2-15.

§ 12-2. Calculation of loss. Requirement of equity etc.

(1) For the purposes of calculating the company's loss under § 12-1 first paragraph no.1, the balance sheet for the company's last approved annual financial statement shall be applied. The calculation may be based on an interim balance sheet that has been prepared and audited in accordance with the rules applying to the annual financial statement.

(2) A resolution as mentioned in § 12-1 first paragraph no. 2 or 3 may not involve an amount which will result, after the reduction, in insufficient coverage of the remaining share capital and other nondistributable equity pursuant to §§ 3-2 and 3-3. For the purposes of calculating the amount, the balance sheet for the last financial year shall be applied, however so that it is the registered share capital at the time of decision that applies. § 8-1 second to fourth paragraph shall apply correspondingly. The calculation may also be conducted on the basis of an interim balance which is prepared and audited pursuant to the rules for annual financial statements and approved by the general meeting. The interim balance day may not lie further back in time than six months before the day when the resolution of share capital reduction is made. The auditor shall confirm that after the reduction, the company's nondistributable equity will be fully covered.

§ 12-3. Board of directors' resolution to reduce the share capital

(1) The board of directors shall prepare a proposal for the general meeting's resolution to reduce the share capital, and proposals for the amendments of the articles of association that are necessary. The proposals shall be included in or attached to the notice of the general meeting.

(2) The proposals shall be explained. Circumstances that should be taken into account with respect to the capital reduction shall be briefly accounted for. If the general meeting does not at the same time deal with the annual financial statement, the account shall also comprise events that have occurred after the last balance sheet date, and which are of substantial importance to the company.

(3) The notice shall state that the last adopted annual financial statement with the auditor's report is available at the company's office for inspection, unless the general meeting is at the same time to deal with the annual financial statement.

§ 12-4. Report to the Register of Business Enterprises

The general meeting's resolution to reduce the share capital shall be filed to the Register of Business Enterprises. If a share capital reduction is not notified to the Register of Business Enterprises within two months after the resolution has been made, the reduction is void.

§ 12-5. Taking effect without notice to the creditors

(1) If the entire amount of the reduction shall be used to cover losses according to § 12-1 first paragraph no. 1, the capital reduction is deemed effective when the notification under § 12-4 has been registered. A resolution to distribute dividends may in such case not be adopted until three years have elapsed from the registration in the Register of Business Enterprises, unless the share capital subsequently has been increased by an amount at least equal to the reduction, or the provisions in § 12-6 have been complied with.

(2) The capital reduction is further deemed effective when the notification under § 12-4 has been registered if the company at the same time as the notification on the capital reduction notifies that the share capital has been increased by the subscription of new shares against consideration so that the company's nondistributable equity is at least equal to the amount before the capital reduction.

§ 12-6. Taking effect following notice to the creditors

If the amount of the reduction is to be used wholly or partly as mentioned in § 12-1 first paragraph no. 2 or 3, the following rules will apply:

1. The Register of Business Enterprises shall, as soon as the resolution to reduce the capital has been registered, announce the resolution in their electronic bulletin for public announcement and notify the company's creditors that any objection to the reduction being made effective must be reported to the company within six weeks from the date of announcement.
2. If a creditor with an undisputed and matured claim raises any objection before the period mentioned in no. 1 has expired, the resolution for a capital reduction may not be made effective until his claim has been paid. A creditor with a disputed or unmatured claim may require adequate security unless his claim is already adequately secured. The District Court resolves any disputes as to whether a claim exists and whether the security is adequate. The court may refuse a demand for security under the second sentence when it is evident that there is no claim or that the capital reduction will not reduce the creditor's prospects of collecting payment. A request for a decision by the court must be presented within two weeks after the creditor presented the demand for payment or security.
3. When the period pursuant to no. 1 has expired, and relations with the creditors that have made objections have been clarified according to no. 2, the resolution for the capital reduction is deemed effective when

notification on this matter is registered with the Register of Business Enterprises. A statement signed by the members of the board of directors and auditor confirming that the relations with the company's creditors do not prevent the resolution from taking effect, shall accompany the report.

4. Any distribution to the shareholders may only take place when the share capital reduction is deemed effective. Any distribution made in connection with the capital reduction shall be registered on the shareholder's account with the securities registry.
5. The capital reduction is void if a report under no. 3 has not arrived at the Register within one year from the resolution to reduce the capital.

§ 12-7. Redemption of shares according to the articles of association

(1) The company's articles of association may provide for the redemption of shares by a reduction of the share capital. Both the company and the shareholder may be given a right to require redemption.

(2) Redemption pursuant to a provision in the articles of association may be carried out without notice to the creditors under § 12-6 provided that

1. the redemption relates to shares that have been issued after or simultaneous with the registration of the right to redemption being registered in the Register of Business Enterprises, and
2. the shares are redeemed without distribution, or the distribution is within the scope of the funds that the company may use to distribute dividend pursuant to, and
3. an amount equivalent to the par value of the redeemed shares is allocated to a restricted fund.

Chapter 13. Merger (amalgamation of companies)

I. Scope etc.

§ 13-1. The companies comprised

The provisions of this chapter apply to mergers between public limited liability companies, and mergers of one or more public limited liability companies with one or more private limited liability companies. The provisions in this chapter shall also apply to mergers between limited liability companies if the consideration in shares is to be paid by a public limited liability company, cf. § 13-2 second paragraph.

§ 13-2. Range of application of the merger rules

(1) Company mergers are subject to the merger rules of the present chapter when a company (the assignee company) is to take over the assets, rights and obligations of another company (the assigning company) as a whole against consideration to the shareholders consisting of

1. shares in the assignee company, or
2. such shares with an addition which may not exceed 20 % of the total consideration.

(2) If the assignee company belongs to a group of companies, and if one or more of the group companies altogether hold more than 90 % of both the shares and votes at the general meeting of the assignee company, the consideration in shares may instead of shares be shares in the parent company or be shares in another subsidiary company in which the parent company alone or through subsidiaries hold more than 90 % of both the shares and the votes at the general meeting. A capital increase in the parent company or in the subsidiary may be executed through the issuance by the assignee company of a receivable which is equivalent to the equity accruing to the assignee company from the merger, as payment for the shares. This receivable ranks after the other creditors of the assignee company.

II. Merger resolution

§ 13-3. Approval of the merger plan

(1) The boards of directors of the companies that are to be merged shall prepare a joint merger plan. The plan shall be prepared according to the provisions in §§ 13-6 through 13-8 and signed by the directors of the boards.

(2) In each company the merger resolution is adopted by the general meeting approving the merger plan with the majority required for amendments of the articles of association. In an assigning company such resolution may be adopted regardless of whether it has been resolved to liquidate the company, unless a distribution to the shareholders has commenced.

(3) The approval in an assigning company will also be considered as a subscription of the shares that are to be received as consideration from the assignee company.

(4) The board of directors in each of the merging companies shall provide the general meeting in the company, and the board of directors in the other companies participating in the merger with information regarding

material changes in assets, rights and obligations that have taken place between the signing of the merger plan and the date on which the general meetings that shall adopt resolutions regarding the merger deals with the matter.

§ 13-4. Issue of shares in the assignee company

The shares which the assignee company shall issue as compensation to the shareholders in the assigning company shall be issued according to the provisions on capital increase in chapter 10 (merger by assignment) or according to the provisions on incorporation in chapter 2 (merger by incorporation of a new company formation) having regard to any specific provisions in this present chapter.

§ 13-5. Board of directors' resolution in the assignee company

(1) If the capital increase in the assignee company can be carried out pursuant to an authorisation to the board of directors in accordance with the provisions in §§ 10-14 through 10-19 which state that it comprises a merger, the merger resolution may be adopted by the board of directors. If the company has a corporate assembly, however, the resolution may, however, not be adopted by the board of directors unless the merger plan has been approved by the corporate assembly.

(2) When a public limited liability company owns nine tenths of the shares in another public limited liability company and may exercise a corresponding part of the votes that may be cast in the general meeting, the resolution in the parent company to merge with its subsidiary may be adopted by the board of directors. The same shall apply in the event that a private limited liability company owns nine tenths or more of the shares in a public limited liability company and may exercise a corresponding part of the votes that may be cast in the general meeting.

