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## Original Research

# Specifics of the Functioning of the Management Bodies of the Company's Shareholders During Martial Law

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**Abstract:** Joint-stock companies play a crucial role in the economic development of Ukraine, contributing to international market expansion and the stabilization of the domestic economy. However, the onset of the Russian-Ukrainian war and the imposition of martial law have severely disrupted the operations and governance of these companies. Hostilities have created significant challenges, impeding the ability of companies to function effectively. In this regard, the primary objective of this research is to provide a detailed analysis of the unique governance challenges faced by joint-stock companies in Ukraine under martial law, as reflected in the legal framework. By examining these changes chronologically, this research elucidates their nature and implications. Thus, these legislative adjustments are assessed to identify any shortcomings that may require future amendments. The research findings stipulate further research of corporate governance regulations during wartime.

**Keywords:** *Joint-Stock Company, General Meeting of Shareholders, Shareholders, Shares, Board of Directors, Remote General Meetings, Electronic General Meetings*

## Introduction

The economic development of Ukraine heavily depends on the corporate sector, which determines the vectors of the market economy and, accordingly, its competitiveness. In many developed countries, joint-stock companies (JSCs) play a leading role in maintaining and developing the economy as they represent a potential business sector for expanding financial opportunities. Using significant resources and capital, JSCs require developing an effective mechanism for controlling their activities, taking into account possible risks and threats to their financial security (Poida-Nosyk 2012).

JSCs have become more widespread than other organizational and legal forms due to their high economic efficiency. Its efficiency is achieved through the realization of property interests of JSC shareowners. Therefore, it is worth defining the concept of a JSC and its characteristics. In accordance with the Law of Ukraine No. 2465-IX (2023) "On Joint-Stock Companies," a JSC is a business entity whose authorized capital is distributed between a specific number of shares with an equal nominal value. The rights associated with these shares are the primary means of certifying the corporate rights of the entity (Law of Ukraine No. 2465-IX 2023).

JSCs display a number of advantages over other legal forms of enterprises. Firstly, they provide the possibility of an additional share issue, which leads to the expansion of the enterprise's activities. This expansion, in turn, increases the amount of income. It also allows the company to adapt to the current market needs. Moreover, JSCs operate for a long period of time compared to other business entities due to a more efficient management system. It is also possible to manage a JSC in a democratic manner. In other words, important decisions must be made by a qualified majority of votes at the general shareholders' meeting. JSCs function in various spheres of society and economic sectors due to the possibility of increasing equity capital. In addition, they demonstrate the resistance to market fluctuations. Their activities are transparent, involving publishing annual and interim financial statements. Finally, JSCs are highly competitive forms of enterprises (Virchenko 2011).

At the same time, JSCs manifest certain drawbacks. Firstly, the procedure for the creation and state registration of a JSC is complicated. Apart from that, the activities of JSCs are controlled by the state in the form of the National Securities and Stock Market Commission. The company's activity also depends on the stock market situation. Finally, conflicts between the management of the company and the shareholders are possible because the former is interested in investing in the development of the company itself, while the latter seek to increase their dividends (Bazylevich 2011).

JSCs continue to function during martial law. The Decree of the President of Ukraine No. 64 "On the Introduction of Martial Law in Ukraine" (2022) introduced martial law and made adjustments in civil and public life, in particular, in the operation of the governing bodies of the company's shareowners. It is important to note that with the beginning of the large-scale invasion, many JSCs supported the state by paying taxes in advance. Most JSCs also allocated a significant amount of funds for charity and donated to charitable organizations.

Moreover, JSCs created funds to help people affected by military actions. The state established relations with enterprises regarding the financing of purchases of military equipment such as drones, cars, and ambulances. However, for the further functioning of JSCs, it is essential to improve and adapt the legislation of Ukraine to the new realities of the Russian-Ukrainian war so that businesses' support of the economic sphere of the state continues in the future.

