Summary of the Dissertation

Inheritance of Company Shares in Limited Liability Companies

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The inheritance of company shares in limited liability companies (LLCs) constitutes a legal institution at the intersection of succession law and commercial law which, despite its practical importance, remains insufficiently examined in Bulgarian legal scholarship. Bulgaria is currently undergoing an intensive process of intergenerational wealth transfer; the first generation of entrepreneurs who established businesses after 1989 is now reaching an age where succession planning has become a matter of urgency. The existing provisions of the Commercial Act are succinct and leave numerous questions unanswered, resulting in inconsistent judicial practice. Furthermore, with the growing mobility of citizens within the European Union, cross-border succession cases are on the rise, necessitating the coordination of different legal systems. The practical significance of this subject is undeniable: LLCs and single-member LLCs account for 92% of newly registered commercial entities in Bulgaria, making the stability and predictability of share succession a key factor in the development of small and medium-sized enterprises.

The research addresses three principal gaps in the existing literature, each of which bears directly on the understanding of the subject matter of succession and its associated legal consequences.

The first gap concerns the legal nature of the company share as an object of succession. Existing doctrine often treats the company share either as a contractual claim or as a mere collection of rights, without establishing a coherent concept of the share as an independent legal object. This dissertation develops the understanding that the company share is a *sui generis* legal object with an instrumental (representative) function, the existence of which is functionally conditioned by its capacity to represent a membership relationship. It possesses limited temporal validity and legal dimorphism, existing simultaneously as the economic core of participation within the membership relationship and as an autonomous object of civil commerce outside of it. Upon the death of a shareholder, the share passes to the heirs in its entirety; it is neither automatically extinguished nor decomposed into separate proprietary and non-proprietary components. Instead, it enters a state of legal latency: the rights integrated within it are suspended, while the share itself retains its legal identity and the potential for “reactivation” through the establishment of new membership. Within this framework, the dissertation also develops a thesis regarding the two-layer structure of non-proprietary rights within the company share. The first layer comprises the "structural minimum"—rights inherently linked to the share itself rather than the persona of the shareholder (such as the right to vote, the right to information, and the right to challenge decisions), which are heritable. The second layer comprises personal modifications of these rights—arrangements of a pronounced

intuitu personae character—which are extinguished upon the termination of the deceased member's membership and do not pass to the heirs.

The second gap concerns the specific right of heirs to request membership based on the inherited share. No independent theoretical treatment of the legal nature and classification of this right currently exists in the literature. The dissertation argues that upon acceptance of the inheritance, a special right of an instrumental character arises: the heir's right to request admission as a shareholder based on the inherited company share. This is not a continuation of the deceased member's membership, nor an element of the content of the share itself, but an autonomous legal power with a potestative (transformative) effect. Where the articles of association contain prior consent for the admission of heirs, the exercise of this right produces a constitutive effect binding upon the company. In the absence of such prior consent, the binding effect is absent, as the outcome depends on the will of the general meeting. The dissertation also identifies a normative gap regarding time limits and the consequences of a company's failure to respond, for which a specific legislative solution is proposed, including a mechanism of implied consent if the general meeting fails to act within a three-month period.

The third gap concerns the legally operative facts leading to the termination of the company share and the consequences of denied membership. Doctrine and practice have frequently assumed that the death of a shareholder automatically transforms the company share into a monetary claim for its equivalent value. The dissertation refutes this and argues that the termination of the share does not occur *ipso iure*, but is a legal result conditioned by the conduct of the parties. The legally transformative fact is the refusal of the general meeting to admit the heir as a shareholder; it is this refusal, not the death itself, which deprives the share of its representative function and triggers its transformation into a monetary claim. Until that moment, the share remains a valid object of civil-law transactions. This distinction has significant practical consequences: it determines the moment at which capital participation is released, the moment the claim for equivalent value arises, and the admissibility of dispositive transactions concerning the inherited share during the transitional period.

Drawing on a comparative analysis of European legal systems (specifically German, Austrian, Italian, French, and Swiss), the dissertation formulates specific *de lege ferenda* proposals for amendments to the Commercial Act, the Succession Act, the Private International Law Code, and the Code of Civil Procedure. The proposals aim to introduce express regulation of the heirs' instrumental right, a mechanism for the interim corporate administration of inherited shares, the institution of usufruct over company shares, harmonization with EU Regulation No 650/2012, and a corrective interpretation of the regime governing single-member LLCs upon the death of the sole owner of the capital.