(3) The resolution may not be adopted by the board of directors if the shareholders representing at least five per cent of the share capital so demand within two weeks after notification to the shareholders have been sent pursuant to § 13-12 second paragraph. The board of directors shall in such case ensure that a general meeting is held within one month following the date of the request.

III. Merger plan and other documents

§ 13-6. Contents of the merger plan

(1) A merger plan shall at least state:

1. the names of the companies, the municipalities in which they have their registered offices, their addresses and organization numbers;
2. from which date transactions in an assigning company shall for accounting purposes be deemed to be performed for account of the assignee company;
3. the consideration which shall be contributed to the shareholders in the assigning company or companies;
4. conditions for exercising rights as shareholder in the assignee company, and for entry in the register of shareholders;
5. which rights the shareholders with special rights and owners of subscription rights as mentioned in § 11-1, § 11-10 and § 11-12 in the assigning company or companies, are to have in the assignee company;
6. any special rights or benefits which are to accrue to the members of the board of directors, general manager or independent experts in connection with the merger;
7. draft opening balance sheet for the assignee company. The opening balance sheet shall be drawn up in accordance with applicable accounting rules. The auditor shall issue a statement to the effect that the balance sheet has been drawn up in accordance with these rules. The King may set further rules on the opening balance requirement through regulation. The regulation may make exception from the rules in first to third sentence.

(2) The merger plan may provide that the assignee company shall take over the administration of the assigning company or companies as soon as the plan has been approved by all the companies that participate in the merger.

§ 13-7. Proposal in the merger plan regarding the issue of shares in the assignee company etc.

(1) The merger plan shall also include a proposal for a resolution to increase the capital and amendments of the articles of association in the assignee company pursuant to the provisions in § 10-21 or § 10-3, cf. § 10-17. Any new special provisions regarding the rights of the shareholders shall be stated.

(2) In the event of merger by incorporation of a new company, the plan shall instead include a proposal for the memorandum of incorporation of the assignee company. The provisions in § 2-1 through § 2-5 apply similarly wherever appropriate.

§ 13-8. Appendices to the merger plan

The following appendices shall accompany the merger plan:

1. articles of association of the companies that participate in the merger;
2. the participating companies' annual financial statements, annual reports and auditor's reports for the last three financial years and, if applicable, semi-annual reports pursuant to the Securities Trading Act § 5-6 having its balance sheet day after the balance sheet day of the latest financial statement;
3. interim balance sheets for the participating companies, if the merger plan is signed later than six months after the balance sheet date of the latest annual financial statement was adopted, and a semi-annual report as mentioned in no. 2 does not accompany the merger plan. The interim balance sheets shall be prepared and audited according to the rules applying to annual financial statements, and the balance sheet dates must not be further into the past than three months before the date of signature of the merger plan. The King may by regulation adopt exceptions from and issue further rules on the requirement for interim balance sheets, and may adopt other requirements for the audit of interim balance sheets than what follows from second sentence.

§ 13-9. Report on the merger

(1) When the merger plan is finalised, the board of directors of each company shall prepare a writ-ten report on the merger and on its implications for the company.

(2) The report shall at least:

1. explain and give reasons for the merger, in legal as well as financial terms;
2. explain and give reasons, in legal as well as financial terms, for the compensation awarded to the shareholders of the assigning company or companies;
3. account for difficulties in determining the compensation;
4. explain the effects the merger may have for the employees of the company.

§ 13-10. Expert statement of the merger plan

(1) The board of directors of each company shall ensure the preparation of an expert statement on the merger plan. The provisions in § 2-6 second paragraph will similarly apply.

(2) The statement shall at least state:

1. the procedures that have been employed for the purposes of fixing the consideration to the shareholders in the assigning company and whether the procedures have been adequate. If several procedures have been employed, the share value resulting from each method of calculation and the effects each of them has had on the consideration, shall be stated;
2. any special difficulties in fixing the consideration;
3. whether the compensation to the shareholders is fair and reasonably justified.

(3) The statement for the assignee company shall also satisfy the requirements of § 2-6 first paragraph or § 10-2, provided however that the time of the valuation shall not be dated further back than eight weeks prior to the resolution of the general meeting.

(4) The requirements of first and second paragraph do not apply if all shareholders of the participating companies have submitted their consents to this end.

§ 13-11. Relations with the employees and corporate assembly

(1) Union representatives in the companies that are to merge shall be informed and have the right to consultation in accordance with the provisions in § 16-5 of the Employment Protection Act.

(2) The merger plan with appendices and the report by the board of directors shall always be made known to the employees of the companies.

(3) If the company has established a corporate assembly, the merger plan and other documents shall be submitted to the corporate assembly.

(4) A statement by the corporate assembly shall be included in the documents for the subsequent consultation regarding the merger plan in the company. So shall any written statements received from the employees or employee representatives.

§ 13-12. Notification to shareholders

(1) No later than one month prior to the day when the general meeting shall deal with the merger plan and up until the day when the general meeting is to be held, the merger plan and any other case documents (cf. §§ 13-6 through 13-11) shall be available to the shareholders in the company's offices or on the internet site of the company. A shareholder may require the documents to be sent to him, unless the documents are available and may be downloaded from the internet site of the company in the period specified in first sentence. The company may not require any form of remuneration for sending the documents to the shareholders. The notice to the gen-

eral meeting shall include information as to where the documents are available, and if applicable, any other information which are necessary for the shareholders to have access to the internet site of the company, and information regarding the shareholder's rights according to second and third sentence.

(2) If the resolution in the assignee company shall be adopted by the board of directors, the documents shall be made available for the shareholders in accordance with the provisions in first paragraph no later than one month prior to the general meeting in each of the assigning companies. The shareholders in the assignee company shall, within the time limit described in first sentence, be made aware that the documents are available by way of written notification to each shareholder. First paragraph, second through fourth sentence shall equally apply.

§ 13-13. Report of the merger plan to the Register of Business Enterprises

(1) A public limited liability company comprised by the merger plan shall report the plan to the Register of Business Enterprises.

(2) The Register of Business Enterprises shall publish the plan in the Brønnøysund Register Center's electronic bulletin for public announcement.

(3) The general meeting that shall deal with the merger plan may at the earliest be held one month after the plan has been published. If the resolution is adopted by the board of directors in the assignee company, the publication relating to this company shall take place no later than one month prior to the general meeting in the assigning company or companies.

IV. Implementation of the merger

§ 13-14. Report of the merger resolutions to the Register of Business Enterprises

No later than one month following the approval of a merger plan by the general meeting, alternatively by the board of directors, in all the participating companies of the merger, the resolutions shall be filed to the Register of Business Enterprises. If said period is not complied with the resolution is deemed void.

§ 13-15. Notification of creditors

The Register of Business Enterprises shall publish the merger resolutions in their electronic bulletin for public announcement and notify the companies' creditors that any objection to the merger must be reported to the company within six weeks from the announcement.

§ 13-16. Objection by creditors

(1) If a creditor with an undisputed and matured claim raises any objection before the period according to § 13-15 has expired, the merger may not be made effective until the claim has been paid.

(2) A creditor with a disputed or unmatured claim may require adequate security unless his claim is already adequately secured. The District Court resolves any disputes as to whether a claim exists and whether the security is adequate.

(3) The court may refuse a demand for security under second paragraph when it is evident that there is no claim or that the merger will not reduce the creditor's prospects of collecting payment.

(4) A request for a decision by the court must be delivered within two weeks after the creditor presented the demand for payment or security.

§ 13-17. Taking effect of the merger

(1) When the period for objections pursuant to § 13-15 has expired for all the companies that participate in the merger, and the creditor relations with creditors that have made objections pursuant to § 13-16 have been clarified, the assignee company shall notify the Register of Business Enterprises on behalf of all participating companies that the merger shall take effect. When the merger has been registered, the following effects of the merger occur:

1. the assigning company is deemed liquidated;
2. the assignee company is deemed incorporated or the share capital in the company is increased;
3. the assigning company's assets, rights and obligations are transferred to the assignee company;
4. the shares in the assigning company are exchanged for shares in the assignee company. Shares in the assigning company that are owned by the assigning company itself or the assignee company, or which are owned by anybody acting in his own name but for the assigning or assignee company's account, may not be exchanged for shares in the assignee company;
5. any claim for consideration in assets other than shares matures, except as otherwise provided;
6. other effects as provided in the merger plan.

