

Notaries and e-VEM

Over the past decade notaries have made a significant contribution legal security in the field of corporate law. Notarial bureaus have become the place where company founders and partners get all the necessary information about the process of establishing and registering, as well as operating and later modifying business entities. Here founders can consult an independent legal expert and set the (often complex) rules of the company and later change them under his or her supervision, according to the needs and interests which emerge at later stages of the company's operation and in different life circumstances. The notary public also carries out the court registration and publication of adopted changes.



After recent changes to the Companies Act, a company can be registered with a contract drawn up in the form of a notarial record or with a special form available through the e-VEM system, in which notaries also play an important role. Our work in the field of drawing up and certification of notarial writs has not changed significantly, however the procedure of registration of new entities and subsequent entry of changes in the court register has been greatly simplified.

The main purpose of the e-VEM portal for companies is to provide sole proprietors and shareholders with a central access point where they can carry out procedures needed to begin operating as a sole proprietor or a company, or where they can enter any subsequent changes. The e-VEM portal allows procedures to be carried out via an online application. Working with the web application of the e-VEM system is user-friendly and the application itself has eliminated many administrative barriers and made the notaries' work easier. After a legal transaction is completed in the notary's bureau,

registration procedures are done via the web electronically (documents in traditional, paper format are converted to electronic format by the notary and sent to the court along with registration application), and registration in the business (court) register is done very quickly, sometimes on the same day. Converting documents to electronic format in notarial bureaus is reliable and easy, and it eliminates bulky handling using traditional mail. Service of judicial decisions is also done electronically – directly into the notary's secure electronic mail account. As of recently, applicants no longer need to pay for public announcement of registration in the Official Gazette - this announcement has been superseded by free announcement on the AJPES website. The notaries diligent work in this field has helped reduce the number of court orders involving deficient and incomplete applications for registration in the court register. It is our goal to work together with the registering courts in order to further decrease this percentage and take the burden off the courts. Notaries are finding that clients like to come to our places of business for services relating to corporate law. We believe the reason for this lies in the fact that here the shareholders can get answers to questions related to corporate law and company operation. Notaries provide a fast and reliable service and considering the work invested and the responsibility involved, the price is reasonable.

The difference between the notaries as entry

points and e-VEM entry points is that e-VEM points carry out procedures for sole proprietors (incorporations and modifications), procedures for the so-called simple incorporation of limited liabilities companies - i.e. companies incorporated with a standard format Articles of Incorporation prescribed in Article 474 of the Companies Act, which contains only the essential compulsory elements of the Articles of Incorporation - and with the nominal capital provided entirely in cash form paid in prior to incorporation, and procedures involving simple changes to the Articles of Incorporation - i.e. the changes to the standard-format Articles of Incorporation - or entry of changes to the registered office or company name on the basis of Articles of Incorporation amended in this manner.

In all other cases, where the nominal capital or a part thereof is provided in non-cash form (e.g. movable assets, real property, rights, companies or company shares) or if the nominal capital is higher than the minimum amount of nominal capital prescribed under the law, or where cash contributions are not paid-up in full or delivered prior to entry of the application for entry in the court register, and also in cases where partners wish to agree on different arrangements than provided under the law, or where they wish to define mutual relationships and company management matters in more detail, the Articles of Incorporation must be made in the form of a notarial writ. In this case the notary serves as the entry point. Furthermore, if the

Articles of Incorporation are signed in the form of a notarial writ, all modifications made to limited liability companies must be made by the notary. The notary is also a mandatory entry point (i.e. applications for registration in the court registration can only be lodged by notaries, electronically using the e-VEM portal) for lodging certain applications specified in the Court Register Act (all applications on behalf of public limited companies, applications for registration in the court register for unlimited liability companies, limited partnerships and all applications lodged on behalf of foreign companies or their subsidiaries), and for lodging applications for registration in the court register or modifications therein on behalf of all other business entities not specifically named in the Act. Upon the client's request, the notary public can also carry out procedures for so-called simple limited liability companies, which are normally done via entry points; of course, such services are billed to the client.

The above differences between the e-VEM entry point and notaries involved in the establishments and modifications to limited liability companies apply to companies with one shareholder as well as those with multiple shareholders, while shareholders of sole-shareholder companies can also perform procedures involving their companies via the web.

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