

Court of Appeal rules on discharge of managers

June 05 2018 | Contributed by [Luther SA](#)

The principal way in which managers can protect themselves from liability is by obtaining a grant of discharge from the company's shareholders of the past financial year.

As regards public limited companies, Article 461-7 of the Law of August 10 1915 on commercial companies, as amended, provides as follows:

"After adoption of the annual accounts, the general meeting shall vote specifically as to whether discharge is given to the directors or to the members of the management board... Such discharge shall be valid only if the annual accounts contain no omission or false information concealing the true situation of the company."

In a February 1 2017 decision, the Court of Appeal stated that although discharge is voted on at a general shareholders' meeting after the adoption of the company's annual accounts, the mere approval of the accounts does not automatically entail discharge. Rather, the court made clear that a decision to discharge a management body must be subject to a separate deliberation.

Further, the court stated that a granting of discharge will remain valid even if the company's balance sheet omits certain information, contains false information or has been drawn up in such a way to conceal the real state of the company's affairs if it is established that the general shareholders' meeting:

- was informed of the inaccuracies, omissions and irregularities in the annual accounts; and
- granted the discharge with full knowledge of these facts.

For further information on this topic please contact [Mathieu Laurent](#) or [Maurice Goetschy](#) at Luther SA by telephone (+352 27484 1) or email (mathieu.laurent@luther-lawfirm.com or maurice.goetschy@luther-lawfirm.com). The Luther SA website can be accessed at www.luther-lawfirm.com.

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

AUTHORS

[Mathieu Laurent](#)



[Maurice Goetschy](#)