(2) Regardless of whether the relations with creditors that have raised objections pursuant to § 13-16 have been clarified, the District Court may, upon demand from the company which the claims concern, resolve that the merger may take effect and be filed to the Register of Business Enterprises.

(3) In connection with a merger pursuant to § 13-2 second paragraph, a declaration from the board of directors of the assignee company must be attached to the notification to the Register of Business Enterprises confirming that the ownership structure in the group upon the effective date of the merger meets the requirements of the provision.

§ 13-18. Management of assigning company

(1) When the merger has been registered in the Register of Business Enterprises, the assignee company may pursuant to general rules transfer formal positions as owner of or holder of rights in assets that have belonged to an assigning company.

(2) If the merger plan provides that the assignee company shall take over the management of an assigning company as soon as the plan has been approved by all the companies, cf. § 13-6 second paragraph above, the assignee company shall arrange for the assigning company's assets and affairs to be kept separate until the merger is implemented.

(3) Payment of compensation in assets other than shares to shareholders in companies that are registered in a securities registry shall be entered into the shareholder's account with the securities registry.

(4) The assigning company shall be custodian of all accounting books and records of the assignee company or companies that are to be kept available pursuant to § 13 of the Bookkeeping Act for at least ten years subsequent to registration of the merger. Registered accounting data in the assigning company or companies on the merger date shall be reproducible as provided in § 6 of the Bookkeeping Act for at least ten years subsequent to the registration of the merger. If the shares in the assigning company or companies have been entered in a securities registry, the assignee company shall also keep available a transcript of the register of shareholders, as it is at the time of registration of the merger in the Register of Business Enterprises.

§ 13-19. Special rights in an assigning company

(1) A shareholder or others who have a subscription right pursuant to § 11-1, § 11-10 or § 11-12 or other special rights in an assigning company, may require the assigning or assignee company to redeem these rights unless the rights in the assignee company are at least equal to the rights the shareholder had in the assigning company.

(2) The redemption amount shall be stipulated in accordance to the actual value of the rights. If agreement cannot be reached, the amount will be fixed by valuation unless another procedure is agreed upon.

V. Invalid merger

§ 13-20. Legal action to invalidate

Legal action to have a company's resolution to merge declared invalid must be brought prior to the registration of the merger in the Register of Business Enterprises pursuant to § 13-17. Legal action which is brought subsequent to the time limit shall be rejected.

§ 13-21. Period allowed for remedying defects

If legal action for invalidation is brought, the court shall allow the company a period of three months in which to remedy the circumstances on which the legal action is based.

§ 13-22. Judgment voiding the merger

(1) A judgment which declares the merger invalid is effective for everybody having a right of legal action in the company.

(2) If the merger resolution has been notified to the Register of Business Enterprises pursuant to § 13-14, the court shall without delay file the judgment to the Register of Business Enterprises, which publishes the judgment at the company's expense in the Brønnøysund Register Center's electronic bulletin for public announcements.

§ 13-23. The company's liability

When the general meeting's resolution is declared invalid, the company is jointly and severally liable with the other companies participating in the merger for the obligations that have arisen after the effects of the merger should have commenced, but before the publication of the judgment according to § 13-22 second paragraph.

VI. Merger of group companies

§ 13-24. Merger of parent company and wholly owned subsidiary

(1) If a public limited liability company owns all the shares in another public limited liability company or a private limited liability company, the boards of directors of the companies may adopt a merger plan which provides that the subsidiary's assets, rights and obligations as a whole shall be transferred to the parent company without consideration. The same applies if a private limited company owns all the shares in a public limited liability company.

(2) The merger shall be carried out according to the following rules:

1. The boards of directors shall prepare a joint merger plan according to the provisions in § 13-6. § 13-6 first paragraph no. 3 and 4 shall not apply.
2. The provisions in § 13-11 will similarly apply.
3. No later than one month prior and up to the resolution of the board of directors of the parent company, the following documents shall be made available for the shareholders in the company's offices or on the internet site of the company:
 - a. the merger plan, cf. no. 1 ;
 - b. the participating companies' annual financial statements, annual reports and auditor's reports for the last three financial years and, if applicable, semi-annual reports pursuant to the Securities Trading Act § 5-6 having its balance sheet day after the balance sheet day of the latest financial statement;
 - c. interim balance sheets for the participating companies. The provisions of § 13-8 no. 3 will similarly apply.

The shareholders in the parent company shall within one month prior to the resolution of the board of directors be notified that the documents are available, by way of written notification to each shareholder. § 13-12 first paragraph, second through fourth sentence shall equally apply.

4. No later than one month before the board of directors' resolution in the parent company, public limited liability companies that participate in the merger shall notify the merger plan to the Register of Business Enterprises. The provisions in § 13-13 will similarly apply.
5. No later than one month after the merger plan has been adopted by the boards of directors of all the companies participating in the merger, the resolutions shall be reported to the Register of Business Enterprises. The provisions in §§ 13-14 through 13-16 will similarly apply.
6. The provisions in §§ 13-17 through 13-19 will similarly apply.

VII. Cross-border mergers

§ 13-25. Scope etc.

(1) The provisions in §§ 13-25 through 13-36 apply to mergers between one or more public limited liability companies and one or more foreign companies having their registered offices or their main offices in another EEA-state, and which are subject to the laws of another EEA-state than Norway. A public limited liability company can only be merged with a foreign company as described in the first sentence which has a company structure that according to its state's company legislation corresponds to a private or a public limited liability company. Private limited liability companies can also participate in mergers as described in first and the second sentence, in which case the provisions in §§ 13-25 through 13-36 apply to the private limited liability company as well.

(2) In a merger pursuant to the first paragraph, the following rules apply similarly to the Norwegian company where applicable, and with the adjustments pursuant to §§ 13-25 through 13-36:

1. § 13-2 first paragraph. The limitation of § 13-2 first paragraph no. 2 is not applicable however in the case that, subject to the legislation under which one of the participating companies is subject, it is admitted to implement a merger with an addition to the compensation in shares which may exceed 20% of the combined compensation,
2. § 13-3 second through fourth paragraph
3. §§ 13-4 and 13-5,
4. § 13-8 no.1 and no.2 and § 13-9,
5. §§ 13-11 through 13-16,
6. § 13-17 second paragraph,
7. § 13-18 first, third and fourth paragraph,
8. § 13-19,
9. §§ 13-21 through 13-23.

§ 13-26. Preparation of a merger plan

(1) The board of directors in the public limited liability company shall together with the competent bodies of the foreign companies participating in the merger, prepare a joint plan for the merger. The plan shall be signed by the board of directors.

(2) The merger plan shall at least state:

1. the structures, names and registered offices of the merging companies and those proposed for the assignee company resulting from the merger,
2. the terms of the exchange of shares or partnership interests and, if applicable, any compensation in addition to the shares or partnership interests payable to the shareholders in the assigning company,
3. rules concerning allocation of shares or partnership interests in the assignee company,
4. the likely repercussions of the merger on the employment in the companies ,
5. the date from which the holding of shares or partnerships interests will entitle the holders to dividends in the assignee company, and any special conditions affecting such entitlement,
6. the date from which the transactions in an assigning company will be treated for accounting purposes as being those of the assignee company,
7. the rights of the shareholders enjoying special rights and owners of subscription rights in the assigning company or companies mentioned in §§ 11-1, 11-10 and 11-12 above in the assignee company, or the measures in favour of concerning them,
8. any special right or benefit granted to the independent experts, members of the supervisory- or regulatory bodies of the companies, members of the board of directors, general manager or any similar decision makers,
9. the articles of association of the assignee company after the merger,
10. where applicable, information on how arrangements for the influence of the employees in the assignee company, are to be determined,
11. information on the valuation of the assets and liabilities which are going to be transferred to the assignee company,
12. the dates of the merging companies' annual accounts forming the basis of the terms of the merger.

