Chapter 1 - Range of application of the Act etc.

§ 1-1. General range of application

(1) This Act is applicable to a commercial business which is conducted for the joint account and risk of two or more partners, of whom at least one has unlimited personal liability for the total obligations of the business. The Act applies also where two or more partners have unlimited liability for parts of the obligations when these parts altogether constitute the total obligations of the business.

(2) Chapter 2 below applies to limited partnerships except as otherwise provided in Chapter 3.

(3) The provisions of §§ 2-8 through 2-18 and 2-27 apply also to a business which is conducted for the account and risk of a single person, when the business has had in the last three financial years an average of more than 50 employees or a decision has been made pursuant to § 2-10 below for group representation.

(4) This Act does not apply to shipping partnerships under Chapter 3 of the Maritime Act of 20 July 1893 No. 1. Nor does it apply to co-operation agreements relating to licences issued under § 24 of the Petroleum Act of 22 March 1985 No. 11 or cooperation agreements by virtue of §§ 11 and 16 cf. § 24 of the Act and similar agreements concluded before the Petroleum Act.

(5) Except as otherwise agreed, this Act does not apply to companies formed by municipalities or county councils for the promotion of common financial interests (inter-municipal companies).

§ 1-2. Definitions

(1) For the purpose of this Act

(a) Partnership means a business as mentioned in § 1-1 (1 ) above,

(b) Unlimited liability partnership means a partnership where the partners have unlimited personal liability for the total obligations of the partnership, undivided or for parts which altogether constitute the total obligations of the partnership and who act as such in relation to third parties,

(c) Internal partnership means a partnership which does not act as such in relation to third parties,
(d) silent partner means a partner in a partnership in which it has been agreed that his participation shall not be apparent and that the partner has only limited liability up to a stipulated sum,

(e) limited partnership means a partnership where at least one partner has unlimited liability for the obligations of the partnership and at least one other partner has limited liability up to a stipulated sum for the obligations of the partnership without being a silent partner,

(f) general partner means a partner who has unlimited liability for the obligations of a limited partnership,

(g) special partner means a partner who has limited liability for the obligations of a limited partnership without being a silent partner,

(h) company group means parent and subsidiary.

(2) If a company owns so many shares or participations in another company that they represent the majority of votes in that other company, the first company shall be regarded as a parent company. A parent company is also a company which by virtue of agreement has decisive influence over another company and a substantial share in its operating result. The other company shall under either provision be regarded as a subsidiary of the former. If a parent company together with a subsidiary or one or more subsidiaries together own so many shares or participations in another company that they represent the majority of votes in that other company, the latter company shall be regarded as a subsidiary of the parent company. If a parent company together with a subsidiary, or one or more subsidiaries together, have such decisive influence and share in another company's operating result as stated in the second sentence of this paragraph, the latter company shall be regarded as a subsidiary of the parent company.

(3) The rules of subsidiaries in the preceding paragraph apply also to joint-stock companies or other limited liability companies and to shipping partnerships.

§ 1-3- Geographical range of application

A partnership is comprised under this Act:

(a) when it has its head office in Norway or on the Norwegian continental shelf, or

(b) when a partner who alone owns or several partners who altogether own most of the business are resident in Norway and the activities of the business are not conducted in another state.

§ 1-4- Mandatory rules

The provisions of this Act may not be set aside except as otherwise specifically provided in the Act or follows from the context.
Chapter 2 - General provisions concerning partnerships § 2-1. Position as party

(1) Unlimited liability partnerships and limited partnerships may have rights, obligations and act as parties in the courts of law and in respect of other authorities.

(2) In internal partnerships, rights, obligations and position of party shall be ascribed to the partners, except silent partners.

§ 2-2. Partners in a partnership

(1) Physical persons and legal persons of whatever kind may be partners in a partnership.

(2) If a partnership participation is owned by several partners jointly, they must appoint a single person to act as partner in respect of the partnership.

§ 2-3. Partnership agreement

(1) In each partnership which is not an internal partnership, a dated written partnership agreement shall be drawn up, signed by all partners except a silent partner. Later amendments shall be made in the same manner unless the amendments appear from a record of a partners meeting. A partner who joins the partnership after it has been established shall accede to the partnership agreement in writing.

(2) Partnership agreements as mentioned in the preceding paragraph shall at least contain provisions concerning:

(a) the name of the partnership,
(b) the name and address of each partner except silent partner,
(c) the object of the partnership,
(d) the municipality in which the partnership will have its head office,
(e) whether the partners will contribute capital, and the value of any contributed assets.

§ 2-4. Liability for obligations of the partnership

(1) The partners are jointly and severally liable for the obligations of the partnership. A partner who joins the partnership after it was established will be liable also for obligations prior to his joining.

(2) A creditor of a partnership must first address his claim to the partnership. If the creditor's claim is not satisfied by the partnership within 14 days from the date thereof, he may claim direct against the partners. He may also do so when the partnership is obviously unable to pay or when the partnership cannot be found.
The provisions of the two preceding paragraphs may be set aside in the partnership agreement. Any agreement providing for another form of liability than stated in (1) above will take effect in respect of third parties only when this form of liability has been entered in the register of companies, unless the third party knew or ought to have known of the agreement. The registration requirement does not apply to silent partners.

In internal partnerships any agreement providing for another form of liability than stated in (1) above is applicable also in respect of third parties acting in good faith.

§ 2-5. Recovery right

(1) A partner who has performed an obligation of the partnership may promptly recover the amount thereof from the partnership.

(2) If he is unable to recover from the partnership, he can seek recovery from each of the other partners in proportion to their respective participations in the partnership. If any of the other partners fail to pay, his share will be divided among the other partners. Recovery claims under the two preceding sentences are subject to the provisions of § 2-4 (2) above.

(3) The provisions of the two preceding paragraphs may be set aside by agreement.

§ 2-6. Capital contribution

(1) A partner is not obliged to contribute more capital to the partnership than provided by the partnership agreement or by this Act.

(2) Except as otherwise agreed the obligation to contribute capital falls due immediately.

§ 2-7. Separation of the partnership's assets

The partnership's assets shall be kept separate from the partners' other assets. The obligation to keep the partnership's assets separate does not apply in relation to a silent partner, except as otherwise agreed.

Partners meetings § 2-8.

(1) The partners meeting is the partnership's highest authority.

(2) Except as otherwise agreed, all partners are members of the partners meeting. A silent partner is not a member of the partners meeting, see however § 2-9 (3) below.

(3) If the partnership has a board of directors or chief executive, see §§ 2-13 and 12-18 below, they are obliged to attend the partners meeting except when this is obviously unnecessary or they are validly excused, see § 2-11 (3) below.
§ 2-9
(1) In a partnership which in the last three financial years has had an average of more than 50 employees, a majority of the employees may require that they elect from among their number up to a third, but at least two, of the partnership meeting's members with deputy members.

(2) In a partnership which in the last three financial years has had an average of more than 200 employees, these shall elect from among their number up to a third, but at least four, of the partnership meeting's members with deputy members.

(3) If a partnership as mentioned in (1) above has less than four partners who may be members of the partners meeting under § 2-8 (2) above, these partners may appoint other persons, including a silent partner, as members of the partners meeting so that the appointed members together with the partners constitute not less than two-thirds of the members of the partners meeting. If a partnership as mentioned in (2) has less than eight partners, the provision of the preceding sentence will similarly apply. The right of appointment under this paragraph may be transferred in the partnership agreement to one or more specified partners.

§ 2-10.
(1) The King may issue supplementary regulations to § 2-9 (1) and (2), including regulations concerning period of service, condition for voting rights and eligibility, method of election, settlement of disputes, election to and termination of office as members of partners meetings.

(2) The King may moreover decide by regulations applying to specified partnerships or in each case that § 2-9 (1) and (2) above shall not apply.

(3) If a partnership belongs to a group of businesses which are associated through owner interests or common management, the King may on application from the group or from a majority of the employees of the group decide that the employees of the group for the purpose of applying § 2-9 (1) or (2) shall be considered employees of the partnership, and that these shall from among their number elect members according to § 2-9 (1) or (2) above.

§ 2-11.
(1) Partners meetings are called in a suitable manner and at necessary advance notice. The notice shall contain the agenda.

(2) Except as otherwise agreed each partner, director or manager may call a partners meeting to deal with a specific matter. The employee representatives may jointly call a partners meeting. The partnership agreement may authorize also others to call partners meetings.

(3) If a member who is not a deputy member is prevented from participating in a partners meeting on account of sickness,
absence on travel or other valid reason, he may be represented under written proxy or announce his opinion in writing. In the latter case such resolutions as have been made shall be reported to him without undue delay. The partnership agreement may provide that a member shall also in other cases be able to attend by proxy.

(4) If a matter is so urgent that there is insufficient time to call a meeting at reasonable notice, the resolution may be adopted otherwise than by meeting. The same rule applies if all the members agree in a specific matter to apply such procedure and the partners meeting does not have members elected by the employees.

§ 2-12.

(1) Only partners have voting rights in a partners meeting. Any resolution requires the unanimous supporting vote of all voting partners. The provisions of the two preceding sentences may be set aside in the partnership agreement.