Considering these challenges, this study aims to analyze the impact of martial law on the activities of the management bodies of shareholders of enterprises and their role in ensuring the economic sustainability and efficiency of said enterprises. In connection with this aim, the following objectives and hypotheses were set:

- Determine features of strategic decision-making by JSCs management bodies during the war and their impact on the investment and financial policy of enterprises;

- Examine the legal aspects of how the management bodies of shareholders function during martial law and determine their responsibility and authority;
- Analyze possible strategies that can be used by the management bodies of shareholders to ensure the stability and safety of enterprises during martial law;
- Provide recommendations for improving the management activities of JSCs during the war in order to reduce risks and ensure their sustainability and competitiveness.

Martial law is often accompanied by instability in the economy. Knowing how shareholder management bodies can operate effectively in these conditions helps businesses stay resilient and avoid serious problems. This article is useful for understanding the specifics of management in military conditions, specifically how to manage risks and respond to unforeseen circumstances more effectively. This article is important for affected enterprises and economies, as it may help them adapt and function effectively during times of warfare.

### **Methodological Framework**

During research, a range of methods were applied. The formal legal method shows the efficiency of measures employed by the state to guarantee the implementation of effective management mechanisms in JSCs. With the help of a systematic method, the influence of martial law on the formation of norms that regulate the holding of general meetings of shareholders was revealed. The analytical legal method was used to analyze the norms of the Ukrainian legislation regarding the implementation of measures for ensuring the timely holding of general meetings of shareholders. The dogmatic legal method was applied to identify the different sides of the changes and innovations introduced by the Ukrainian legislator. This method was also used during the identification of innovations of the newly adopted law “On Joint-Stock Companies.” The method of legal interpretation was also used, which revealed certain regularities in the formation of JSCs and its operations.

The utilization of these methodologies facilitated the execution of a comprehensive investigation within the domain of companies’ shareholder governance. Moreover, it enabled the formulation of theoretical conclusions and practical suggestions.

Some legal scientists pay attention to the role of JSCs in the economic development of the state, as well as novelties of legislation on the activities of JSCs (Levchenko et al. 2021; Poida-Nosyk 2012; Melnyk 2022; Tymoshenko 2022; Yakusheva 2023; Sishchuk 2022). The empirical basis was the laws of Ukraine, primarily the Law of Ukraine “On Joint-Stock Companies” and the decisions of the National Securities and Stock Market Commission.

## Results and Discussion

### Novelties of the Newly Adopted Law of Ukraine "On Joint-Stock Companies"

The full-scale war of Russia against Ukraine brought with it the mass death of civilians and soldiers, the destruction of cities, damage to infrastructure, and the deterioration of the state's economic situation. To adapt the activities of business entities to wartime conditions, the state took a number of legislative measures. It should be noted that such innovations were based on the basic principles of corporate governance in times of crisis, which JSCs to effectively overcome the challenges of war and exercise their responsibilities to stakeholders.

The principle of sustainability and continuity requires of a JSC a level of crisis preparedness and adaptability. Each JSC should have its own crisis and contingency plans to operate regardless of new circumstances. Furthermore, such plans should be flexible and be able to be modified quickly to meet new circumstances. This flexibility includes the ability to restructure decision-making processes and delegate authority to ensure a quick and effective response (Sishchuk and Vasyliieva 2022).

The principle of transparency involves providing timely information on the state of the company to the relevant regulatory authorities. It should also be noted that in times of war, for example, the need to submit reports on the state of enterprise's operations may become more frequent and affect the completeness of such disclosures (Ivashchenko et al. 2018). The principle of prioritization means that, in a crisis situation such as war, it is important to make decisions quickly, particularly with regard to protecting the company's assets, well-being, and liquidity. For example, during martial law, the authorities of certain bodies may be significantly expanded in terms of managing companies in difficult times.