§ 13-27. Report on the merger

(1) The board of the directors' notification of the merger shall, in addition to the requirements pursuant to § 13-9, explain the effects the merger may have for the creditors and the shareholders of the company.

(2) The notification shall be made available to the shareholders and the union representatives, or the employees of the company, no later than one month prior to the date the general meeting is to resolve the merger plan.

§ 13-28. Expert statement of the merger plan

(1) The board of directors of each of the merging companies shall ensure the preparation of an expert statement on the merger plan. The statement shall be prepared by one or more independent experts. However, the companies may put forward a joint request to the responsible authority in an EEA-state where one of the companies are registered to appoint one or more independent experts, or jointly engage one or more independent experts approved by such authority, to review the merger plan and to prepare a mutual written statement to all the shareholders of the participating companies.

(2) As independent expert pursuant to first paragraph second sentence, an auditor shall be engaged. The same criteria apply to engaging an independent expert pursuant to the provisions in first paragraph, third sentence. The Ministry may provide regulations that allow other professions to be engaged as independent experts pursuant to the provisions of first paragraph.

(3) The statement shall include at least the particulars provided for in § 13-10. The statement shall be made available to the shareholders no less than one month before the general meeting is to resolve the merger plan. If a mutual written statement in accordance with the provisions of paragraph one third sentence is prepared in another language than Norwegian, Swedish or Danish, an authorized translation of the statement in Norwegian shall be made available to the shareholders within the time limit provided in second sentence.

(4) The provisions of first to third paragraph relating to the requirement of expert statements do not apply if all the shareholders in the merging companies have given their consent.

§ 13-29. Notice and announcement of the merger plan

In addition to the requirements in § 13-13, the notice to the Register of Business Enterprises and their announcement shall contain information regarding:

1. the company structure, name and registered office for each of the companies participating in the merger,
2. the register where each of the companies are registered, and the companies' registration number.

3. the procedure for exercising the creditors' rights and the minority shareholders' rights, where applicable, for each of the companies, and the address from where complete information concerning rules for this procedure may be acquired free of charge.

§ 13-30. *Conditions for approval of the merger plan*

The general meeting may resolve, as a condition for the approval of the merger plan, that a subsequent general meeting must explicitly approve the schemes that are adopted to secure the employee's influence in the assignee company.

§ 13-31. *Certificate of the merger*

(1) When the time limit for objections pursuant to § 13-15 cf. § 13-25 second paragraph no. 5, has expired for a public limited liability company participating in the merger, and any matters with the creditors that have made objections pursuant to § 13-16 have been clarified, the company shall report to the Register of Business Enterprises that it has satisfied the conditions for the execution of the merger. The Register of Business Enterprises shall issue a certificate confirming the proper completion of all premerger documents and formalities. (2)

If the assignee company shall be governed by the laws of another EEA- state than Norway, a public limited liability company participating in the merger shall within six months after the date of the issuance of the certificate referred to in paragraph one above, send the certificate along with a copy of the merger plan approved by the general meeting, to the responsible authority in such EEA-state.

§ 13-32. *Registration of the merger*

(1) If the assignee company shall be governed by Norwegian law, the merger shall be registered in the Register of Business Enterprises subject to the following conditions:

1. all foreign companies participating in the merger have, within six months after certificate's date of issuance, reported the certificate of the merger from the responsible authority in the EEA-state in which the company is registered, together with a copy of the merger plan approved by the general meeting in the company,
2. all companies participating in the merger have approved the merger plan on the same terms,
3. where applicable, the schemes for the influence of the employees have been determined pursuant to § 13-34,
4. the assignee company is legally established if the merger is carried out by the incorporation of a new company,
5. the legislation in general does not prevent the registration of the merger.

(2) With regard to mergers referred to in paragraph one, the Register of Business Enterprises shall notify, without delay, the registration authorities of those EEA-states where the merging companies are registered that the merger has been implemented.

(3) If the assignee company shall be governed by the laws of another EEA-state than Norway, the merger shall be registered in the Register of Business Enterprises when the Register of Business Enterprises has received a statement from the register authority of the state under which the assignee company is registered, confirming the implementation of the merger.

§ 13-33. *Legal consequences of the merger*

Legal consequences of the merger

(1) A cross-border merger shall have legal consequences as described in § 13-17 paragraph one no. 1 to 6. In addition, all the rights and obligations of the merging companies arising out of employment contracts or from employment relationships in effect on the date of the merger, shall be transferred to the assignee company.

(2) The legal consequences of the merger come into effect on the date prescribed by the laws which apply to the assignee company. If the assignee company is governed by Norwegian law, the legal consequences come into effect when the merger is registered in accordance with § 13-32 first paragraph.

§ 13-34. *Employee influence*

The King, through regulation, provides further rules of the influence of the employees in the assignee company, including dispute settlement. The rules provided by the regulation shall substitute any other rules of this Act or other legislation concerning employee rights for representation in administrative or supervisory bodies.

§ 13-35. *Invalidity*

(1) Legal actions seeking to have a public limited liability company's resolution of a cross-border merger declared invalid must be raised before the Register of Business Enterprises has issued the merger certificate pursuant to § 13-31. Legal action which is raised after such date shall be dismissed.

(2) The court before which the legal action has been brought, can decide that the legal action shall have a suspensive effect for the issuing of the merger certificate pursuant to § 13-31 or for the registration of the merger pursuant to § 13-32.

(3) A cross-border merger can not be declared invalid after the date on which the merger has been implemented.

§ 13-36. Cross-border merger of parent company and wholly owned subsidiary

In a cross-border merger where a company owns all of the shares in one or more participating companies, the provisions in §§ 13-25 to 13-35 shall apply with the following adjustments:

1. The merger plan shall contain the information provided for in § 13-26 second paragraph no. 1, no. 4 and no. 6 to 12.
2. § 13-28 on expert statements does not apply.
3. § 13-3 second paragraph (cf. § 13-25 second paragraph no. 2) regarding the approval of the merger plan by the general meeting does not apply for the assigning company.

Chapter 14. Demerger (splitting of companies)

I. Scope of application etc.

§ 14-1. The companies comprised

(1) The provisions of this chapter apply to demergers of public limited liability companies.

(2) The provisions of this chapter also apply to demergers of private limited liability companies when a public limited liability company is the assignee company or is to pay the contribution in shares (cf. § 14-2 third paragraph)

§ 14-2. Scope of application of the demerger rules

(1) The division of a company is subject to the demerger rules in this present chapter when the company's assets, rights and obligations are to be allotted to the company itself (the assigning company) and one or more assignee companies, against consideration to the shareholders consisting of

1. shares in the company or in one or all of the assignee companies, or
2. such shares with an addition which may not exceed 20 % of the total consideration.

(2) Demergers are also subject to the provisions in this chapter when the assigning company's assets, rights and obligations are to be divided among two or more assignee companies subject to the shareholders of the assigning company receiving compensation as set forth in first paragraph.

(3) If an assignee company belongs to a group of companies or if one or more of the group companies altogether hold more than 90 % of both the shares and votes at the general meeting of the assignee company, the consideration may instead of shares be shares in the parent company, or shares in another subsidiary in which the parent company alone or through subsidiaries hold more than 90 % of both the shares and the votes at the general meeting. The capital increase in the parent company or subsidiary may be executed through the issuance of an assignee company of a receivable which is equivalent to the equity accruing to the assignee company from the demerger, as payment for the shares. This receivable ranks after the other creditors of the assignee company.

II. Procedure and effect

§ 14-3. Demerger implementation

(1) In the company to be demerged (the assigning company), the demerger procedure will be conducted according to the provisions in §§ 14-4 through 14-11.

(2) In the assignee company or companies the merger procedure will be conducted according to the provisions on incorporation in chapter 2 (demerger by incorporation of a new company) or according to the provisions on capital increase in chapter 10 (demerger by transfer to an existing company), with the special rules following from §§ 14-4 through 14-11.

(3) When the assigning company continues, the provisions in § 12-2 will similarly apply.

