

Legal Alert

9/2015**The Amendment to Civil Code is on the way**

The Amendment to the Civil Code of which we already informed you a year ago and which was prepared by the Ministry of Justice in late August 2014 was approved by the Government Legislative Council in the beginning of September and is now on its way through Parliament. The purpose of this amendment is to remove the most conspicuous problems, which appeared in practice after the Code came into effect.

The amendment brings changes in multiple areas; we consider the reintroduction of a pre-emption right to a co-ownership share in real estate and the introduction of a public register of trust funds as the most important. This amendment is proposed to take effect as of 1 January 2016.

The amendment proposes reintroducing a **legal pre-emption right to a co-ownership share in real estate**, to simplify the co-ownership of real estate. Such regulation already existed before the effectiveness of the new Civil Code until 31 December 2013 and then, according to its transitional provisions, until 31 December 2014 for shares acquired pursuant to the old Civil Code. The new regulation will, however, apply only to co-ownerships formed after this amendment takes effect. It will not apply to co-ownership shares acquired in the period between 1 January 2014 and the day preceding the effectiveness of the amendment; in relation to which the existing regulation will apply.

The largest part of the amendment covers **trust funds**. The Ministry of Justice suggests establishing a trust fund register due to their low transparency and concerns regarding their possible misuse for money-laundering purposes. Such register will be considered a public register pursuant to the Act on Public Registers of Legal and Natural Persons. The date of registration in this register is the date the trust fund is established, except for funds established by will. However, only basic information will be accessible to the public, e.g. identification number, date of establishment, purpose of the fund and the contact details and signatory powers of the trustee.

Contacts:

In case of any questions, please do not hesitate to contact your contact person in our office, or approach Bystrík Bugan (bystrik.bugan@bapol.cz) or Radim Polanský (radim.polansky@bapol.cz).

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