(2) Except as otherwise agreed or provided in each case, a record shall be kept of the deliberations in partners meetings. In partners meetings with members elected by the employees, a record shall always be kept. Each member of the partners meeting who disagrees with a resolution is entitled to have his view entered in the record. The obligation to keep a record applies similarly when matters are decided outside a meeting, see § 2-11 (4) above.

Board of directors § 2-13

(1) It may be agreed that the partnership shall have a board of directors. In such case the board shall conduct the general administration of the partnership. The directors, and deputy directors if any, are elected by a partners meeting. Physical persons only may be directors.

(2) When the employees have a right to elect members to the partners meeting in a partnership which has a board of directors, the employees also have the right to elect from among their number up to a third, but at least two, of the directors with deputies. The provisions of § 2-10 above will similarly apply.

(5) The board shall in particular ensure that the capital administration is organized in a satisfactory manner.

§ 2-14

(1) Directors serve for terms of two years except as otherwise agreed. A director serves until his successor has been elected even if his term of service has expired.

(2) § 8-3 first paragraph, first and second sentences, and second paragraph of the Companies Act will similarly apply.
§ 2-15.

(1) The board shall have a chairman. Except as otherwise agreed the directors will elect the board chairman.

(2) Concerning the chairman's functions and records of board meetings, the provisions of § 8-9 second, third and fourth paragraphs of the Companies Act will similarly apply.

§ 2-16.

(1) Except as otherwise agreed the board forms a quorum when more than half of all the directors are present. However, the board may not adopt resolutions unless all the directors have if possible been invited to participate in the discussion of the matter. If a director is absent and he has a deputy, the deputy shall be invited to attend.

(2) Board resolutions are adopted by a majority of the attending directors, or in the event of a tie by the chairman. However, a valid resolution always requires the supporting vote of more than one-third of all the directors.

(3) In the case of an election or appointment, the person elected or appointed is the one who obtains the largest number of votes. The board may decide in advance that renewed voting shall take place if nobody obtains a majority of the votes cast. If a tie occurs in the election of a chairman or ad hoc chairman, the election will be decided by drawing of lots. In other cases the board chairman has the casting vote.

(4) Majority requirements differing from the provisions of (2) and (3) above and different rules for the consequences of a tie may be agreed.

§ 2-17.

A director or chief executive may not participate in the discussion or decision of any matter which is of such special importance to him or anybody close to him that he must be regarded as having a prominent, personal or financial special interest in the matter. Nor may a director or chief executive participate in any resolution concerning a loan against or discounting of any paper carrying his name.

§ 2-18. Chief executive

(0) The partners meeting may engage one or more physical persons, partners or non-partners, to conduct the everyday management of the partnership.

(2) The chief executive shall comply with the guidelines and instructions issued by the partners meeting or board of directors.

(3) The everyday management does not comprise matters which are of an unusual kind or of major importance in terms of the partnership. Such matters may only be decided by the chief executive when the partners meeting or board of directors has
authorized him thereto in each case, or when the resolution of a partners meeting or board of directors cannot be awaited without major inconvenience for the partnership's business. The members of a partners meeting, or the board -of directors as the case may be, shall in such case be notified as soon as possible of the decision.

(4) The chief executive shall in particular ensure that the capital administration is safely organized.

§ 2-19. Removal of director

(1) Except as otherwise agreed a partners meeting may at any time remove a director from office. The director in question does not participate in the resolution. The provision of the first sentence does not apply to employee elected directors.

(2) When a director has been removed from office, it will be decided under general rules of contract law whether he is entitled to a fee for the remainder of his term.

§ 2-20. The partners' management powers

(1) When a board of directors has not been elected and a chief executive has not been engaged, each partner may undertake transactions which form natural and reasonable elements of the current operation of the partnership, and which another partner has not opposed. The provision of the preceding sentence can be set aside by agreement.

(2) If the partnership has a board of directors or chief executive, the individual partner is barred from managing the partnership, except as otherwise agreed. Each partner may nevertheless undertake transactions that are necessary to prevent loss or harm to the partnership.

(3) A silent partner does not have the right to manage the partnership according to the two preceding paragraphs and may not be granted such rights by agreement.

Representation of partnership §

2-21.

(1) An unlimited liability partnership is represented in its dealings with third parties by each partner, who is also authorized to sign for the partnership. It can be agreed that only one or more partners shall be authorized to sign for the partnership, and that partners who are so authorized must exercise the authority jointly. Other restrictions in the right to sign for the partnership cannot be registered.

(2) If an unlimited liability partnership has a board of directors, it is the board which represents the partnership in third party dealings and signs for the partnership. A partners meeting may resolve that only one or more directors shall be authorized to sign for the partnership, and that directors who are so authorized must exercise the authority jointly. Other restrictions in the right to sign for the partnership cannot be registered.
(3) If the partnership has a chief executive, he represents the partnership in third party dealings which come within his authority under § 2-18 above.

(4) Except as otherwise agreed, a partner in an internal partnership does not represent the partnership or the other partners.

§ 2-22.

(1) The restriction in the right of signature as mentioned in § 2-21 (1) and (2) can only be invoked in respect of a third party when information on the agreement or resolution has been registered in the register of companies or when the third party knew or ought to have known of the restriction.

(2) If anybody representing the partnership in a third party transaction has exceeded his authority, the transaction is not binding on the partnership if the third party knew or ought to have known that the authority was exceeded, and that it would therefore be contrary to fairness and good faith to invoke the transaction.

§ 2-23. No competition

(1) Except as otherwise agreed, a partner may not conduct or be a personally liable partner in any competing business. The provision of the preceding sentence does not apply to silent partners.

(2) A partner who has acted contrary to the provision of the preceding paragraph is obliged to pay to the partnership an amount equivalent to the benefits he has earned through the unlawful business. The provision of § 2-43 (2) below will similarly apply.

§ 2-24. Accounting obligation

(1) Each partner is obliged to ensure that the partnership fulfills its accounting obligation under law, regulations or other provisions, and that an annual report and a consolidated financial statement, if appropriate, are drawn up, see §§ 21 A and 21 B of the Accounting Act. The provision of the preceding sentence does not apply to silent partners.

(2) If the partnership has a board of directors, they will have the obligation provided in the preceding paragraph.

(3) If the partnership has a chief executive, he too will have this obligation.

§ 2-25. Profit and loss

(1) Profit and loss shall be shared equally among the partners. The remuneration provided in § 2-26 (1) shall be regarded as an operating expense.

(2) Before profit is shared in a partnership where the profit is not shared according to capital participation, the partners
owning capital participations shall be credited interest on the amount thereof at the beginning of the financial year. The interest shall be regarded as employment of the year's profit and be charged according to the rate stipulated for overdue payments interest under § 3 of the Act of 17 December 1976 No. 100 concerning interest on overdue payments.

(3) In partnerships with shared partners liability, the profit or loss shall be shared among the partners according to the agreed rule on liability for partnership obligations.

(4) The provisions of this section may be set aside by agreement. Except as otherwise agreed, any agreement for the sharing of the profit will apply similarly to the sharing of any loss.

§ 2-26. Distribution

(1) A partner who takes part in the management of the partnership or who otherwise performs work in the partnership's business is entitled to a specific remuneration therefor.

(2) Expenses which a partner has lawfully incurred in the partnership's interest may be recovered from the partnership. If the partnership is unable to pay, the provision of § 2-5 (2) will similarly apply.

(3) When the partnership's annual financial statement has been adopted by the partners' meeting, shares in the profit shall be paid out unless, the funds are needed for payment of the partnership's obligations or to meet the expenses of its business. Payment may not be demanded by any partner who has a matured capital contribution obligation to the partnership, until the profit share has met this obligation.

(4) The assets of the partnership may not be distributed to the partners if this would obviously harm the interests of the partnership or its creditors. Distribution of assets includes any transfer which directly or indirectly benefits a partner. Any distribution in conflict with this provision shall be returned to the partnership.

(5) The provisions of the first three paragraphs of this section may be set aside by agreement.

§ 2-27. Disclosure obligation and right of verification

(1) The directors and chief executive are obliged to keep the partners and participants in partners meetings suitably and continuously informed of the partnership's business. This obligation does not apply in respect of silent partners.

(2) Each participant at a partners meeting may require information about the management of the partnership and about other matters which may affect the evaluation of items on the meeting's agenda. The partners meeting may conduct investigations directly or through subcommittees.

(3) Each partner may following prior notice examine and verify the partnership's accounts, vouchers and other partnership
documents of whatever kind, and may require all information about
the partnership's affairs. The verification right may be exercised
personally or through an expert.

(4) A subsidiary is obliged to provide its parent company with such
information as is needed to determine the group's financial position
and the result of its business. The disclosure obligation under the
preceding sentence applies similarly to individuals who have such
influence over a partnership as mentioned in § 1-2 (2).

Change of ownership etc.

§ 2-28.

Except as otherwise agreed a partner's participation can only be
assigned with the consent of all the other partners. As a condition
for such consent the other partners may require security to be
deposited for the partnership's obligations under § 31 fourth
paragraph of the Taxation Act of 18 August 1911 No. 8.

§ 2-29.