The principle of protecting the interests of shareholders, customers, employees, and suppliers implies taking appropriate measures to achieve the company's management objectives and ensure its uninterrupted operations. The principle of risk management is based on the need to monitor risks on an ongoing basis and adjust strategies and plans in accordance with the results of such monitoring. This principle also requires a proactive approach to identifying new risks and mitigating existing ones. Finally, the principle of legal compliance means adhering to laws and regulations that change in response to new circumstances. That is why governing bodies must keep abreast of all regulatory changes and ensure the company's actions comply with legal requirements (Lošonczi et al. 2022).

These principles also underpin the theories of crisis management and corporate resilience, which provide insight into how companies can effectively deal with crisis situations. Crisis management theories focus on identifying, assessing, and responding to crises that may threaten the survival of an enterprise. Within the framework of a JSC's activities during martial law, these theories confirm the importance and necessity of strategic decision-making, adaptive leadership, and projective risk management. As for the theories of

corporate sustainability, they represent the ability of companies to adapt to existing negative changes, absorb shocks, and, under the influence of such changes, adapt to the new reality and act within the new conditions. For Ukrainian JSCs, resilience is particularly important to maintain business continuity and protect stakeholder interests during martial law (Lošonczi et al. 2022). By integrating these theories into a conceptual model, it is possible to comprehend the unique challenges faced by Ukrainian JSCs under martial law.

On January 1, 2023, the Law of Ukraine “On Joint-Stock Companies” came into force. It was developed in accordance with the realities of warfare in Ukraine to change significantly the regulation of JSCs (Law of Ukraine No. 2465-IX 2023). This law also prescribes the adaptation of the national legislation to the EU standards on corporate governance. In this regard, the Law of Ukraine No. 514-VI “On Joint-Stock Companies” of September 17, 2008 became invalid. As such, it is worth paying attention to the following innovations and changes:

1. The corporate management system of the JSC was simplified. If the previous legislation provided for only a two-level management structure, then the provisions of the current Law provided for a one-level structure. The one-level structure provides for the presence of only the general meeting and the board of directors as governing bodies, while the two-level structure also required the creation of a body that oversees the activities of the companies - the supervisory board. Under a one-level structure, the executive body must be collegial (at least 3 people). However, if a JSC has less than 10 shareholders, then in this case, instead of a board of directors (collegial body), a one-person executive body may be formed (Melnyk 2022). Such changes significantly simplify the company management process and save time when making important decisions.
2. The company’s authorized capital has been increased to 200 times the minimum wage. The minimum wage is calculated in accordance with the minimum wage in force on the date the JSC was registered. It reflects the total nominal value of all shares issued by the company and is an important component of its financial structure.
3. Remote and electronic general meetings of shareholders have been introduced, i.e., the possibility of holding general meetings by means of electronic survey and electronic voting, respectively. Holding an electronic general meeting requires, in turn, a well-established electronic authorized system that ensures accurate identification of each shareholder and their registration. The remote general meeting is convened through the remote completion and transmission of ballots by shareowners to the enterprise via the depository system of Ukraine. At the same time, general meetings can also be held face-to-face (Yakusheva 2023). The shareholders’ general meetings is the formal meeting of shareholders of a JSC where key decisions

are made on the company's operations, governance and financial matters. This meeting is crucial for maintaining transparency and enabling shareholders to exercise their rights and influence the management of the company.