§ 14-4. Demerger plan etc.

(1) The board of directors of the company to be demerged shall prepare and sign a demerger plan including at least information on matters as stated in § 13-6 first paragraph. In addition the demerger plan shall state:

1. the allotment of the company's assets, rights and obligations among the companies participating in the demerger;
2. the allotment of shares and other compensation among the shareholders of the assigning company.

(2) When the demerger involves a transfer to an existing company, the boards of directors of the participating companies shall prepare a joint demerger plan.

(3) The provisions in § 13-7 through § 13-13 will similarly apply.

§ 14-5. Disclosure duty

The board of directors of the company to be demerged shall furnish information to its general meeting and to the board of directors of an assignee company about any material changes in assets, rights and obligations that have taken place in the period between the signing of the demerger plan and the adoption of the demerger plan.

§ 14-6. Demerger resolution

(1) In the company to be demerged, the demerger resolution is adopted by the general meeting approving the demerger plan with the majority required for amendments of the articles of association. The provisions in § 13-3 third paragraph will similarly apply.

(2) In the event of demerger by transfer to an existing company, the resolution is adopted in the same manner in the assignee company. The provisions of § 13-5 will similarly apply.

(3) If the shareholders in the assigning company are not to participate in the same proportion in all the companies that participate in the demerger, the resolution must be supported by all the votes cast and by the entire share capital which is represented in the general meeting.

§ 14-7. Report to the Register of Business Enterprises, notification of creditors

The provisions in §§ 13-14 through 13-16 will similarly apply.

§ 14-8. Implementation of the demerger etc.

(1) The provisions in § 13-17 and § 13-18 first, third and fourth paragraph will similarly apply.

(2) If there are two or more assignee companies, each of these shall notify to the Register of Business Enterprises that the demerger is effective. The effects of the demerger commence when reports from all the assignee companies have been registered.

(3) If the assigning company has been liquidated in connection with the demerger, at least one of the assignee companies shall notify the Register of Business Enterprises of the liquidation.

§ 14-9. Special rights in the assigning company

The provisions in § 13-19 above will similarly apply.

§ 14-10. Invalid demerger

The provisions in §§ 13-20 through 13-23 will similarly apply. § 13-23 will, however, apply so that if there is more than one assignee company being part of the demerger, an assignee company will not be liable for the obligations being incurred by other assignee companies.

§ 14-11. Allotment of assets and liabilities

(1) If it cannot be determined from the demerger plan which company is to own a specific asset, it will be owned jointly by the companies according to the ratio of the net values accruing to the companies from the demerger.

(2) If it cannot be determined from the demerger plan which company is to be liable for an obligation that had arisen before the effects of the demerger commence, the companies having participated in the demerger are jointly and severally liable for the obligation.

(3) If the company which is to be liable for an obligation according to the demerger plan does not perform such obligation, the companies that have participated in the demerger are jointly and severally liable for the obligation. The liability for each of the other companies is limited however to an amount equivalent to the net value accruing to the company from the demerger.

§ 14-11a. Special rules for equal partition demergers

When a demerger takes place by way of a transfer to one or more newly established companies, and the shares in that or those newly established companies shall be allotted to the shareholders in the company that is to be demerged in the same proportion as they owned shares in the demerged company, the provisions of § 13-8 no. 3, § 13-9 and § 13-10 cf. § 14-4 third paragraph shall not apply.

§ 14-11b. Demerger when the assignee company owns all of the shares in the assigning company

If the merger shall be completed by way of dividing the assets, rights and obligations between two or more assignee companies which together own all of the shares in the assigning company, the demerger may be com-

pleted by having the board of directors in the demerging company adopt the resolution according to § 14-6 and without any consideration to be paid.

III Cross-border demerger

§ 14-12. *Cross-border demerger*

(1) In the event of cross-border demerger where the participating companies are subject to the laws of at least two different states which are parties to the EEA-agreement, the provisions of this section apply.

(2) A public limited liability company can participate in a merger set out in first paragraph above if the following prerequisites are met:

1. the law under which the other demerging companies are or are going to be governed by, does not preclude the implementation of the demerger,
2. the law under which the other demerging companies are or are going to be governed by, provides the employees with at least as beneficial representation rights as prescribed by the Directive 2005/56/EC article 16.

(3) In a Norwegian company to be demerged, the demerger procedure shall be conducted pursuant to the provisions in paragraph 4. In a Norwegian acquiring company, the demerger procedure shall be conducted pursuant to the provisions in chapter 2 on formation of companies (demerger by the formation of a new company) or pursuant to the rules in chapter 10 on capital increase (demerger by transferring to an existing company), under the special provisions pursuant to paragraph four.

(4) For the implementation of a cross-border demerger, the following rules apply where applicable:

1. § 14-1, § 14-2 first and second paragraph and § 14-3 third paragraph,
2. § 13-26, cf. § 14-4 first paragraph, second sentence no. 1 and 2, and § 13-7 and § 13-8 no. 1 and 2,
3. § 13-9, cf. § 13-27, and § 13-10,
4. § 13-11 and the regulation provided by § 13-34,
5. §§ 13-12 and 13-13, cf. § 13-29,
6. § 13-30,
7. §§ 14-5 and 14-6,
8. §§ 13-14 through 13-16 and §§ 13-31 and 13-32,
9. § 13-17, cf. § 13-33,
10. §§ 14-8, 14-9 and 14-11,
11. § 13-35.

Chapter 15. Transformation of public limited liability company into private limited liability company

§ 15-1. *Transforming resolution*

(1) A public limited liability company may be transformed into a private limited liability company with the majority required for amendments of the articles of association. To the extent the result of the transformation is that the right to dispose of or acquire shares shall be restricted in accordance with the provisions of § 4-15 second and third paragraph of the Private Limited Liability Companies Act, § 5-19 second paragraph shall similarly apply.

(2) The board of directors shall prepare a proposal for the transforming resolution and amendment of the articles of association. The documents shall be attached to the notice of the general meeting. The proposal shall be explained and contain a review of the effects of the transformation.

§ 15-2. *Report to the Register of Business Enterprises*

(1) The transforming resolution shall be filed to the Register of Business Enterprises within three months from adoption of the resolution.

(2) If the resolution has not been filed to the Register of Business Enterprises by the end of the above period, it may not be registered. The resolution is in such case no longer binding. Nor is it binding if registration is refused on account of a fault that cannot be remedied.

§ 15-3. *Transformation date etc.*

The company is deemed a private limited liability company from the date on which the transforming resolution is registered in the Register of Business Enterprises.

Chapter 16. Dissolution and liquidation

I. Dissolution and liquidation by resolution of the general meeting

§ 16-1. *Resolution to dissolve*

(1) A resolution to dissolve the company is adopted by the general meeting with the majority required for amendments of the articles of association, except as otherwise provided by statute.

(2) If any circumstance has occurred which according to the articles of association shall cause the company to be dissolved, or if the company is to be dissolved as a consequence of statutory provision, the general meeting shall as soon as possible adopt a resolution to dissolve the company. The resolution is adopted with a majority of the votes cast.

(3) The general meeting may not adopt a resolution to dissolve the company after its dissolution has been decided by court judgment or decree according to the provisions in this chapter.

§ 16-2. *Liquidation board. The company's other bodies*

(1) When it has been resolved to dissolve the company, the general meeting or the corporate assembly shall elect a liquidation board which shall replace the board of directors and general manager. The election is effective for an indefinite period, however so that there is a period of notice of three months applicable for the members of the liquidation board.

(2) The provisions regarding the board of directors in chapter 6, including the provisions on employees' rights to elect members of the board of directors, will similarly apply to the liquidation board.

(3) The provisions regarding the general meeting and corporate assembly will apply during the liquidation wherever appropriate.

§ 16-3. *Report to the Register of Business Enterprises*

A resolution to dissolve the company shall forthwith be filed to the Register of Business Enterprises. The report shall include information on the liquidation board.