(1) If a right to assign participations has been agreed, but this
right has been made subject to a pre-emption right for the other
partners without specific conditions therefor having been agreed,
the pre-emption right must be exercised within, three months from the
date on which each partner was notified in writing of the
assignment. Within the same period he must offer the pre-emption
price or, if this has not yet been established, deposit reasonable
security for the estimated value of the participation. If the
participation is assigned for compensation, the pre-emption price
shall be equal to such compensation. In other cases, the pre-
emption price shall be fixed at the value of the participation as
provided in § 2-33 below. This shall also be done if the
participation is assigned for compensation which is obviously below
the value of the participation.

(2) If two or more partners wish to take over the participation,
each of them may do so in proportion to the participation they
already respectively own.

§ 2-30.

(1) In the event Of an assignment the assignee enters into all the
rights and obligations of the assigner in respect of the other
partners. Like the assigner he is bound by the resolutions and
transactions which the partnership has made before the assignment,
and the partnership and the other partners may set off against him
any claims they have on the assigner on account of the partnership.

(2) For obligations of the partnership at the time of the
assignment, the assigner and assignee are jointly and severally
liable until the creditor has released the assigner from the
liability. If the assigner has to perform a partnership obligation,
§ 2-5 above will similarly apply, but a share which is payable by
the assignee can be recovered only from him.
(3) The assigner may request the partnership's creditors in writing to be released from liability. If a creditor does not answer such a request within three months from receiving it, the creditor will be regarded as having released the assigner from liability.

(4) The preceding paragraph applies similarly to the assignor's liability to the partners.

§ 2-31. Death of a partner

(1) A participation is not transferred to the heirs or surviving spouse on a partner's death.

(2) When a participation terminates on the death of a partner, the heirs or the surviving spouse if any shall be paid for the participation. The amount to be paid will be based on the value of the partnership's business at the time of death and falls due six months thereafter. The provisions of §§ 2-33 and 2-35 below will similarly apply.

(3) The provision of this section may be set aside by agreement.

Withdrawal

§ 2-32.

(1) Each partner may at six months written notice withdraw from the partnership and require the other partners to purchase his participation. The price will be stipulated at the value of the participation at the expiry of the six month period.

(2) Each partner may require his participation to be purchased with immediate effect:

(a) when his right has been infringed by major default on the partnership agreement,

(b) when he has been out-voted by majority resolution in a matter of major importance,

(c) when other major considerations of fairness call for such purchase.

(3) The purchase price under (2) above will be fixed at the value of the participation immediately before the reason for the purchase arose.

(4) A purchase demand under (2) above must be presented within reasonable time, as otherwise the right to have the participation purchased under this provision will lapse.

(5) The provisions of this section may be set aside by agreement.

§ 2-33.

(1) The purchase price will be based on the value of the partnership's business at the time which under § 2-12 is
applicable to the calculation. In calculating the value, due account will be taken to whether the partnership continues its operation. The partners' capital accounts according to the balance sheet in the last annual financial statement, adjusted for later contributions and distributions, shall for the purpose of calculating the value be regarded as obligations or assets of the partnership.

(2) The partnership's equity calculated according to the preceding paragraph will be shared equally among the partners. In partnerships with divided partners liability, however, the equity shall be shared according to the agreed rule concerning liability for the partnership's obligations.

(3) The partners' participations in the partnership's equity will be credited or charged to their capital accounts according to the balance sheet in the last annual financial statement after they have been adjusted for later contributions and distributions. If the withdrawing partner's capital account shows a positive balance, this is his capital participation. If his capital account shows a negative balance, this is his loss participation.

(4) For silent partners, the provisions of the preceding paragraphs are applicable up to their liability limit.

(5) The provisions of this section may be set aside by agreement.

§ 2-34-

(1) A withdrawing partner's capital share shall be paid out immediately. If payment is not made within 14 days, the other partners will be liable jointly and severally.

(2) As a condition for payment under the preceding paragraph, the partnership and the other partners may require security to be deposited for the obligations of the partnership under § 31 fourth paragraph of the Taxation Act of 18 August 1911 No. 8.

(3) A withdrawing partner's loss share shall be paid in immediately.

(4) The provisions of this section may be set aside by agreement.

§ 2-35.

(1) A partner who withdraws from the partnership is not free of liability to the partnership's creditors for the obligations of the partnership at the time he withdrew, until the creditor can be regarded as having released him from the liability.

(2) The withdrawing partner may request the partnership's creditors in writing for release from the liability. If a creditor fails to reply within three months from receipt of such request, he shall be regarded as having released the withdrawing partner from his liability.
(3) The preceding paragraph applies similarly to the withdrawing partner's liability to the other partners.

(4) If a partner who has withdrawn is obliged to pay an obligation of the partnership, the provision of § 2-5 above will similarly apply.

§ 2-36. Exclusion

(1) A partner may by written order be excluded from the partnership and his participation purchased:

(a) when bankruptcy or public composition proceedings have been opened against the partner or he is otherwise unable to meet his obligations, . . . " . . .

(b) when the partner commits major default on his obligations to the partnership, or

(c) when any other weighty reason calls for exclusion.

(2) Any resolution to exclude is adopted by a partners meeting on the demand of a partner. The partner whose exclusion is being contemplated may not participate in the resolution. The demand for exclusion must be submitted within reasonable time after the grounds for exclusion became known; failing which the right to demand exclusion lapses.

(3) If the partners meeting fails to comply with the demand for the exclusion of a partner, the demanding partner may require the partner to be excluded and his participation purchased under court order.

(4) When a motion for exclusion has been adopted by a partners meeting, the excluded partner may not participate in the management of the partnership as partner, director or chief executive. The same rule applies when a partner has been excluded by final court order according to the preceding paragraph.

(5) The provisions of § 2-23 through 2-35 above will similarly apply.

(6) The provisions of this section may be set aside by agreement.

§ 2-37. liquidation

(1) Any resolution to liquidate the partnership will be adopted by a partners meeting.

(2) Each partner may require the partnership to be liquidated immediately:

(a) when the partner's right has been infringed by major default of the partnership's obligations and reference to withdrawal under § 2-32 would not be reasonable, or

(b) when any other weighty reasons call for liquidation.
If the partners meeting does not comply with the demand for liquidation, the demanding partner may require the partnership to be liquidated by court order.

A silent partner may not demand the liquidation of the partnership.

The provisions of this section may be set aside by agreement. The partners may also agree on other grounds for liquidation, including termination by a partner. Notice of any such termination shall be given in writing to all partners at least six months in advance, except as otherwise agreed.

§ 2-38.

A partnership which is to be liquidated shall be liquidated by the partners meeting. Each partner may require the partners meeting to elect a liquidation board composed of one or more members to serve for a non-specified term, but subject to notice of termination of three months or other period adopted by the partners meeting.

If the partnership has a board of directors or chief executive, these cease to serve. The board of directors may be elected as liquidation board, but each partner who participates in the partners meeting may require the partners meeting to elect other persons to serve on the liquidation board.

If the employees have representatives on the board under § 2-13 second paragraph above, they can require the partners meeting to elect a liquidation board under (1) above, and to let the employees have a corresponding representation on the liquidation board.

If the partners meeting fails to comply with a demand for the election of a liquidation board according to the three preceding paragraphs, the bankruptcy court shall appoint a liquidation board at the request of a director or partner who has not voted for the resolution of the partners meeting. Also in other cases such partner or director may bring the partners meeting’s election of the liquidation board before the bankruptcy court, which may appoint another liquidation board if it so sees fit.

The liquidation board is authorized to undertake the transactions that are necessary for the liquidation of the company. The provisions of §§ 2-14 through 2-17 will similarly apply. During the liquidation the liquidation board will represent the partnership in third party dealings and sign for it except as otherwise provided.

§ 2-39.

Resolution or other decision for liquidation shall promptly be reported to the register of companies. This rule does not apply to internal partnerships.

The register of companies shall simultaneously with the registration announce the resolution or decision and notify the
partnership's creditors that they must report to the partnership within six months from the last announcement. The announcement shall be inserted twice at not less than one week's interval in the Official Norwegian Gazette and in a newspaper which is generally read in the locality.

§ 2-40.

(1) The person(s) in charge of the liquidation shall draw up a list of the partnership's assets and obligations and settle the balance with a view to the liquidation.

(2) The partnership's business may continue to the extent expedient for the liquidation.

§ 2-41.

(1) The assets of the partnership shall be converted into money unless all the partners agree to distribution in kind.

(2) When conversion into money can be demanded under the preceding paragraph, each partner may require the bankruptcy court to decide the procedure therefor. The bankruptcy court's decision will be made by decree which is subject to appeal.

(3) Each partner may require the obligations of the partnership to be paid or secured by the provision of a sufficient amount to meet the obligations.

(4) A silent partner cannot exercise rights under the preceding paragraph.

(5) As between the partners, the provisions of §§ 2-33 and 2-34 will similarly apply.

(6) The preceding rules of this section may be set aside by agreement.

(7) When all the partnership's obligations have been paid or secured, profit shares paid out or loss shares paid in, the person(s) in charge of the liquidation will produce a written statement to the partners meeting for approval.

(8) When the statement has been approved, the person(s) in charge of the liquidation will report to the register of companies that the partnership has been liquidated. This rule does not apply to internal partnerships.

§ 2-42.

(1) To a creditor whose claim has not been satisfied, the partners have the same liability as before. The provision of § 2-5 above will similarly apply.