4. The new Law contains a definition of the term "authorized electronic system." As a result, it will be possible to carry out a person's verification and register a person for the general meeting.
5. Innovations also include the introduction of the position of corporate secretary, whose main function is effective communication between shareholders and JSC with other investors. The activities of the corporate secretary are aimed at supporting the activities of the board of directors and the supervisory board (Tymoshenko 2022).
6. Another important innovation is that the person responsible for convening the general meeting must analyze the agenda items for their interconnection. After all, if such a relationship exists, then it is impossible to count votes and make a decision on one agenda item if a mutually exclusive decision on the previous agenda item is made or no decision related to the following decision is made at all (Tymoshenko 2022).
7. The Law introduces a new concept of a corporate agreement and a mechanism for its adoption. As a general rule, a corporate agreement may provide for the circumstances under which a shareholder may sell or purchase shares, and the procedure for such alienation or acquisition. The corporate agreement may also contain provisions on conditions when such rights and obligations appear. At the same time, the provisions of the corporate agreement that the shareholder is obliged to vote on the terms of the board of directors are null and void. The provisions of the corporate agreement are confidential and may not be disclosed unless otherwise established by the law.
8. The process of establishing a public JSC was restricted. Now there are only two ways to set a JSC: a change in the type of a JSC from private to public and transformation from some another type of business enterprise.
9. Currently, the creation of an audit commission in a JSC is not mandatory. In this way, the company reduces an administrative burden.
10. The concept of separate significant transactions is more precisely substantiated, which consists in the following: the commission of several transactions during the year, which are united by one subject and one counterparty, is considered the commission of one significant transaction (Tymoshenko 2022).

These changes stipulate the improvement of corporate governance and affect various aspects of the day-to-day operations of JSCs. Legislative changes that have been introduced since the introduction of martial law in Ukraine have led to an even greater need to develop more flexible and responsive governance structures in JSCs. Moreover, these changes may be

implemented on a permanent basis even after the end of the war if they show positive results. In addition, these adopted changes could serve as a model for other regions that may suffer from this type of conflict to improve corporate resilience (Yakusheva 2023). Companies in regions prone to instability could adopt similar practices to be prepared to deal with future crises better. It is important to note that increased reporting and transparency, while simplifying certain mechanisms like general meetings, will have a lasting impact on the operation of JSCs. These requirements may lead to a more robust regulation in which companies are held to higher standards of accountability and transparency, even in times of peace (Tymoshenko 2022).

The legal adaptations made during martial law, such as the use of force majeure clauses or contractual renegotiation, demonstrate the importance of legal and contractual flexibility in crisis management. Ukrainian companies may continue to look for legal frameworks that provide the flexibility in crises. Remote general meetings have already become a common form of holding meetings and this trend is likely to continue. Moreover, other regions affected by military conflicts may continue their operations in crises.

### Functioning of the Shareholders' Management Bodies During Martial Law

In the context of our research, a particular emphasis should be placed on the direct functioning of the governing bodies of the company's shareholders under martial law from the beginning of its introduction. Particular attention was paid to the shareholders' general meeting as the supreme governing body of a JSC.

The first document that determined the procedure for convening and holding a general meeting was the decision of the National Securities and Stock Market Commission titled "On the specifics of the operation of the governing bodies of shareholders of a joint-stock company for the period of martial law," issued March 16, 2022 (Decision of the National Securities and Stock Market Commission, No. 177 2022). This decision stated that the shareholders' general meeting could be held exclusively in a remote form in accordance with the temporary procedure for convening and holding of general meetings of shareholders (Decision of the National Securities and Stock Market Commission, No. 196 2020). If there is a justified reason why such a general meeting is not possible under the temporary procedure, the general meeting must be convened within 90 days after the termination of martial law. This deadline was mandatory for all types of JSCs.

It is also important to note that the decision of the National Securities and Stock Market Commission No. 177 also provided that the powers of all company management bodies, whose powers were to be terminated during the martial law, were automatically extended until the termination of martial law. On April 4, 2022, the National Securities and Stock Market Commission amended the aforementioned decision. The main change was the possibility of granting the supervisory boards of JSCs permission to decide on the inexpediency of holding



the shareholders' general meeting as an additional ground, based on the real situation in the territory of the joint-stock company's functioning (Decision of the National Securities and Stock Market Commission No. 240 "On Amendments to the Decision of the National Securities and Stock Market Commission No. 154" 2023). In this case, the decision had to be substantiated by the supervisory boards (Le Bars and Guyon 1998).

