**TEMPLATE**

**Memorandum of Association**

*Alternatively:*

**Deed of Foundation**

*Commentary:*

*Under Section 11(1) of the Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Business Corporations Act) (the “BCA”), a limited liability company may be established by a sole founder. In that case, the instrument of incorporation shall be called deed of foundation. What is provided for memorandum of association also applies to deed of foundation. The only difference is in the number of founders. At the same time, the plural form when speaking about members shall be replaced by singular form everywhere in the document.*

**I.** **Business Name**

The business name of the company is: **Exemplary s.r.o.**

*Commentary:*

*A business name is the name under which the company will be registered in the commercial register. Pursuant to Section 424 of the Act No. 89/2012 Coll., Civil Code (the “CC”), the business name may not be* *capable of being confused with other business names nor give a misleading impression.*

**II. Members**

The members of the company are:

1. Mr. **Richard Sanchez**, born …, residing at …

2. **Parent s.r.o.**, identification number …, seated at …, file number C … kept at … court in …

*Commentary:*

*Although Section 146(1)c) of the BCA only requires stating the name and the place of residence or the registered office of the members, it is advisable to add other identifiers, such as the date of birth for natural persons and at least the identification number or the file number for legal persons.*

*In the case of deed of foundation, the sole member shall be stated here.*

**III. Registered Office**

The registered office of the company is located in the municipality of Prague.

*Commentary:*

*Pursuant to Section 136(2) of the CC it is sufficient to state the name of the municipality, where the registered office of the legal person is located. In such a case it is not necessary to amend the memorandum of association if a change of the registered office occurs only within the municipality. It is also acceptable to state the full address of the registered office. However, in such a case any change of the registered office requires an amendment to the memorandum of association.*

**IV. Objects of the Company**

The objects of the company are: …

*Optional:*

The activities of the company are: …

*Commentary:*

*Pursuant to Section 146(1)b) of the BCA the memorandum of association shall also include the objects or activities of the company. The founders are not subject to any restrictions in this matter. Only the resolution of the Supreme Court of the Czech Republic no. 27 Cdo 3549/2020 is worth noting. It follows from it that “manufacturing, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act”, which currently are commonly stated objects of companies, do not meet the requirement of certainty and therefore are absolutely invalid and are not to be taken into account.*

**V. Share Capital**

The amount of the share capital is CZK 10,000.

*Commentary:*

*Under Section 142(1) of the BCA, the amount of the share capital must be at least CZK 1 for one contribution (for the number of contributions see Article VI.). The maximum amount is not set.*

**VI. Contribution to the Share Capital, the Administrator of Contributions**

1. The amount of the contribution of the member Richard Sanchez representing his share is CZK 1,000. Richard Sanchez undertakes to contribute to the company the amount of CZK 1,000 (one thousand Czech Crowns) and to fulfil this obligation by payment within 30 (thirty) days from the formation of the company.

2. The amount of the contribution of the member Parent s.r.o. representing its share is CZK 9,000. Parent s.r.o. undertakes to contribute to the company the amount of CZK 9,000 (nine thousand Czech Crowns) and to fulfil this obligation by payment within 30 (thirty) days from the formation of the company.

3. The founders appoint Mrs. **Bethany Smith**,born …, residing at … as the administrator of contributions.

*Commentary:*

*Although Section 135(1) of the BCA allows for the existence of different types of shares, if allowed by the memorandum of association, such a provision would exceed the purpose of the template of the memorandum of association. If the founders are interested in such a provision, or possibly in representation of shares by a common certificate pursuant to Section 137 of the BCA, it is necessary to ask a notary for an individual draft of a memorandum of association.*

*The contribution obligation must be met by a cash payment. The amount of the contribution representing a share must be at least CZK 1 The maximum amount is not set.*

*The contribution does not need to be paid up in full. Pursuant to Section 148 of the BCA it is sufficient to pay up at least 30 % of the amount of every cash contribution before filling of the application for incorporation to register the company in the commercial register.*

*At the same time, if the total amount of the cash contributions does not exceed CZK 20,000, it is possible to pay them up in another way than to a designated account held with a bank or a savings and loan cooperative (Section 23(1) of the BCA). This will usually mean a direct cash payment to the administrator of contributions.*

**VII. Executives and Acting on Behalf of the Company**

1. The company has two executives.

2. Each executive acts on behalf of the company alone.

3. The first executives of the company are:

- Mr. Jerry Smith, born …, residing at …

- Mr. Richard Sanchez, born …, residing at …

*Commentary:*

*Under Section 146(1)(g) of the BCA the determination of the number of executives is a necessary part of the memorandum of association. There needs to be at least one executive. It is also necessary to state the manner in which the executives act on behalf of the company. Such manner may be set in various ways. The template version above assumes that the executive will act alone. However, it is also possible to choose e.g. joint acting of more executives, acting of one executive alone only up to a certain value of the subject of performance and joint acting if the set value is exceeded, etc. In accordance with Section 194(2) the executives (if multiple) may also act as a collective body.*

*Alternatively:*

**VIII. Transfer of a Share**

A member may transfer their share to another member or to a third party without consent of the general meeting.

*Pursuant to Section 208 of the BCA a transfer of a share to a person that is not a member of the company is only possible with the consent of the general meeting, unless the memorandum of association provides otherwise. Thus, the founders may opt for unlimited transferability of shares. If they don't do so, the statutory regime shall prevail, meaning that a transfer to another member is unlimited (pursuant to Section 207 of the BCA), while a transfer to third parties is subject to the consent of the general meeting.*