§ 16-4. *Notification to creditors*

(1) Upon registration of the notification of dissolution, the Register of Business Enterprises shall publish the announcement of the resolution to dissolve the company in their electronic bulletin for public announcement. In the announcement the company's creditors shall be notified that they must report their claims to the chairman of the liquidation board within six weeks from the date of the notice. The name and address of the chairman of the liquidation board shall appear from the announcement.

(2) All creditors whose address is known shall whenever possible be separately notified by the company.

§ 16-5. *Position of the company during the liquidation*

(1) When a resolution to dissolve the company has been adopted, the company shall under its name on letters, announcements and other documents add the words "under liquidation".

(2) The company's business may continue during the liquidation to the extent desirable for an appropriate conclusion of the liquidation.

(3) During the liquidation, annual financial statements shall be submitted, audited and sent to the Register of Company Accounts according to the same provisions as would otherwise apply.

§ 16-6. *Liquidation balance sheet etc.*

(1) The liquidation board shall prepare a list of the company's assets, rights and obligations, and prepare a balance sheet having regard to the liquidation.

(2) The list and the balance sheet duly audited shall be made available at the company's office for inspection by the shareholders. A copy of the balance sheet with the auditor's declaration shall be sent to all shareholders whose address is known.

§ 16-7. *Payment of the company's obligations*

(1) The liquidation committee shall ensure that the obligations of the company are paid except where the creditor has waived his claim or otherwise agrees to accept another debtor.

(2) If a creditor cannot be found or otherwise refuses to receive his outstanding debt, the amount shall be deposited with Norges Bank according to the provisions in the Act of 17 February 1939 No. 2 on deposits for indebtedness.

§ 16-8. Converting the company's assets into cash

The company's assets shall be converted into cash wherever necessary to meet its obligations. The assets shall furthermore be converted into cash unless the shareholders agree on distribution in kind.

§ 16-9. Distribution to shareholders

(1) Any distribution to shareholders of profits other than dividends according to § 8-1 may not be effected before the company's obligations have been discharged and at least six weeks have elapsed since the last announcement of the notification to creditors in the Brønnøysund Register Centre's electronic publication pursuant to § 16-4.

(2) The preceding provision notwithstanding, distribution may be effected if the only obligations left are uncertain or disputed and a sufficient amount is set aside to cover them. Except as otherwise agreed, the amount shall be entered on a joint account of the company and the creditor concerned, so that any withdrawal is subject to both parties' written consent or final court judgment.

(3) The distribution shall be registered on the shareholder's account with the securities registry.

§ 16-10. Final dissolution

(1) On completion of the distribution an audited financial statement shall be submitted to the general meeting. When the financial statement has been approved, a notification shall be sent to the Register of Business Enterprises stating that the company has been finally dissolved.

(2) The provisions in §§ 17-3 through 17-5 apply also after the final dissolution.

(3) The liquidation board shall ensure that the accounting records and books pursuant to § 13 of the Bookkeeping Act are kept for at least ten years, as required by statute, following the final dissolution. Registered accounting data shall be reproducible as provided in § 6 of the Bookkeeping Act for at least ten years following the final dissolution. The liquidation board shall also ensure the safe custody of a transcript of the register of shareholders, at the time of registration of the final dissolution of the company.

§ 16-11. Subsequent distribution

Amounts set aside pursuant to § 16-9 second paragraph that may accrue to the company, distribution to the shareholders which is not claimed, and whatever other assets may prove to be owned by the dissolved company, will be subject to a subsequent distribution. If the amount is of such small quantity that a subsequent distribution is disproportionately inconvenient or costly, the liquidation board may instead employ the amount for the benefit of charitable, humanitarian or environmental purposes.

§ 16-12. Liability for unpaid obligations

(1) To creditors who have not been paid pursuant to § 16-7 nor been adequately secured by an allocation pursuant to § 16-9 second paragraph, the shareholders are jointly and severally liable up to the value of the distribution each of them has received pursuant to § 16-9. With respect to any such creditor the members of the liquidation board are moreover liable jointly and severally without limitations if they fail to prove that they have acted diligently.

(2) In the recourse proceedings the liability shall be split amongst the shareholders in proportion to the amount distributed to each of them. The provisions of § 2 third paragraph of the Promissory Notes Act of 17 February 1939 No. 1 will similarly apply.

§ 16-13. Revocation of resolution to dissolve

(1) A resolution to dissolve the company may be revoked by the general meeting with the majority required for the resolution to dissolve. If the company has been dissolved by virtue of provisions of statute or its articles of association, the resolution may only be revoked when the reason for the dissolution is no longer operative.

(2) The resolution may not be revoked if the company has made a distribution to the shareholders of assets other than dividends. If the equity capital is less than the share capital, the share capital must moreover be reduced to the amount which is still left. If the equity which is left is less than the minimum requirement pursuant to § 3-1, it must be restored to at least that amount.

(3) Any revocation of a resolution to dissolve the company and the company's new board of directors shall forthwith be filed to the Register of Business Enterprises.

§ 16-14. The District Court assumes responsibility for the liquidation

(1) The District Court may decide by decree to assume responsibility for the liquidation of the company when special reasons so indicate provided that

1. the company has not been notified as finally dissolved to the Register of Business Enterprises at the latest one year after registration of the report pursuant to § 16-3, or

2. shareholders representing at least one-fifth of the share capital so demand.
 - (2) The board of directors or if appropriate the liquidation board shall be invited to express its opinion before the decision is made. The Register of Business Enterprises shall inform the District Court that the period allowed pursuant to first paragraph, no. 1 has expired.
 - (3) If the court has assumed the liquidation, the further liquidation proceedings shall follow the provisions in § 16-18. The court's decree shall have the effect of a decree pronouncing bankruptcy under chapter VIII of the Bankruptcy Act.
 - (4) If the company has been dissolved by virtue of provisions of statute or its articles of association, its estate can only be returned to the company pursuant to § 136 of the Bankruptcy Act if the reason for the dissolution is no longer operative. The provisions in § 16-13 second paragraph will similarly apply.

II. Dissolution and liquidation by virtue of decree of the city court

§ 16-15. *Dissolution by decree of the city court*

(1) Unless the general meeting adopts a resolution to dissolve the company, the District Court shall by decree decide to dissolve the company in any of the following cases:

1. when the company must be dissolved as a consequence of provisions of statute or articles of association;
2. when the company has not reported to the Register of Business Enterprises a board of directors which satisfies the requirements of provisions issued in or pursuant to statute;
3. when the company has not reported to the Register of Business Enterprises any general manager who satisfies the conditions provided by statute;
4. when the company has not reported to the Register of Business Enterprises any auditor who satisfies the conditions provided by statute;
5. when the annual financial statement, annual report and auditor's report which the company is to send to the Register of Company Accounts pursuant to § 8-2 of the Accounting Act have not been submitted within six months after the period allowed for such submission, or when the Register of Company Accounts at the end of the period is unable to approve the material that has been sent as annual financial statement, annual report and auditor's report.

(2) The court may only decide to dissolve the company as a consequence of a provision of the articles of association when a shareholder has submitted a demand to that effect and the general meeting has failed to adopt a resolution to dissolve pursuant to § 16-1.

§ 16-16. *Consideration of matters regarding dissolution under § 16-15*

(1) When the conditions in § 16-15 first paragraph no. 1 through 4 have been satisfied, the Register of Business Enterprises shall send the company notice thereof. In cases as mentioned in § 16-15 first paragraph no. 5, the notice is sent by the Register of Company Accounts. The company shall be allowed a period of one month to remedy the matter and will be informed of the consequences of exceeding that period.

(2) If the company has not remedied the matter by the end of the period, the Register of Business Enterprises or the Register of Company Accounts shall repeat the notice by announcement in the Brønnøysund Register Center's electronic bulletin for public announcements. The announcement shall state that the conditions for dissolving the company are satisfied, and that the company is allowed a period of four weeks from the electronic announcement to remedy the matter. The consequences of exceeding this period shall also be stated.

(3) Wherever appropriate the notice under this provision may instead be given by the District Court.

§ 16-17. *District Court decree*

(1) If a notice to the company has been announced in accordance with § 16-16 second paragraph and the company has exceeded the period in the notice, the Register of Business Enterprises or the Register of Company Accounts shall notify the District Court thereof.