(2) All claims are statute-barred at the end of three years from the date on which the liquidation of the partnership was registered in the register of companies.
§ 2-43 - liability

(1) A partner, participant in a partners meeting, director, chief executive and member of the liquidation board are obliged to pay for any loss which he has caused intentionally or negligently to the partnership, any partner or others.

(2) The liability according to the preceding paragraph may be reduced if considered reasonable with due regard to the degree of fault, the amount of the loss, the financial ability and other circumstances.

Chapter 3 - Special provisions for limited partnerships §

3-1 • Partnership capital and participations

(1) A limited partnership shall have a specific partnership capital, divided into one or more general partner participations and one or more special partner participations.

(2) At least two-fifths of the partnership capital shall be frozen in the partnership and not distributable to the partners, see §§ 3-5 (4) cf. § 3-18 (2), 3-16, 3-17 (1), 3-19 (2), cf. 3-25 (2) and 3-26 (2).

(3) The general partner shall contribute at least one-tenth of the partnership capital, own at least one-tenth of the partnership's net capital at any time and have at least one-tenth of the profit or loss. If the partnership has two or more general partners, at least one of them must satisfy the conditions of the preceding sentence. The general partner participation may not be owned by several persons jointly.

(4) If a special partner's participation passes to the general partner, it shall be added to his participation. This shall not be done if the general partner assigns it, or if it is purchased by the partnership or any of its partners within one year.

(5) A partnership's acquisition of own participations is subject to the provisions of § 7-1 of the Companies Act.

Partnership agreement §

3-2.

The partnership agreement shall contain, in addition to the requirements of § 2-3 above, provisions concerning:

(a) the partners' liability for the obligations of the partnership,

(b) the amount of the partnership capital and the part thereof which is frozen capital under § 3-1 (2) above,

(c) the partners' obligation to contribute capital,

(d) payment of the partnership capital,

(e) whether the general partner or chief executive is entitled to conduct other business.
§ 3-3.

(1) The partnership agreement shall contain any provision which is adopted to the effect:

(a) that a partner shall have the right or obligation to contribute capital otherwise than by money or on other special terms,

(b) that the partnership shall take over such assets in return for other value than participations,

(c) that the partnership shall pay the costs of establishing it,

(d) that anybody else shall have special rights or benefits in the partnership.

(2) The partnership agreement or written addendum thereto shall set forth any circumstances which may be of significance in valuing the assets that are to be contributed or taken over, and for considering any other provisions as mentioned in the preceding paragraph. In particular the agreement or addendum shall state:

" (a) the name and address of persona who enjoy benefits or undertake obligations under the provision,

(b) the participation or other compensation which will be delivered for the assets to be contributed to or accepted by the partnership, and in general the terms which shall otherwise apply to the contribution or acceptance,

(c) the expenses which will presumably be incurred in establishing the partnership and which are to be paid by the partnership, with a specification of such amounts as may be payable for any services rendered in connection with the establishment.

(3) Capital assets as mentioned in (1)(a) above may not be contributed or accepted for a higher amount than the figure at which they can presumably be entered in the partnership's balance sheet. Benefits which cannot be entered as assets in the balance sheet may not be used for capital contribution or accepted by the partnership under the rules of this section.

(4) If an existing business is contributed or taken over, the partnership agreement shall either quote or refer to the annual financial statement for the business for the last two years, and to any annual report by the directors and report by the auditor, and a statement shall be made concerning the result of the operation in the time thereafter. Any reference to the annual financial statement shall indicate the locality where it is available to the partners. If an annual financial statement has not been drawn up for the business, the partnership agreement or a written addendum shall indicate the result of the operation in the same period.

(5) Provisions which are not contained in the partnership agreement or indicated there as required by the rules of this section may not be invoked against the partnership or its partners.
§ 3-4– Prospectus

(1) Whoever addresses to an indefinite circle of persons an invitation to subscribe participations in a limited partnership shall draw up a prospectus containing the main features of the draft partnership agreement and indicating where the agreement and any addenda are available. Provisions as mentioned in §§ 3-2 and 3-3 above shall be quoted in their entirety. The prospectus shall moreover describe the business which the partnership will conduct and any other matters that are of significance in deciding whether to subscribe participations in the partnership.

(2) Unless already appearing from the information to be provided under the preceding paragraph, separate information shall be given on the following items:

(a) The promoters' role in the business, and any participations they may have in the partnership.

(b) Whether the special partners can be ordered to increase their capital contribution or guarantee obligations beyond the level stipulated in the partnership agreement, see § 3-2 (c) above.

(c) The general partner's participation and capital contribution to the partnership. If the general partner is a company, such information shall be given also about that company, its organization, owners and financial position.

(d) A general description of how powers will be shared among the decision-making bodies of the partnership. It shall in particular be stated whether the general partner has the right to veto decisions of partners meetings.

(e) Information about the chief executive if the partnership is to have one. Information shall be given on the essentials of the partnership's agreement with its chief executive, his remuneration and participation in the partnership. If the operation is to be conducted by a company, such information shall be given also about this company, its ownership, organization and financial position.

(f) Costs of establishment, commissions and other remuneration which in connection with the establishment and operation of the partnership accrue to promoters, partners and chief executive.

(g) Agreements to procure or rent fixed or current assets which are of major importance to the company's operation, financing plan and agreements for the use of the assets. If an agreement of use has not been made, this too shall be stated.

(h) Information on tax rules, including the limitation of the special partners' deduction right. If possibilities are indicated of taxable income reductions beyond the stipulated capital contribution, the conditions therefor shall be set forth. The King may by regulations issue further rules concerning the disclosure obligation under this provision.
(3) If the invitation to subscribe is published in newspapers, magazines, posters, circulars or the like, the invitation shall contain nothing but a verbatim reproduction of the prospectus or a reference thereto stating where it is available.

(4) The subscription of a participation shall be made on a document which exclusively reproduces the prospectus. If the subscription is made in any other way, the subscriber is not bound by his subscription before the partnership has been registered.

§ 3-5—Payment of capital

(1) Each special partner's capital contribution shall amount to not less than BOK 20,000.-.

(2) The partnership's right to receive capital cannot be assigned, nor can it be deposited as security for debt or subjected to distraint for the obligations of the partnership.

(3) A partner may not set off any claim on the partnership against his obligation to pay capital, except with the consent of the general partner or the board, if any. If such offsetting would harm the partnership or its creditors, it will not be regarded as settlement of the partner's capital payment obligation.

(4) A limited partnership cannot be registered in the register of companies before at least one-fifth of each partner's committed capital has been paid into the partnership. At least one additional fifth shall have been paid within two years from registration of the partnership.

(5) If such additional payment has not been registered as performed within one month from the expiry of the two-year period, the registrar shall promptly notify the bankruptcy court which shall give the partnership a new period of not more than six months. If the amount has not been reported as paid by the end of that period either, the bankruptcy court shall render decree for liquidation of the partnership. The bankruptcy court shall at the same time as it stipulates the period inform the partnership of the consequences of not reporting the payment.

Partners meetings §

3-6.

(1) The partners exercise the highest authority in the partnership through the partners meeting, except as otherwise agreed pursuant to § 3-9 (2) or § 3-10 (2).
(2) The partners meeting decides the following matters:

(a) Any amendment of or exception from the partnership agreement.

(b) Any matters which in terms of the partnership are of an unusual kind or special importance, such as the raising of any large loan, the sale, mortgaging etc. of assets of major importance to the partnership's business, or the closing of all or a major part of the partnership's business.

(c) Any authorization to sign for the partnership under § 3-13 below.

(d) Adoption of the income statement and balance sheet, and the employment of the year's profit or coverage of the year's loss.

(e) Election of directors under § 3-10 below. § 3-7.

(1) The general partner or the board if any calls the partners meetings.

(2) Partners meetings may alternatively be called by one or more other partners representing altogether at least one-tenth of the partnership capital. The employee representatives acting together may convene partners meetings. § 3-8.

(1) In order for a proposal to be adopted by a partners meeting it must be supported by partners representing more than half the partnership capital.

(2) In matters as stated in § 3-6 (2) (a) the support of all the partners is required. A proposal which may alter the prevailing status of the partnership is not adopted by a partners meeting unless supported by the general partner.

(3) The provisions of this section may be set aside by agreement.

§ 3-9- Authority of the general partner

(1) The general partner conducts the management of the partnership except as otherwise provided in this Act. ‘If the partnership has two or more general partners, they will exercise this authority jointly.

(2) It can be agreed that the general partner shall have the general decision-making authority in the partnership. Such agreement notwithstanding, matters as mentioned in § 3-6 (2) (a), (c), (d) or (e) shall always be decided by a partners meeting.

(3) The general partner's authority comprises matters as stated in § 3-6 (2) (b) when the partners meeting's resolution cannot be postponed without major inconvenience to the partnership. The
members of the partners meeting shall in such case be notified of the matter as soon as possible.

§ 3-10. Board of directors.

(1) It can be agreed that the partnership shall have a board of directors authorized to conduct the management of the partnership, provided however that the everyday management always pertains to the general partner.

(2) When a partnership has a board of directors, it can be agreed that it shall have the general decision-making authority in the partnership. The provisions of § 3-9 (2) second sentence will similarly apply.