This simplification was appropriate, as the supervisory boards initially realized that it was technically and physically impossible to hold a general meeting of shareholders (Center for Innovations Development 2023). Such changes were necessary and appropriate in the conditions in which JSCs were trying to operate. After all, holding general meetings in-person endangered the lives and health of not only shareholders but also all company personnel.

However, martial law was extended again and again, and the evolving realities of war required further changes to existing rules to meet the subsequent new challenges. That is why the National Securities and Stock Market Commission adopted Decision No. 1183, "On the peculiarities of convening general meetings of shareholders and participants of the corporate investment fund during martial law" (2022), which changed the conditions of organizing shareholders' general meetings that were introduced in March 2022. According to the provisions of this decision, the period of 90 days for holding a general meeting after the end of martial law was changed, and a condition was introduced the annual general meeting must be held by December 31, 2022. It applied to JSCs whose registered office was located in the territory of Ukraine that was not recognized as temporarily occupied. If the JSCs were located in the occupied territories, the requirement to hold the shareholders' general meeting within 90 days after the termination of martial law remained in force (Sishchuk and Vasylieva 2022).

Due to such changes, the decision of the National Securities and Stock Market Commission No. 177, titled "On the specifics of the operation of the management bodies of shareholders of a joint-stock company during the period of martial law" and dated March 16, 2022, was recognized as invalid based on the decision of the National Securities and Stock Market Commission No. 1184, dated September 19, 2022 (Decision of the National Securities and Stock Market Commission No. 1184 2022). That is why it is appropriate to conclude that the decision of the National Securities and Stock Market Commission No. 1184 actually obliged all JSCs to hold annual general meetings by December 31, 2022. Otherwise, certain remedies, such as warnings or orders to eliminate the offense, would be applied.

Adopting a remote form of general meeting is a familiar procedure for JSCs, as the procedure became common during the coronavirus pandemic and that practice could be applied during martial law. However, holding a general meeting of shareholders with the participation of shareholders holding 100 percent of the voting shares of a joint-stock company has become a novelty in the legislation (Decision of the National Securities and Stock Market Commission No. 1318 2022). According to the Decision of the National Securities and Stock Market Commission No. 1318 (2022), it was assumed that if the

shareholders—owners of 100 percent of the voting shares—gathered in one place, they could make any decision that falls within their scope of authority, per the company’s charter or legal norms. At the same time, however, a certain limitation was established: the number of such shareholders could not exceed five people.

The specified features of holding general meetings of shareholders were inherent in companies in 2022. Significant changes on the battlefield, namely the defeat of the Russian Federation in many directions, gave hope in regard to restoring the typical functionality of many economic entities, including JSCs. The issue of holding a shareholders’ general meeting in 2023 remained relevant, considering the state of war and the already noticeable improvements.

One of the first steps for restoring the typical functionality of JSC was the Law of Ukraine “On Joint-Stock Companies.” It became the impetus for further changes in the by-laws, including in normative documents issued by the National Securities and Stock Market Commission. That is why the decisions of the National Commission for Securities and the Stock Market No. 1183 and No. 1318 became invalid based on the decision of the National Commission for Securities and the Stock Market No. 154: “On the determination of the features of holding general meetings of JSCs and general meetings of participants of corporate investment funds for the period of martial law in 2023” (Decision of the National Securities and Stock Market Commission, No. 154 2023). On March 6, 2023, partial changes were made to Decision No. 154 to regulate the process for convening the shareholders’ general meetings of JSCs. The main features of holding such a general meeting are as follows.

The shareholders’ general meeting can be organized only in one of the following ways. Following the Procedure for convening and holding remote general meetings of shareholders, the remote meeting shall be conducted (Decision of the National Securities and Stock Market Commission No. 236 2023). A general meeting of shareholders of a JSC is held in accordance with the requirements of Article 59 of the Law of Ukraine “On Joint-Stock Companies.” This provision does not apply to those cases when the general meeting is held on temporarily occupied territory or on the territory of the state, which is considered the aggressor state according to Ukrainian legislation. It does not apply to JSCs with one shareholder.

