

§ 5a GmbHG (Entrepreneurial company)*

- (1) The name of a company formed with a share capital which falls short of the minimum share capital in accordance with section 5 (1) must, in derogation of section 4, bear the designation “*Unternehmergeellschaft (haftungsbeschränkt)*” (entrepreneurial company (limited liability)) or “UG (*haftungsbeschränkt*)” for short.
- (2) In derogation of section 7 (2), the application to register the company may not be filed until the full amount of the share capital has been deposited. Contributions in kind shall not be possible.
- (3) The balance sheet in the annual accounts to be prepared in accordance with sections 242 and 264 of the Commercial Code must include statutory reserves comprising one quarter of the annual surplus minus any losses carried forward from the previous year. The reserves may be used only
 1. for the purposes set out in section 57c;
 2. to compensate for an annual deficit, in so far as it is not covered by profits carried forward from the previous year;
 3. to compensate for losses carried forward from the previous year, in so far as they are not covered by an annual surplus.
- (4) In derogation of section 49 (3), a meeting of shareholders must be convened without undue delay where there is a threat of illiquidity.
- (5) If the company increases its share capital so that it then equals or exceeds the amount of the minimum share capital referred to in section 5 (1), subsections (1) to (4) above shall no longer apply; the name of the company in accordance with subsection (1) may be retained.

* Official Translation provided by the German Federal Ministry of Justice and Consumer Protection.