(3) If the employees have the right to elect members of partners meetings, a board of directors shall be established and authorized as mentioned in (1) above.

(4) The general partner is always a director. If the general partner is a corporate entity, he shall appoint an individual to conduct the directorship on his behalf. It can be agreed that the general partner shall have the right to appoint so many directors that he constitutes together with them the board majority.

(5) If the employees have the right to elect members of partners meetings, they also have the right to elect from among their number up to one-third, but at least two, of the directors. The other directors are elected by the partners meeting, which also elects the board chairman.

(6) Except as otherwise agreed, any proposal to amend the prevailing status of the partnership is not adopted by the board unless supported by the general partner.

§ 3-11. Chief executive

(1) The general partner or the board if any may engage one or more chief executives.

(2) The chief executive shall comply with the guidelines and instructions issued by the partners meeting, board of directors or general partner. The provisions of § 2-18 (3), second and third sentences are not applicable.

§ 3-12. Disclosure obligation and non-competition

(1) The disclosure obligation under § 2-27 above is imposed also on the general partner. The disclosure obligation is not applicable in respect of special partners who are not members of the partners meetings, unless otherwise agreed.

(2) The provisions of § 2-23 above do not apply to special partners.

§ 3-13. Representation of the partnership

(1) Each general partner represents the partnership in third party dealings and signs for it—If the partnership has a board
of directors which is entered in the register of companies, each general partner represents the partnership in third party dealings which come within his authority under § 3-10 (1) above. It can be decided that only one or more general partners are authorized to sign for the partnership, and that those who are so authorized must exercise the authority jointly.

(2) If the partnership has a board of directors, it represents the partnership in third party dealings and signs for it. It can be decided that one or more directors are authorized to sign for the partnership, and that those who are so authorized must exercise the authority jointly.

(3) If the partnership has a chief executive he represents the partnership in third party dealings which come within his authority under § 3-11 above, cf. § 2-18.

(4) It can be decided that the chief executive or specifically designated employees are authorized to sign for the partnership, and if appropriate that those who are so authorized must exercise the authority jointly.

(5) Decisions as mentioned in (1) third sentence, (2) second sentence and (4) second alternative can only be invoiced against third parties when entered in the register of companies, unless the third party knew or ought to have known of the decision.

§ 3-14- Accounting obligation

(1) The general partner, board of directors and chief executive shall ensure that the partnership satisfies its accounting obligations under law, regulations or other provisions, and that an annual report and any consolidated financial statement is drawn up, pursuant to §§ 21 A and 21 B of the Accounting Act.

(2) The annual financial statement shall be submitted to a partners meeting for consideration within four months from the end of the financial year.

§ 3-15. Profit and loss

Profit and loss shall be shared among the partners according to their respective participations in the partnership capital, except as otherwise agreed.

§ 3-16. Distribution

The assets of the partnership may not be distributed to the partners except to the extent that the partnership's net capital according to the balance sheet at the end of the last financial year exceeds two-fifths of the partnership capital. Any amount distributed in conflict with this provision shall be returned to the partnership.

§ 3-17. Loans

(1) Partners may only borrow from the partnership to the extent that the partnership according to the last adopted balance sheet has distributable equity at least equal to the loan amount, and
if adequate security is deposited. The same provision applies to the partnership's issue of security for the obligations of a partner.

(2) In the same position as loans or security under the preceding paragraph are loans to or security for:

(a) A shareholder or owner of participation in another company of the same group.

(b) A member of partners meetings or a director or chief executive of the partnership.

(c) A member of the board, corporate assembly or committee of representatives or chief executive of the general partner company or of another company of the same group.

(d) The spouse or a relative by blood or by marriage in direct line of ascent or descent or in the first collateral line of any person as mentioned in (1) or in (a), (b) or (c) above.

(e) A company in which any person as mentioned in (1) or in (a), (b), (c) or (d) above has such influence as stated for parent company in § 1-2 (2) above.

(3) A partnership may not grant a loan with a view to having the debtor or any associate of his acquiring participations in the partnership or shares or participations in a company of the same group. The same prohibition applies to the issue of security. The King may by regulations or in each case exempt from the two preceding sentences.

(4) The provisions above in this section do not apply to loans or security for another company of the same group or for the granting of credit of normal duration in connection with commercial agreements.

(5) Nor do the provisions of the preceding paragraphs apply to loans to a partner or anybody in the same position as a partner according to (2), (a), (b), (c) or (d), when the debtor has his main employment with the partnership or with another company of the same group, and the loan has been granted under a fixed loan scheme or the like which the partnership has established for the employees. This exemption does not apply if the partner owns more than \% of the partnership capital. If the partnership belongs to a group, the partner must not own more than \% of the company capital of any other company of the group. In computing the partner's participations, participations owned by his spouse or minor children or by a company in which he has such influence as mentioned in § 1-2 (2) above will be included. The provisions of this paragraph apply similarly to the issue of security.

(6) Notwithstanding any office under (2) (a), (b) and (c) above, an employee may have a loan or security as mentioned in (5) above when he has been elected employee representative under the rules of §§ 2-9 and 2-13 above.
Increase or reduction in the partnership capital § 5-18.

(1) In the event of partnership capital increase, the provisions of §§ 3-2 to 3-5 above are applicable wherever appropriate.

(2) If at least two-fifths of the amount by which the partnership capital is to be increased have not been reported as fully paid within one month from the end of the period stated in § 3-5 (4) second sentence above, the registrar shall allow the partnership a period of three months in which to report the amount of the increased partnership capital which has been paid. If a sufficient amount is not reported as fully paid, the registrar shall register that the partnership capital has been reduced by such amount that the payment obligation under § 3-5 (4) can be regarded as satisfied. The amount is deleted when the reduction has been registered.

§ 3-19.

(1) A resolution to reduce the partnership capital shall state the amount by which the capital is to be reduced and provide whether the amount is to be employed for:
   (a) coverage of loss which cannot be covered otherwise,
   (b) repayment to the partners,
   (c) depreciation of the partners’ capital contribution obligations,
   (d) provision for funds to be employed as decided by the partners meetings.

(2) A resolution as mentioned in (1) (b) through (d) above can only be adopted on the proposal of the general partner or the board if any, and the amount for which it provides shall be limited so that when the resolution has been implemented there shall be full coverage of two-fifths of the reduced partnership capital. For the purpose of calculating the amount the balance sheet for the last financial year shall be applied, with due regard to any losses which may have been sustained after the balance sheet date.

(3) If the partnership has been registered, a resolution to reduce the partnership capital shall be reported to the register of companies within four months from the adoption of the resolution. If a report has not been received within that period, the capital reduction may not be implemented.

§ 3-20.

(1) If the amount of the reduction is to be employed in accordance with § 3-19 (1) (a) above, the capital reduction takes effect on being registered. If the amount is to be employed in accordance with (b), (c) or (d) above, the registrar shall as soon as the resolution to reduce the capital has been registered publish the content of the resolution and notify the
partnership's creditors that they must report to the partnership within three months from the last announcement if they intend to object to the implementation of the reduction. The announcement shall be published twice at not less than one week's interval—in the Official Norwegian Gazette and in a newspaper which is generally read in the locality.

(2) If before the end of the above period any creditor objects to the capital reduction, it may not be implemented until he has been paid. If the obligation is disputed or not matured, adequate security may be demanded unless the obligation is already adequately secured. Whether the security is adequate will if disputed be decided by the bankruptcy court.

(3) When the period under (1) above has expired, the resolution to reduce the partnership capital may be implemented by a declaration to that effect being entered in the register of companies. The declaration shall be accompanied by the necessary authorization documents and an attestation signed by the general partner, or the board if any, and the auditor to the effect that obligations to the creditors do not prevent the implementation. Payment can only be made when the capital reduction has been implemented.

(4) A resolution to reduce the partnership capital becomes inoperative if not reported as implemented within one year from the date of the resolution. The report on the resolution to reduce the capital shall in that case be deleted from the register of companies.

Change of ownership §
3-21.

(1) It is the responsibility of the general partner or the board if any to grant consent to change of ownership of a participation, unless otherwise agreed.

(2) Such consent may not be unreasonably withheld. If it is withheld, the reason therefore may be demanded in writing. If notification of refusal has not been given within two months after the general partner or the board as the case may be received the application for consent or information of the change of ownership, consent shall be deemed to be granted.

(3) Except as otherwise agreed, the provisions of § 2-31 above do not apply to participations of special partners.

§ 3-22.

(1) The assignee of a participation may not exercise the rights of a partner until he has reported his acquisition to the partnership and has shown evidence of the assignment or obtained consent thereto if necessary.

(2) For the assigner and assignee of a participation, liability under § 2-30 (2) above is subject to their liability limitation.
Certificates of participation

§ 3-23

(1) It may be provided in the partnership agreement that the general partner or the board if any shall when requested by any special partner issue certificates of participation if the participation is transferable.

(2) The certificate may not be delivered until the partnership has been registered or, in the event of an increase in the partnership capital, until the capital has been registered.

(3) A certificate shall be dated, signed by the general partner or the board if any, state the name of the partnership, the name of the general partner, the special partner's committed capital and the amount thereof that has been paid.