Remote general meetings of shareholders, which is held by the specified Procedure for convening and holding remote general meetings of shareholders, must meet the following criteria. Firstly, electronic documents required for general meetings must be provided or created using a qualified electronic signature. Moreover, voting ballots can be sent directly to the depository institution e-mail (the ballots must be certified by a qualified digital signature of the relevant shareowner or his/her representative) or by physical submission in paper form to the depository institution. An important condition for submitting ballots in paper form is the presence of the shareholder’s signature (or his representative), which is notarized or certified by a depository institution that maintains the relevant shareholder’s securities

account. If the ballot is not certified by one of the possible options, it will be considered as not accepted by the depository institution for further processing. Furthermore, if the ballot is sent in paper form and contains several sheets, these sheets must be numbered and signed by the shareholder or his representative. Otherwise, the ballot will be considered invalid.

In addition, the shareholders' general meeting may be convened only if the list of shareholders and the relevant order for the formation of such a list is submitted to the Central Depository in electronic form and the relevant lists are provided by the Central Depository in electronic form. If this requirement is not met, a general meeting of shareholders cannot be held under martial law, and the meeting will be considered invalid and will not create any legal consequences. This requirement under the applicable law is imposed on the person responsible for convening the shareholders' general meeting. Depository institutions are obliged to send all documents related to the shareowners' general meeting to the Central Depository no later than two days after the shareholders' general meeting. The annual general meeting of JSCs registered in the territory that is not a temporarily occupied territory must be held no later than April 30, 2023. If the tenure of the members of the enterprise's governing bodies is terminated during martial law, they are deemed to have been extended until such time as the general meeting of shareholders decides to elect members of such a body.

In reality, a number of issues arise when holding the shareholders' general meeting. Thus, technical support means holding a remote general meeting of shareholders, you need strong technical support, namely, an uninterrupted Internet connection and high-quality software. You also need to be prepared for technical problems and respond quickly to them. Moreover, security consists in establishing multi-level protection against unauthorized interference in communication systems, controlling access to voting systems, and ensuring data processing security. Provided that the general meeting is convened in-person (following the provisions when such a meeting is possible), ensuring physical security is a priority during martial law. To hold the shareowners' general meeting, it is necessary to organize the proceeding for holding the general meeting, which will ensure the uninterrupted operation of all systems and persons involved in the general meeting. Consequently, it can be concluded that the electronic document management and automation of remote general meetings of a JSC in accordance with the Temporary Procedure cannot prevent violations. This is associated with the absence of a quorum at the shareholders' general.

### Challenges and Risks Associated with New Rules and Cybersecurity Issues

The conduct of any entrepreneurial activity plays a significant role in the economic development of any state. This significance is due to the fact the business, conducted optimally, provides for a significant share in the GDP structure, fills the state budget, and creates jobs (Ivashchenko et al. 2018). However, the hostilities on Ukrainian territory have led to the destruction of the economy and business sector of Ukraine. Since February 24<sup>th</sup>,

2022, 46.8 percent of enterprises completely or partially ceased their activities, and 19 percent of enterprises were relocated within Ukraine or abroad due to destroyed infrastructure, territories becoming temporarily occupied, a sharp decline in demand for certain goods or services, problems with deliveries, among other factors (Lošonczi et al. 2022). Therefore, in conditions of war, one of the main tasks of the state is to provide effective political order to create favorable conditions for its stabilization.

To that end, the Verkhovna Rada of Ukraine established measures aimed at helping to conduct business under martial law. Business relocation, loans, and other financial support programs are aimed to reduce the negative impact of the war. Going forward, the state support for the entrepreneurial activity development in Ukraine should include the following measures:

1. A strategic vision of tasks, priorities, and key directions of activity and management by public authorities.
2. A step-by-step approach to stimulating small business in regions, taking into account the urgent needs of territories and sectors (Britchenko et al. 2018).

