

AUSTRIA

DESCRIPTION OF SITUATION REGARDING UNREGISTERED STOCK

1. CAN THERE BE BEARER SHARES IN AUSTRIA?

Yes, paper bearer (holder) shares can exist in Austria. However, the Austrian ministry of justice on 2 December 2010 tabled a draft amendment to the law on joint stock companies, which cancels the institute of paper bearer (holder) shares. The Austrian government submitted the draft amendment to the Parliament of the Republic of Austria on 15 June 2011 and lawmakers duly opened a discussion.

2. WHAT FORM OF SHARES DO COMPANIES USUALLY GO FOR?

The preamble to the bill stated above (1) notes that at the end of 2010, 1,650 companies managed paper bearer (holder) shares. It follows that other companies, i.e. most joint stock companies based in Austria, opt for book or registered shares.

(For the sake of comparison: according to ČEKIA agency data, there were 12,188 joint stock companies with paper bearer (holder) stock at the same date in the Czech Republic, i.e. seven times more than in Austria).

3. WHERE IN AUSTRIA ARE BOOK (CONSTRUCTIVE) SHARES REGISTERED?

Book shares are registered on securities accounts, usually administered by banks, and further reflected in the central depository. The central depository is the Österreichische Kontrollbank (OeKB), which is authorized in accordance with an Austrian law on safekeeping of securities by banks to accept from depositaries shares its clients passed into such custody.

Companies which do not wish to register their shares in the central depository (constructive shares) may open an issuer account with an intermediary (depository), properly authorized to pursue such activities; shareholders can add shares to their securities accounts through this intermediary (depository).

4. IS THE INFORMATION ABOUT SHAREHOLDING PUBLIC?

No, it is not public.

5. IS THE ULTIMATE SHAREHOLDER TRACEABLE?

Yes, but only in case of book (constructive) shares on the securities accounts managed by intermediaries (depositaries). These depositaries (intermediaries) are required to identify clients and ultimate shareholders in accordance with rules on the prevention of money laundering.

At present, holders of bearer shares cannot be tracked down in Austria. However, provided the Austrian parliament passes an amendment on joint stock companies, mentioned in the answer to question 1 above, all shareholders will be traceable.

6. HOW ARE SHARES TRANSFERRED?

In case of book (constructive) shares, by "credit transfer" from one securities account onto another. The account holder orders the intermediary to write down a certain amount of shares from his account to the account of the acquirer's account, kept by his middleman. In case of registered shares, transfer requires also an entry in the list of shareholders, managed by the issuer.

Paper bearer (holder) shares are physically transferred from one person to another by means of a document containing the share in question; this transfer may be accompanied by marking endorsement in the document containing the share. Transfer of registered stock further requires an entry in Transfer of registered stock further requires an entry in the list of shareholders, managed by the issuer.

7. WHAT HAPPENS TO BOOK SHARES IN CASE OF BANKRUPTCY OF THE INTERMEDIARY (DEPOSITORY), WHO ADMINISTERS THE SECURITIES ACCOUNT? WILL THE CLIENTS NOT LOSE THEIR SHARES?

Clients will not lose their book (constructive) shares. These securities, including shares, are exempted by the law from the gross estate of the bankrupt intermediary (depository).