(4) If the transferability of the participation is restricted, or if the participation can be redeemed without the consent of the general partner in other cases than stated in this Act, or if special obligations relate to the participation beyond the obligation to contribute capital, this shall be clearly stated in the certificate.

§ 3-24.

(1) The legal relationship between the partnership and a special partner holding a certificate of participation or other holder of rights in such certificate will be determined by the partnership agreement; whether or not the certificate contains incorrect or incomplete information. If the partnership agreement is altered in such manner that previously issued certificates may become misleading so as to cause loss or inconvenience, the general partner or the board if any shall recall the certificates for inscription or replacement.

(2) If a certificate is assigned or deposited as security for debt, the provisions of §§ 14 and 15 cf. § 13 of the Promissory Notes Act of 17 February 1939 No. 1 will similarly apply, unless a clear reservation has been made in the certificate pursuant to the partnership agreement. The person who according to inscription on the certificate by the general partner or the board if any is a partner and is the bearer of the certificate will also be regarded as authorized to act as partner.

(3) Any payment under §§ 2-41, 3-19, cf. 3-20, 3-25 and 3-26 can only be demanded against a surrender of the certificate or inscription thereon.

§ 3-25. Withdrawal

(1) The general partner may only withdraw from the partnership under § 2-32 above if the partnership still has or at the same time obtains a general partner with a participation as stated in § 3-1 (3) above.

(2) A special partner may withdraw from the partnership according to the provisions applying to silent partners, provided however that § 2-32 (2) (b) is not applicable.
On withdrawal, the restrictions following from § 3-16, of §§ 3-19 and 3-20 will be applicable. Equity calculated according to § 2-33 (1) shall nevertheless be shared according to the partners' participations in the partnership capital, except as otherwise agreed.

§ 3-26. Exclusion

(1) The general partner may only be excluded from the partnership under § 2-36 if the partnership still has or at the same time obtains a general partner with a participation as stated in § 3-1 (3) above.

(2) A special partner may be excluded from the partnership according to the provisions applying to silent partners.

(3) The provision of § 3-25 (3) will similarly apply to exclusions.

§ 3-27. Liquidation

(1) A partners meeting may resolve with the support of all partners to liquidate the partnership. It may be agreed that a majority of the partners can resolve to liquidate the partnership.

(2) The general partner may require the liquidation of the partnership at six months written notice to all partners. He may require the partnership to be liquidated promptly:

(a) when his rights have been infringed by major default on the partnership agreement, or

(b) when other weighty reasons call for liquidation.

(3) A special partner may not require the liquidation of the partnership.

(4) The provision of § 2-37 (5) will similarly apply.

§ 3-28. Execution of the liquidation

(1) The general partner executes the resolution to liquidate a partnership, provided however that the provisions of § 2-38 (2) will similarly apply.

(2) A special partner's share of the gain or loss shall be calculated according to the rules of silent partners in § 2-41, cf. § 2-33 above. A special partner's payment obligation is limited by his registered liability limitation or by his agreed liability limitation if this leads to a more extensive capital payment obligation.

(3) To a creditor who has not been paid and who is not sufficiently secured by a provision under the rules of § 2-41 (3), the partners are jointly and severally liable, the special partners being liable up to the value each of them has received as his share of the partnership in liquidation.
(4) Similarly, the persons who have conducted the liquidation shall be jointly and severally liable unless it be proved that they have in every respect been diligent.

(5) In the recovery stage, the partners will be charged in proportion to the amount each of them has received. The provisions of § 2-5 (2) and (3) will similarly apply.

Chapter 4.

Entry into force and transitional rules §

4-1. Entry into force

The King decides at what time this Act shall enter into force.

(Entered into force on 1 July 1986)

§ 4-2. Transitional rules

(1) Partnerships established before the entry into force of this Act are subject to the Act except for the following special rules:

(a) Unlimited liability partnerships and limited partnerships shall within two years from the date of entry into force of this Act be reported to the register of companies in accordance with §§ 18 and 35 of the Company Registration Act as these provisions are worded after being amended by the present Act.

(b) Every partnership shall within two years from the date of entry into force of this Act have established a partnership agreement in accordance with the rules of § 2-3 cf. § 3-2 above.

(c) An older agreement providing for a different liability form than stated in § 2-4 (1) can be enforced under the rules applying heretofore until the different liability form has been registered in the register of companies, see § 2-4 (3) second sentence. This provision applies however only if the different liability form has been reported for registration within two years from the date of entry into force of this Act.

(d) The rules of withdrawal (§§ 2-32 through 2-35 cf. § 3-25), exclusion (§ 2-36 cf. § 3-26) and liquidation (§§ 2-37 through 2-42 cf. §§ 3-27 and 3-28) apply when a participation purchase report has been received by the partnership or a resolution to exclude or liquidate has been adopted after the entry into force of this Act.

(e) The provisions of § 3-1 (3) do not apply. § 3-1 (3) third sentence prevents however the establishment of new co-owners of a general partner participation after the entry into force of this Act.

(f) A limited partnership's frozen partnership capital, § 3-1 cf. § 3-2 (b) shall be stipulated in proportion to the
amount of the partnership capital on the date of entry into force of this Act.

(g) In limited partnerships where the special partners' capital contribution obligation is less than NOK 20,000.-, cf. § 3-5 (1), the capital contribution obligations shall be reported as increased to that amount within four years from the date of entry into force of this Act. § 3-5 last paragraph will similarly apply.

(h) (1) Two-fifths of each partner's capital contribution obligation, cf. § 3-5 (4), shall be reported as paid within four years from the date of entry into force of this Act. § 3-5 last paragraph will similarly apply unless the partnership capital is reduced under the rules of § 3-19 by such amount that the payment obligation is satisfied.

(2) When special reasons so indicate the King may in individual cases exempt from the provisions of the preceding paragraph.

(i) Loans or security which conflict with § 3-17 must be settled within two years from the date of entry into force of this Act or brought into accordance with that provision.

(j) If the partnership has issued certificates of participation and they do not satisfy the requirements of § 3-23, the provision of § 3-24 (1) last sentence will similarly apply.

True translation certified

Govern
Regulations under the Partnerships Act concerning the right of employees to be represented in the decision-making bodies.
Issued by Royal Decree of 13 December 1985 by virtue of §§ 2-10 and 2-13 (2) of the Partnerships act of 21 June 1985 and § 28 (3) of the administration act of 10 February 1967.

Chapter I. Range of application of the rules of the partnerships act concerning the employees right to be represented in partners meetings and board of directors of partnerships.

§ 1. Definitions
For the purpose of these regulations
a) employee means person who works in the partnership as his main occupation.
b) main occupation means employment (not including holiday substitution and work at home) involving more than 20 hours work a week.
c) average number of employees in the last three financial years means the number appearing by adding the number of employees at the end of each of the last three financial years and dividing the sum by three.
d) local union means union or union department with representative in the partnership which exclusively has employees of the partnership as members, and which is bound by a wage contract with the partnership or with the employer organization of which the partnership is a member.

The rules of these regulations apply similarly to business conducted for the account and risk of a single person, see § 1-1 (3) of the partnerships act.

§ 2. Conditions for employee representation in partners meetings, and conditions for the requirement of a board in partnerships.
In order for the employees to have the right to elect members to partners meetings, the partnership must in the last three financial years have had an average of more than 50 employees. In partnerships which in the last three financial years have had more than 200 employees, the employees shall elect members to the partners meetings.

If a partnership in which the employees have the right to elect members to the partners meetings has a board of directors, the employees are entitled to be represented thereon. In limited partnerships where the employees have the right of representation in partners meetings, a board of directors shall be established.
The partners meeting or board of directors shall submit lists of employees of the partnership, so that it can be decided whether the conditions of this section are satisfied, when so demanded by any local union or group with proposal rights under § 14 second paragraph below.

§ 3 – Exceptions for certain industries

The provisions of employee representation in partners meetings and boards of directors shall apply to all companies coming under the Partnerships Act, except that they shall until otherwise decided not apply to:

1. Partnerships engaged in newspaper publishing.
2. Partnerships engaged in the transmission of news and other information to the press, broadcasting etc. (news agencies).
3. Partnerships engaged in foreign shipping.
   This term does not however comprise the business of drilling and contractor vessels, see item 4 below.
4. Partnerships engaged in the business of drilling and contractor vessels.
   Drilling and contractor vessels are:
   Vessels (drillships and/or mobile platforms) which are designed to be moved while floating from place to place in order to perform jobs in connection with submarine natural resources, and which are wholly or mostly subject to the maritime laws. The concept thus comprises also drilling for oil and gas conducted as a separate business on a contract basis when performed with such structures, see the Central Bureau of Statistics "Industrial Classification Standard", trade code 5023. The concept does not comprise transport of persons and goods in foreign trade, see item 3 above.
5. Partnerships engaged in banking and financing.
6. Partnerships.

§ 4 – Business of several kinds conducted by the same partnership or the same group

A partnership which conducts business coming under several industries will be subject to the rules of employee representation unless a majority of the employees work in industries that are excepted under § 3 above.

In partnerships as mentioned in the preceding paragraph, the total number of employees shall determine whether they are entitled to representation in the partners meeting or a board of directors and whether a limited partnership shall have a board of directors.
groups as mentioned in § 6 below which conduct business pertaining to several industries.