(2) The court shall without additional notice decide by decree to dissolve the company pursuant to § 16-15, unless such decision to dissolve has already been adopted by the general meeting. The decree has the same effect as a decree to open bankruptcy proceedings under chapter VIII of the Bankruptcy Act.

(3) If major social economic considerations so indicate, the King may resolve that the company shall be permitted to continue operations, and that the case shall not be sent to the District Court for compulsory dissolution, but that the company shall be given an extended deadline before compulsory dissolution is implemented. The King shall, in such case, resolve that the company shall pay a current coercive fine to the state with effect from a date to be stipulated until the matter has been rectified.

§ 16-18. Liquidation of the company

(1) When the District Court has decided to dissolve the company, the company shall be liquidated in accordance with the provisions in the Bankruptcy Act and the Creditors Recovery Act.

(2) The estate can only be returned to the company in accordance with § 136 of the Bankruptcy Act if the grounds for dissolution are no longer operative.

III. Dissolution and liquidation by court judgment upon demand by shareholder**§ 16-19. Liquidation by court judgment**

(1) A shareholder may demand that the company be dissolved by judgment of the court when any of its bodies or others representing the company have acted in conflict with §§ 5-21 and 6-28 and especially weighty reasons call for dissolution as a consequence thereof.

(2) When the company has submitted a motion in court to that effect, the judgment may instead provide that the shareholder's shares shall be redeemed by the company. The redemption amount shall be stipulated in the judgment with due regard to the company's financial position and opportunities. If the redemption has not been completed by the period stated in the judgment, and this is not due to the shareholder's conduct, the shareholder may require the District Court to decide by decree to dissolve the company.

(3) If the judgment states that the company shall be dissolved, § 16-18 will similarly apply. The judgment has the same effect as a decree to open bankruptcy proceedings under chapter VIII of the Bankruptcy Act.

Chapter 17. Damages etc.**§ 17-1. Liability for damages**

(1) The company, a shareholder or others may hold the general manager, a member of the board of directors, member of the corporate assembly, independent expert, investigator or shareholder liable for any damage which they, in the capacity mentioned, have intentionally or negligently caused such party.

(2) The company, a shareholder or others may also hold a party who, intentionally or negligently, has contributed to damage as mentioned in first paragraph, liable for the damage. Damages can be claimed from the contributor even though the person who caused the damage cannot be held liable because he or she did not act with intent or negligence.

§ 17-2. Modification

Liability for damages pursuant to § 17-1 may be modified pursuant to § 5-2 of the Liability Act.

§ 17-3. The company's decision to bring a claim

(1) The general meeting decides on behalf of the company whether to bring a claim against any person as mentioned in § 17-1. If debt negotiations or bankruptcy proceedings have been opened, the rules of the Bankruptcy Act will be applicable.

(2) The provisions in first paragraph will apply similarly to the conclusion of any advance agreement between the company and any person as mentioned in § 17-1 which governs or restricts their liability.

§ 17-4. Claim on behalf of the company

(1) If the company's general meeting has adopted a resolution of no liability or rejected a proposal to hold liable any person as mentioned in § 17-1, shareholders owning at least one-tenth of the share capital may bring a claim on behalf of the company and in its name. If the company has 100 or more shareholders, the claim may alternatively be brought by shareholders constituting at least 10 per cent of the total number. If legal action for liability has been brought, it may continue regardless of whether or not some shareholders withdraw or dispose of their shares.

(2) Legal action for liability must be brought by a jointly appointed attorney within a period of three months following the resolution of the general meeting. If investigation has been demanded pursuant to § 5-25 through § 5-28, the period runs from the date on which the demand was finally rejected or the investigation terminated.

(3) The costs of bringing legal action are of no concern to the company. However, the costs may be recovered from the company by an amount limited to that which has benefited the company as a result of the action.

(4) This section does not apply when a resolution as mentioned in first paragraph has been adopted with the majority required for amendments of the articles of association. The same rule applies in the event of conciliation settlements.

§ 17-5. Resolution of discharge of liability

If the general meeting has adopted a resolution of no liability or to refrain from holding anybody liable, the company may nevertheless pursue a claim based on circumstances of which the general meeting in essential respects was not given correct or complete information at the time of the resolution.

§ 17-6. Competing claims

Shareholders, creditors or others who have suffered a loss because the company has incurred a loss are bound by the company's loss settlement, their claims ranking after those of the company.

§ 17-7. Other claims on behalf of the company

(1) The provisions in §§ 17-3, 17-4 and 17-5 will similarly apply to the authority to request criminal prosecution and institute private criminal proceedings.

(2) The provisions in §§ 17-4 and 17-5 will apply similarly to the company's claim for recovery pursuant to §§ 3-7, 3-8 and 8-11, and the company's claim for remuneration pursuant to § 6-17 above.

Chapter 18. Procedural rules etc.**§ 18-1. Legal action between the company and the board of directors**

(1) In the event of legal action between the company and the board of directors or individual directors, the board of directors shall convene the general meeting for election of one or more persons who shall act on behalf of the company in the proceedings. This rule does not apply if such election has been completed at the time the legal action was decided.

(2) If the general meeting fails to hold an election as aforesaid, documents to the company may be served to one of the shareholders.

(3) The corporate assembly, if the company has one, represents the company in the proceedings. Documents to the company will be served to the chairman of the corporate assembly.

(4) The present section does not apply to proceedings pursuant to § 17-4.

§ 18-2. Legal action between the company and the corporate assembly

In the event of legal action between the company and its corporate assembly or a majority of the corporate assembly, the provisions of § 18-1 first and second paragraph will similarly apply.

§ 18-3. Proceedings of the District Court etc.

(1) When the District Court deals with matters under the present Act, the procedural rules in § 22 through § 25 of the Probate Act apply except as otherwise provided herein.

(2) Decrees and other decisions pronounced by the District Court pursuant to this Act may be appealed. (3)

An appeal pursuant to the provisions of second paragraph may not be based on grounds that the decision is inappropriate or unfortunate. This rule does not apply to decrees pursuant to § 5-25 through § 5-28 and § 8-4.

§ 18-4. Calculation of periods

(1) For the purposes of periods that are calculated in days, the day on which the period begins to run is not included. Included on the other hand is the day of the meeting or the day on which the act to which the period applies could at the earliest have been performed or at the latest must have been performed.

(2) Periods that are calculated in weeks, months or years, expire on the day of the last week or the last month which according to its name or figure corresponds to the day on which the period begins to run. If the month does not have this figure, the period ends on the last day of the month.

(3) If a period concerning an act ends on a Saturday, public holiday or a day which by statute is equated with a public holiday, the period is extended to the next following workday.

§ 18-5. Use of electronic communication between the company and the shareholders

(1) Unless otherwise provided for in this Act, the company may use electronic communication to give messages, notices, information, documentation, announcements and similar to its shareholders under this Act, provided the shareholder has expressly given his consent to this end.

(2) When a shareholder shall give notices etc. to the company under the provisions of this Act, he or she may do so by way of electronic communication to the e-mail address or in such other manner as the company has specified for this purpose.

Chapter 19. Penalty

§ 19-1. *Infringement of this Act with regulations*

(1) Any incorporator, member of the board of directors or corporate assembly, general manager, person empowered to sign for the company, independent expert or auditor who intentionally or negligently infringes any provision issued in or pursuant to the present Act will be punished by fines or in aggravating circumstances by imprisonment for up to one year. Complicity will be similarly punished.

(2) Any senior employee who has been authorized to make decisions on behalf of the company within limited areas of operation, and who intentionally or negligently infringes any provision issued in or pursuant to the present Act in the exercise of his authority, will be punished by fines or in aggravating circumstances by imprisonment for up to one year.

(3) An infringement of provisions issued in or pursuant to this Act constitutes a misdemeanor. The right to bring criminal proceedings is statute barred after five years.

§ 19-2. *Gross lack of judgment*

(1) Any member of the board of directors, general manager, auditor or independent expert who shows gross lack of judgment in the conduct of his office for the company, will be punished by fines or in aggravating circumstances by imprisonment for up to one year. So will a senior employee who has been authorized to make decisions on behalf of the company within limited areas of operation, and who shows a gross lack of judgment in the exercise of his authority. Complicity will be similarly punished.

