Women on Boards in Montenegro: Scope, Timing and the Small Population Caught by the New Gender Balance Rule

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Montenegro has joined the wave of European jurisdictions that translate the EU Women on Boards Directive (Directive (EU) 2022/2381) into binding domestic law. The Directive itself has a long history: first proposed by the European Commission in November 2012, it spent a decade blocked in the Council and was only adopted on 23 November 2022, an arc long enough to have earned it the nickname “Sleeping Beauty”. The mechanism is now embedded in the new Montenegrin Companies Act (Official Gazette of Montenegro, no. 90/2025), which entered into force on 13 August 2025 and applies from 1 January 2026. As an EU candidate country, Montenegro is not formally bound by the Directive, but the Act tracks its substance closely, an early signal of acquis alignment. With the deadline for in-scope companies to bring their boards into compliance falling at the end of this month (30 June 2026), the practical question is no longer whether the rule applies, but how it will land. The coming weeks will show whether the small population of companies caught by the rule has used the transitional window, and how the Capital Market Commission and the Central Registry of Business Entities will treat the first non-compliant filings.

Who is targeted

The rule sits in Article 309 of the Companies Act. It applies only to public joint-stock companies (akcionarska društva) that qualify as large legal entities under the regulations on accounting. “Public” is defined in Article 135(2) of the Act and captures companies which have either completed a public offer of securities approved by the Capital Market Commission (Komisija za tržište kapitala) or whose securities are admitted to trading on the regulated market in Montenegro, currently the Montenegro Stock Exchange (MNSE). Companies that fall below the accounting size thresholds, even if listed, are out of scope.

The quota

Companies caught by Article 309 must ensure that members of the under-represented sex hold either at least 40 per cent of the total number of non-executive directors in the unitary board, or 40 per cent of the members of the supervisory board in the two-tier model, or, in the alternative, one third of all director positions (executive and non-executive combined). The structure mirrors Article 5 of Directive (EU) 2022/2381.

Deadline and sanction

Companies in scope must reach the quota by 30 June 2026, the same deadline that applies to listed companies in EU Member States. The Montenegrin sanction is direct and procedural: after that date, the Central Registry of Business Entities (CRBE) will refuse to register board members where the prescribed balance has not been achieved. The appointment is therefore not registrable and not effective vis-à-vis third parties.

Accompanying duties

Article 309 is not limited to the headline quota. Companies in scope must also adopt an internal gender balance strategy, submit an annual report to the competent ministry and publish the relevant data on their corporate website and in their corporate governance statement.

How many companies are actually caught?

The pool of joint-stock companies in Montenegro is small. According to Monstat, Montenegro had approximately 58,998 active business entities in 2024, but only a small fraction of these takes the form of a joint-stock, and a still smaller fraction qualifies as a public joint-stock company under Article 135(2). The Montenegro Stock Exchange hosts the regulated market with sixteen listed issuers and twelve MONEX index constituents, and the Capital Market Commission maintains the Central Registry of Prescribed Information (CRPI) for regulated-market issuers. Subject to verification on a company-by-company basis, the number of public joint-stock companies that also meet the “large legal entity” accounting threshold (which under the new Accounting Act, Official Gazette no. 84/2025, is set by reference to balance-sheet total, turnover and headcount) is, with appropriate caution, likely to be fewer than twenty. In practice, scope determination should be made on a case-by-case basis, cross-checking the company’s status in the CRPI against its most recent audited financial statements.

Will the threshold come down?

The size threshold deserves a separate word. On a market the size of Montenegro, a rule that applies only to public joint-stock companies that are also “large legal entities” in the accounting sense captures, on a generous reading, fewer than twenty companies. That is a modest footprint for a reform that is supposed to move the needle on board diversity, and it leaves the bulk of Montenegrin corporate life (limited liability companies, closed joint-stock companies, mid-sized issuers) entirely outside the rule. The Directive itself contemplates a review of its impact and the Commission is expected to assess whether the personal scope and size thresholds remain fit for purpose. For small candidate jurisdictions in particular, the open question is whether the next iteration will lower the size threshold or extend the rule to a broader class of issuers. If it does not, the Montenegrin transposition will remain symbolically important but practically limited.

Takeaway

The Montenegrin gender balance rule is narrow in scope but sharp in sanction: a missed quota means an unregistrable board. With the compliance deadline now only weeks away, in-scope companies should be finalising their succession plans, drafting the Article 309 strategy and preparing the relevant disclosures, and should expect closer attention from the Capital Market Commission and the CRBE. Whether this rule produces the cultural shift the Directive set out to achieve, or whether a future amendment will need to widen the net, is the question to watch.

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