So, while it is possible to claim that the war has debilitated the economy, it must be acknowledged that Ukraine is attempting to provide citizens with financial and economic support, restore all critical infrastructure as soon as possible, and ensure a peaceful and comfortable life in Ukraine. Apart from trading, JSCs are involved in charity, services provision, and the processing industry, administrative and auxiliary services. The analysis of the state, dynamics and determinants of the development of international e-commerce facilitates assessing the market trends, predicting its further changes, and determining the factors affecting its development (Antoniuk et al. 2018).

Accordingly, the dynamics of international e-commerce at the present stage are characterized by an increase in its volumes, the number of online stores, and the number of Internet and e-mail users. It is also possible to observe a growth in the number of electronic payment systems. Considering that observation, if it is possible to transfer all business processes to the online sphere, it would be economically justified, and not only for the duration of martial law.

Regarding the risks associated with new cybersecurity rules, the following key aspects are worth noting. As companies introduce new technologies to facilitate remote management, such as online meetings, digital voting systems, and electronic document management, they become more vulnerable to cyber-attacks. These attacks can steal confidential corporate information, disrupt operations, and undermine stakeholder trust. Remote management often involves the use of third-party software and cloud services, which are not always adequately protected. Therefore, it is recommended to engage professional cybersecurity experts to protect confidential information owned by JSCs (Ivashchenko et al. 2018).

When analyzing this issue, it is also important to consider the effectiveness of remote general meetings, which often depends on the reliability of technology and the availability of a stable Internet connection. Thus, the lack of equipment for remote general meetings could decrease participation, especially if the technology used does not facilitate easy interaction. This shortcoming can cause fewer effective discussions and decision-making, potentially affecting the quality of governance.

## **Conclusion**

The activities of JSCs have been encouraged by the state as their activities are a vital part of the economy of Ukraine. JSCs entered international markets and expanded domestic market opportunities. As a result, new workplaces were created. This in turn filled the state budget with taxes.

The full-scale invasion of Russia changed the usual lifestyle of everyone. The activities of many enterprises were stopped, and their further functioning was under threat. Many JSCs financed some needs of the army and paid taxes months in advance to ensure the relative economic stability of the state. Moreover, many JSCs created funds for the future restoration of the state or for compensating the victims of Russian aggression.

The role and importance of JSCs are quite significant in peacetime and wartime. However, the introduction of martial law significantly impeded the activities of JSCs. As a result, problems arose in the operations of the governing bodies of the company's shareowners.

That is why the legislature had to adapt the legal norms to the realities of martial law. First of all, the Law of Ukraine "On Joint-Stock Companies" was adopted. This legislation introduced several key reforms, including the streamlining of corporate governance for JSCs. It permits the adoption of both a one-level and a two-level management structure, with the latter including a supervisory board. In addition, the minimum authorized capital was reduced, remote shareholders' general meetings were permitted, and the necessity for an audit commission was eliminated. Furthermore, the legislation clarified the qualification of significant transactions.

The National Securities and Stock Market Commission worked on adapting the managerial relations within JSCs to the conditions of martial law. At first, if there was a valid reason, supervisory boards were given the choice not to convene the shareholders' general meeting, which simplified conditions for business. In addition to remote and electronic general meetings, it was still possible to hold an in-person general meeting of shareholders only if there were five such shareholders (holding 100 percent of the company's shares). Requirements were made for the signing of ballots and their notarization by a depository institution. Moreover, the legislation permitted the continued functioning of bodies whose authorities were revoked during martial law, unless a general meeting voted otherwise. These

measures were implemented to ensure completely remote general meetings with all possible access, security, and verification provided.

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## Conflict of Interest

The author declares that there is no conflict of interest.

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