(2) An infringement of provisions issued in or pursuant to this Act constitutes a misdemeanor. The right to bring criminal proceedings is statute barred after five years.

Chapter 20. Special companies

I. Public limited liability shipping companies

§ 20-1. *Special rules for public limited liability shipping companies*

If the company is to engage exclusively in shipping or operations with drilling platforms or similar mobile structures, the following special rules apply:

1. An unlimited liability company may be elected member of the board of directors or appointed general manager.
2. The articles of association may provide that an unlimited liability company shall serve as general manager. In such case the general manager may be given notice of termination by the general meeting at not less than two-thirds of the votes cast, unless the right has been reserved to give notice by a smaller number of votes.

§ 20-2. *Public limited liability shipping companies with an unlimited liability company as a director or general manager*

If an unlimited liability company is a member of the board of directors or a general manager pursuant to § 20-1 first paragraph, the following rules apply:

1. Each participant in the unlimited liability company will be deemed member of the board of directors or general manager, but they conduct their office in the capacity of participants in the unlimited liability company and as an affair of that company.
2. The participants in the unlimited liability company may cast only one vote in board of directors' meetings.
3. Any resolution to remove or give notice of termination to the unlimited liability company as member of the board of directors or general manager shall be adopted as a single resolution for all members of the unlimited liability company and may be in its name.
4. When a new participant joins the unlimited liability company, the office passes also to the new participant. On withdrawal, the office terminates for the withdrawing participant. On the withdrawal of the last person who was a participant on the election date, the office terminates also for the other participants in the unlimited liability company.
5. If after the election, one of the participants in the unlimited liability company fails to meet the requirement in § 6-11, such failure will be deemed to apply also to the other participants. The foregoing provision notwithstanding, the office does not terminate for the other participants if the participant who fails to meet the requirement withdraws from the unlimited liability company within three months.

§ 20-3. Foreign national as a director

The election of a member of the board of directors of a company which owns a Norwegian ship requires the supporting vote of all the shareholders if the election of the director would cause the ship to no longer be Norwegian.

II. Public limited liability state-owned companies**§ 20-4. Special rules for public limited liability state-owned companies**

Companies where the state owns all the shares are subject to the following special rules:

1. The board of directors is elected by the general meeting, whether or not the company has a corporate assembly. § 6-4 above will however not be applicable to the employee right to elect members and observers on the board of directors. The articles of association may provide that all members of the board of directors and observers on the board of directors shall be elected by the corporate assembly.
2. The King may review resolutions of the corporate assembly pursuant to § 6-37 fourth paragraph or resolutions of the board of directors pursuant to § 6-12 fifth paragraph above, cf. § 6-37 fourth paragraph, if major social considerations so indicate.
3. An extraordinary general meeting may be demanded by the Ministry to which the company pertains, by the board of directors or by any two members of the corporate assembly.
4. The general meeting is not bound by any proposal by the board of directors or corporate assembly for the distribution of dividends.

§ 20-5. General meetings in public limited liability state-owned companies

(1) In companies where the state owns all the shares, the Ministry will be responsible for calling both ordinary and extraordinary general meetings and determining the method of calling them. They shall be called at least at such notice as provided in § 5-10 second paragraph, unless shorter notice is quite necessary in special cases. The general manager, members of the board of directors and corporate assembly members, and moreover the elected auditor if the matters to be dealt with are of such kind that his presence is desirable, must be called to the meeting. The auditor shall more-over be called whenever so demanded by the Comptroller General.

(2) Matters that have not been reported to those who are entitled to be called according to the rules applying to the calling of general meetings, may only be decided by the general meeting when the attending member of the board of directors and corporate assembly members unanimously consent thereto. A general manager or member of the board of directors or corporate assembly member who disagrees with the resolution adopted by the representative of the company's shares may have his dissenting vote entered in the minutes.

§ 20-6. Representation of both sexes on the board of directors of public limited liability state-owned companies

(1) In the board of directors of public limited liability state-owned companies, both sexes shall be represented in the following manner:

1. If the board of directors has two or three members, both sexes shall be represented.
2. If the board of directors has four or five members, each sex shall be represented by at least two members.
3. If the board of directors has six to eight members, each sex shall be represented by at least three members.
4. If the board of directors has nine members, each sex shall be represented by at least four, and if the board of directors has more members each sex shall be represented by at least 40 percent of the members.
5. The rules in first paragraph, no. 1. to 4. will similarly apply for elections of deputy directors.

(2) The rules in first paragraph do not apply to directors being elected among the employees according to § 6-4 or § 6-37 first paragraph. When two directors or more are to be elected as mentioned in the first sentence, both sexes shall be represented. The same applies to deputy directors. The second and third sentences do not apply if one of the sexes represent less than 20 percent of the total number of employees in the company at the time of the election.

(3) The rules of first and second paragraph apply similarly for public limited liability companies that are wholly-owned subsidiaries of a private limited state-owned company or a public limited state-owned company, or for state corporations.

§ 20-7. Control by the Comptroller General

The Public Accounts Committee supervises the administration of state interests and may conduct investigations etc. of companies where the state owns all the shares and in wholly owned subsidiaries of such companies pursuant to the Public Accounts Act of 7 May 2004 no. 21 and order determined by the Parliament (Storting).

Chapter 21. Taking effect and transitional rules

§ 21-1. Commencement

This Act enters into force on the date determined by the King. Its various provisions may enter into force at different times.

§ 21-2 Transitional rules

1. A joint stock company that has been incorporated prior to this Act entering into force shall be deemed a public limited liability company when the company, before the entry into force of this Act, is registered in the Register of Business Enterprises as a public limited liability company.
2. ---
3. The requirement of § 3-1 second paragraph, second sentence above to the effect that the shares shall be in equal nominal amounts does not apply to companies that had shares with different nominal amounts at the time of entry into force of the Companies Act of 4 June 1976 No. 59. In the event of a capital increase, shares may not be issued with other nominal amounts than the former shares. In general meetings, shares with the lowest nominal amount carry one vote and the other shares correspondingly more votes except as otherwise provided in the articles of association.
4. The provisions in §§ 2-11 through 2-18 only apply when the company is incorporated after this Act has entered into force. If the company has held its statutory general meeting before this Act enters into force, the former rules will apply.
5. ---
6. Payments into the company in connection with formation and capital increase which have not been fully incorporated before this Act enters into force shall be made to the company at the latest one year from registration of the formation or the capital increase.
7. The provisions in § 3-8 do not apply to acquisition agreements that were concluded before this Act entered into force.
8. The provisions in § 3-9 do not apply to agreements between affiliated companies that were concluded before this Act enters into force.
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10. ---
11. ---
12. ---
13. ---
14. The provisions in § 10-12 and § 10-13 only apply when the resolution to increase the capital is adopted after this Act enters into force. If the resolution is adopted before this Act enters into force, the former rules will apply.
15. ---
16. ---
17. ---
18. ---
19. ---
20. ---
21. If a public limited liability company has issued securities which carry other rights to subscribe shares in the event of a capital increase than permissible under chapter 10, the general meeting may at the majority required for amendments in the articles of association resolve to redeem the securities with the pertaining subscription rights. Holders of the rights whose address is known shall be given written notification of the resolution, and it shall be published in two national newspapers. The resolution shall be registered in the Register of Business Enterprises and if appropriate in the Norwegian Securities Registry. After the resolution has been registered in the Register of Business Enterprises, the subscription rights may not be invoked in the event of capital increase in the company. The redemption amount will be determined according to the actual value of the securities on the date of registration. The redemption amount, if disputed, will be determined by valuation in the venue where the company has its registered office. The valuation costs are payable by the company. The total redemption amount shall be paid into a special account with a bank that may conduct business in Norway. The amount thereof becomes statute-barred in accordance with § 4 first paragraph of the Statute of Limitations.
22. Regulations issued pursuant to the Companies Act of 4 June 1976 No. 59 will apply also after this Act has entered into force.
23. The King may issue further transitional rules.