§ 5 - Exceptions for special reasons

If the system of employee representation in partners meetings and boards of directors under the Partnerships Act or these regulations would entail major inconvenience or is inexpedient for the implementation of employee representation in the partnership's decision-making bodies, the committee mentioned in § 22 below may on application grant full or partial exemption from the system which would otherwise be applicable under the Act or these regulations.

For the purpose of granting the exemption the committee shall in particular take into account:

- whether the membership of partnership meetings or the board is determined by the relationship between different groups of participants, as evidenced by partnership agreement, memorandum of establishment or articles of association,
- whether the partnership has few partners,
- whether the partnership is so related to one or more other partnerships that the system established by the Act or these regulations is inexpedient,
- whether the partnership's business is to publish books, periodicals or weeklies, or publish other publications having a cultural, political, humanitarian or ideological purpose.

The application shall be presented in writing and shall state its reasons.

If the application is presented by the partnership, it shall be signed by the directors or by the members of the partners meeting if the partnership does not have a board of directors. The application shall be accompanied by a statement from the local unions.

An application for exemption may also be presented by a majority of the employees. The majority application must be presented under the rules of § 8 below. In addition, a local union can file application for exemption. Such application shall be accompanied by a statement from the partners meeting or board of directors.

Employee representatives to partners meetings and board of directors shall, unless otherwise decided by the committee mentioned in § 22 below, not be elected as long as an application for exemption from the general provisions of the Act and these regulations is pending in the committee. If the committee decides that representatives shall be elected while the application is pending, the committee will decide whether the election shall take place under a previously established
exception system or under the general provisions of the Act and these regulations. Unless otherwise decided by the committee, the time periods provided in these regulations for employee election will be interrupted when the committee receives the application for exemption. The periods continue to run when the partnership has been informed of the committee's decision. The committee may extend the period of time.

If the committee grants exemption from the Act or these regulations, it may impose conditions therefor. Such conditions shall aim at establishing representation systems which ensure as far as possible such employee co-decision rights as conform to the purposes of the Act. The committee may set a final date for the partnership to arrive, in co-operation with the employees, at a form of employee representation in the partnership's decision-making bodies. Failing agreement by such final date, employee representation shall be established pursuant to these regulations, unless renewed application is granted.

Any exemption from the provisions of the Act or these regulations will apply for an indefinite time except as otherwise decided by the committee in each case.

The committee may at any time at its own initiative revoke the exemption if the conditions therefor are not satisfied or circumstances change.

The partnership, a majority of the employees or a local union may separately apply to the committee for revocation or alteration of an exemption. Any application from a majority of the employees will be subject to the provisions of § 8 below.

Application for revocation of an exemption must be submitted by the end of the last financial year before the term of service of the employee representatives expires.

If the committee decides that an exemption shall be terminated, the general rules of the Act and these regulations will be implemented from the expiry of the term of service of the employee representatives, unless the committee sets another date.

Application to alter an exemption may be filed at any time. If the committee alters the exemption, the new decision shall take effect and will determine such transitional rules as may be required.

The committee may convene the partnership's management and employee representatives to discuss the procedure and system for arriving at forms of employee representation in the partnership's decision-making bodies.

§ 6. Application for concession systems

If a partnership belongs to a group of companies which are affiliated by owner interests or common management, the group or a majority of the employees of the group may file application with the committee mentioned in § 22 for special systems for the group, see § 2-10 (3) of the Partnerships Act.
Such application shall be presented in writing and shall state its reasons.

If the application is filed by the group, it shall be signed by the persona authorized to act on behalf of the group. If appropriate, a statement by the local unions shall be enclosed.

If the application is filed by a majority of the employees, the rules of § 8 below will similarly apply. If appropriate a statement by the group management shall be enclosed with the application.

When the committee receives the application it may decide that the election of employee representatives to the board of directors or partners meeting in a partnership in the group shall be postponed.

The committee may impose conditions for its decisions with a view to establishing systems of representation which ensure as far as possible employee co-decision rights which are in accordance with the purposes of the Act. If the conditions are not satisfied or circumstances change, the committee may at its own initiative reconsider the decision.

The committee's decision for group systems apply for an indefinite time unless otherwise decided by the committee in each case.

The group or a majority of the employees may separately apply to the committee to have a decision for a concession system cancelled or altered. If the committee alters or cancels the decision, it will issue such transitional rules as may be required.

The committee may call the group management and employee representatives to a meeting to discuss the procedure for the employee representation.

§ 7. Termination or reduction of employee representation in the decision-making bodies

A partners meeting may decide that the employee representation shall terminate if the number of employees in the partnership in the last three financial years is reduced to less than an average of 50-employees. The partners meeting may also decide on a reduction of the number of employee representatives if the partnership has averaged less than 200 employees in the last three financial years.

Employee representation in the decision-making bodies terminates in such case on the expiry of the term of service of the employee representatives. The same rule applies to any reduction in the number of representatives elected by the employees.
Chapter II. Rules for employee demand for representation and election of members to partners meetings.

§ 8. Employee demand for representation in partners meetings.

In partnerships which in the last three financial years have had an average of more than 200 employees, the employees shall elect members to the partners meetings.

In partnerships which in the last three financial years have had an average of more than 50 but not more than 200 employees, the employees may demand such representation. The demand must be presented before the end of May. The demand, which shall be addressed to the partners meeting, must be in writing and signed by more than half the employees of the partnership at the time the partners meeting receives the demand.

The employees may alternatively express by voting a demand for representation in the partners meetings. All employees must be invited to vote. In order for the employees to be entitled to representation, a majority of all the employees must have voted in favour of the demand.

The voting will be organized by the industrial committee. The result will be entered in minutes to be signed by a representative of the partnership and a representative of the employees.

If an industrial committee does not exist, the voting may be arranged by a local union or several local unions jointly. The partnership shall also be invited to participate in the organizing of the voting. The result shall be entered in minutes to be signed by a representative of the union and a representative of the partnership.

Those who have arranged the voting shall ensure that the result is made known to the partnership's management and employees.

§ 9. General rules for the election

Members of partners meetings are elected direct by and from among the employees of the partnerships.

The election shall be by secret and written ballot.

The election shall as a rule be a majority election, see § 13 below.

If more than two members are to be elected to the partners meeting and at least one third of those having voting rights so demand in writing at least six weeks before the election date, the election shall be conducted on the principle of proportional representation, see § 14 below.
§ 10. Voting rights

All persons who on the election date have been employed as their main occupation with the partnership continuously for at least three months, have voting rights. If a considerable number of the employees of the partnership work less than 20 hours a week, see § 1 b above, the committee mentioned in § 22 below may on application stipulate a lower number of hours as a condition for voting rights.

The chief executive who is a member of the partners meeting as partner or on behalf of the partners, and employees owning more than one-tenth of the partnership's net capital or participating with at least one-tenth in the profit and loss, do not have voting rights.

§ 11. Eligibility

To be eligible as a member of the partners meeting, the elected employee must have been employed as his main occupation with the partnership continuously for at least one year before the election date. If a considerable number of the employees of the partnership work less than 20 hours a week, see § 1 b above, the committee mentioned in § 22 below may on application stipulate a lower number of hours as a condition for eligibility. Those who do not have voting rights under § 10 second paragraph above are not eligible.

§ 12. Election board

The election will be conducted by an election board. The election board shall consist of at least three persons with voting rights, of whom one chairman and one vice chairman. The employees and the partnership's management shall have at least one representative each on the election board.

When employee representation in the partners meeting has been established, the election board will be appointed by the partners meeting or the board of directors. If such representation has not been established, the election board shall be appointed by the industrial committee. If an industrial committee has not been established, the election board shall be appointed by the chief executive of the partnership or his authorized representative jointly with an employee appointee.

If the election board has to be appointed by vote, only employee representatives in the decision-making bodies mentioned in the preceding paragraph have voting rights. The partnership's management shall however have the right to appoint a representative to the election board.

Members of the election board who are unable or unwilling to serve longer shall be replaced as soon as possible.

The election board shall fix the date of the election and announce it at least two months in advance. The election board shall together with the announcement present a list of the employees having voting rights. The list shall be available to
all employees of the partnership. If the election is held on the principle of proportional representation, the election board shall at the same time announce the final date and the conditions under § 9 fourth paragraph above.

The election board shall at least five weeks before the election date announce whether the election will be a majority election or a proportional election and at the same time call on the employees having right of proposal to submit proposals for members and deputy members to the partners meeting. Such proposals must be delivered to the election board at least three weeks before the election date.

The election board decides whether the submitted proposals are in accordance with the Act and these regulations and ascertains whether the proposed candidates are willing to accept election. The decision will be reported without undue delay to the proposers who must correct any defects at once. The approved proposals shall be announced at least seven days before the election date.

If the election board finds that an election should for technical reasons be split up into votes in different places, or at different times, it may establish separate voting boards as expedient. The members of the voting boards will be appointed by the election board from among the employees entitled to vote.

The election board may decide that the voting shall be by post. Each elector shall in that case receive all the ballots and other necessary election material. The voter shall return his ballot in a neutral envelope, inside an envelope addressed to the election board.

Necessary guidelines for carrying out the election will be drawn up by the election board, including any guidelines for advance voting.

§ 15. Majority election

If the election is to be a majority election, all employees having the right to vote have also the right to propose. The local union also has a proposal right.

A proposal may contain up to the number of members and deputies who are to be elected. The proposal shall be submitted in writing and shall name the proposer. The proposal must clearly designate the candidates by given name and surname and state where in the partnership the candidate works. If more than a third of the partnership’s employees are women, at least one woman candidate should be proposed.

The election board shall at least seven days before the election date draw up and publish a list of the proposed candidates in alphabetical order. The list shall name the proposer of each candidate.

The election board shall prepare ballots. On the ballots, the election board shall if feasible enter the names of the proposed
candidates in alphabetical order, stating where in the partnership each of them works and the name of the proposer. The election board shall inform the voters how they should proceed to mark on the ballot the candidate for whom they vote. The ballots shall indicate the conditions which may cause a ballot to be declared invalid.

Votes shall be cast for up to the number of members and deputy representatives who are to be elected.

Votes may be cast only for proposed candidates. Cumulation is not permitted. If names have been cumulated, or other names have been entered than those proposed, or if any other entries or corrections have been made, they shall be disregarded in counting the votes.

If votes have been cast for a larger number of proposed candidates than the number to be elected, the ballot shall be declared invalid.

The candidates having received the largest number of votes have been elected in the order indicated by the number of votes. The first deputy representative will be the candidate receiving the largest number of votes after the last member. The second deputy will be the candidate receiving the next largest number of votes etc., see § 17 first paragraph below.

In the event of a tie the election will be decided by drawing of lots.

§ 14 - Proportional election

If the election is conducted on the principle of proportional representation, the following rules apply to the arrangement of the election.

The proposal must be signed by at least 10 persons having voting rights.

The local union also has the right of proposal.

The proposal must be submitted in the form of a list containing the same number of names as the number of members and deputy representatives to be elected. The names shall be entered in the order in which they are proposed for election.

The proposals must clearly designate the candidates by given name and surname and state where in the partnership the candidates work. If more than a third of the partnership's employees are women, at least one woman candidate should be proposed in each list.

The election board draws up ballots in accordance with the approved proposals.

Those having voting rights can vote only for one of the approved proposals. It is not permissible to cumulate names or make any
other alteration, addition or deletion on the ballot. Such
altered or marked ballots shall be declared invalid.

The offices shall be divided among the lists in proportion to the
number of votes obtained by each list, as follows:

The election board enters the quotients which appear when the
number of votes for each list is consecutively divided by 1 .4 -3-
5 -7 - etc. until each number of votes has been divided a number of
times equivalent to the largest number of members the list can be
expected to obtain. The first membership place falls to the list
which has the highest quotient. The next place falls to the list
having the second highest quotient etc. If two or more lists have
the same quotients, lots will be drawn to determine the list to
which the office shall be allotted.

The candidates will be elected in the order in which they are
entered in the lists.

§ 15- Result of the election

The election result will be entered in election minutes to be
signed by the election board. The result will promptly be
reported to the partnership's management together with the
election minutes. The minutes will be kept in the custody of the
partnership. The employees will be informed of the election
result by p'osters and by. copies of the election minutes being sent
to the local unions.

§ 16. Term of service, attendance etc.

The elections shall take place every other year. The election
period is two years. The period of service commences when the
result of the election has been ascertained, see § 15 above, and
ends when new representatives have been elected in the year in
which the term of service expires.. If the employees have not
elected new representatives by that time, the incumbent members
and deputies will serve until new ones have been elected.
Incumbents may be reelected.

If a member elected by the employees ceases to be an employee of
the partnership, his service terminates.

Members of partners meetings are obliged to attend unless
validly excused.

When special circumstances so indicate, a. member or deputy may
withdraw before his term of service has ended. Any such
withdrawal shall be reported with reasonable advance notice to
the partners meeting and to those who proposed the election of
the withdrawing member.

If supplementary elections are held, those elected there will
serve for the rest of the election period.
§ 17 - Deputy representatives

In the event of majority election, a number of deputies corresponding to the number of members shall be elected, with the addition of two. In the event of proportional election, each list shall be allotted as many deputies as it contains members, with the addition of two.

The deputy representatives shall be called in the order in which they have been elected. If the election was a proportional election, the deputies shall be called from the same list as the member whom they are to replace.

Deputy representatives are in other respects subject to the rules applying to members.

§ 18. Supplementary election

The employees may require an election of members and deputies in the election period, see § 16 first paragraph above, when this is necessary in order to maintain the employee representation in the partners meeting.

The election will be conducted by the election board which served in the last ordinary election. The election board, decides whether the election shall be held as a majority election or proportional election.

The election board may fix shorter periods of time than those provided in § 12 fifth and sixth paragraphs above.

§ 19- Election costs

The partnership will provide premises for the elections and all necessary equipment in connection with the election.

Chapter III.

§ 20. Election of directors

If a board of directors has been established in a partnership which in the last three financial years has had an average of more than 50 employees, the employees may demand to elect up to one-third but at least two of the directors and deputies, see §§ 2-13 (2) and 3-10 (5) of the Partnerships Act.

The demand which shall be addressed to the partners meeting or board of directors by the end of May must be in writing and signed by more than half the employees of the partnership at the time the partners meeting or board of directors receives the demand.

The provisions of § 8, second, third, fourth and fifth paragraphs above will similarly apply to demands for board representation.
§ 21. Employee election to the board

Directors are elected direct by and from among the employees of the partnership.

For the purpose of carrying out the election, the provisions of §§ 9 through 19 above will similarly apply wherever suitable.

If simultaneous elections are held for the partners meeting and board of directors, the election board mentioned in § 12 above may serve as election board for both the elections. This is so also wherever the elections to the partners meeting and board of directors are held separately.

Chapter IV. Committee to deal with applications for exemption and disputes under these regulations etc.

§ 22. Industrial democracy committee

Application for exemption from and disputes under these regulations will be dealt with by an industrial democracy committee, see § 36 of the regulations under the Companies Act concerning employee right of representation on the board of directors and corporate assembly of joint-stock companies etc.

The industrial democracy committee will consist of seven members with personal deputies. The members serve for three years.

The chairman and two members with deputies shall be independent of any employer and employee organizations. The chairman and one of the other independent members shall moreover have the qualifications of supreme court judges.

Two members with deputies shall be appointed on the recommendation of the unions and two members on the recommendation of the employer organizations. Entitled to recommend are the organizations mentioned in § 11 of the Labour Disputes Act of 5 May 1927.

§ 23. Application for exemption, granted pursuant to § 28 third paragraph of the Administration Act

The committee shall deal with applications under §§ 2-10 (2) and (3) and 2-13 (2) of the Partnerships Act and applications for exemption as mentioned in §§ 5 and 6 above.

The deliberations of the committee under this section are subject to the provisions of the Administration Act of 10 February 1967-

The committee’s decisions under this section are not subject to review. However the King may at his own initiative resolve to take a committee decision up for review and if appropriate reversal.
§ 24—Appeals in connection with elections, filed pursuant to § 28 third paragraph of the Administration Act

Decisions of the election board and the body arranging the voting under § 8 above can be appealed to the committee, except that decisions concerning voting rights and eligibility are not subject to appeal.

Entitled to appeal are the partnership, the local union and the employees having voting rights. The appellant must have a legal interest in the appeal.

The period allowed for appeal is fourteen days from the date on which the appellant was notified of the decision, or fourteen days from the election date, whichever occurs first.

The appeal shall be delivered to the election board which prepares the appeal proceedings. The rules of Chapter VI of the Administration Act will apply wherever suitable.

Decisions of the committee under this section are not subject to appeal.

§ 25. Arbitration of certain disputes

Disputes under §§ 1, 2, 3, 4 and 7 above may be brought before the committee for arbitration, if the dispute does not come under the rules of § 24 first paragraph above.

Competent to bring such action are the partnership and the local union.

If the dispute concerns the establishment or termination of employee representation in partners meeting or board of directors under §§ 2-9 (1) and (2), 2-13 (2) and 3-10 (3) of the Partnerships Act, a group entitled to propose under § 14 second paragraph above is also competent to bring action.

The partnership must be a party to the dispute which is brought before the committee for arbitration.

The parties in each dispute must agree that the committee as arbitration-court shall decide the dispute.

If the dispute is brought before the committee, a written arbitration agreement shall be enclosed pursuant to § 452 of the Civil Procedure Code of 13 August 1915. The arbitration agreement cannot contain special rules concerning the committee's procedure, see § 459 first paragraph of the Civil Procedure Code. For any dispute which the committee is to deal with under this section, the parties may not agree that the committee shall be composed otherwise than provided in § 22 above.

The parties may not reserve the right to appeal the committee's award to any other arbitration court under the rules of § 464 second paragraph of the Civil Procedure Code.

The committee shall always give its reasons for its decisions.
The committee's proceedings under this section are moreover subject to the rules of Chapter 32 of the Civil Procedure Code.

§26.
The Ministry may submit to the committee for its opinion any questions relating to the provisions of the Partnerships Act and these regulations concerning employee representation in the decision-making bodies of unlimited liability partnerships and limited partnerships.

§27.
These regulations enter into force on 1 July 1986.

True translation certified

[Signature]

Government Authorized Translator