

Company law and corporate governance: interconnection of central, commercial and company registers

2011/0038(COD) - 24/02/2011 - Legislative proposal

PURPOSE: (i) improve cross-border access to business information; (ii) ensure that up-to-date information is stored in the register of branches and establishing clear channels of communication between registers in cross-border registration procedures.

PROPOSED ACT: Directive of the European Parliament and of the Council.

BACKGROUND: the Competitiveness Council Conclusions of 25 May 2010 confirmed that **improving access to up-to-date and trustworthy information on companies** could encourage greater confidence in the market, help recovery and increase the competitiveness of European business. Business registers play an essential role in this regard.

Cross-border access to business information requires the cross-border cooperation among business registers. The High Level Group of Independent Stakeholders on Administrative Burdens was fully in support of achieving **interoperability between trade registers throughout Europe**.

The interconnection of business registers is one of the proposals in the Communication on the [Single Market Act](#) that aim to create a more business-friendly legal and fiscal environment and can also contribute to the agenda [Europe 2020](#) by improving confidence in the single market.

IMPACT ASSESSMENT: the issues around the interconnection of business registers were grouped in three sections:

- ***lack of up-to-date business information in the register of foreign branches***: the impact assessment concludes that EU legislation should lay down a legal requirement for registers to cooperate by electronic means with regard to updating the registration of foreign branches and the Commission should determine the technical details of such cooperation in a delegated act.
- ***difficulties of cooperation between registers in cross-border merger and seat transfer procedures***: EU legislation should delegate powers to the Commission to determine the technical details in cross-border merger and seat transfer procedures in a delegated act;
- ***difficult cross-border access to business information***: in this respect, the best option to: (i) improve the existing situation would be for EU law to lay down a requirement for Member States to participate in an electronic network of registers; (ii) determine the list of information to be transmitted through the network; (iii) determine the frequency of updating the registered information and that the Commission should determine the technical details of the cooperation in a delegated act.

LEGAL BASIS: **Article 50(2)(g)** of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the amendments proposed to Directives 89/666/EEC, 2005/56/EC and 2009/101/EC aim to:

- facilitate cross-border access to official business information by setting up an **electronic network of registers** and determining a **common minimum set of up-to-date information** to be made available to third parties by electronic means in every Member State;

- ensure that the business register of a company provides **up-to-date information** on the status of the company to the business register of foreign branches all across Europe;
- improve a cooperation framework between business registers in cross-border merger procedures.

More specifically, the proposal aims to

- makes sure that the documents and particulars in the Member States' business registers are always up to date. They have to make sure that the registered data is updated within 15 calendar days after the underlying change occurs. In order to comply with this requirement, Member States have to ensure that the companies file the relevant changes on time and the change is registered without delay;
- introduce a unique identifier for all European limited-liability companies that would facilitate their identification at the European level and would allow for easier identification between companies and their foreign branches. Such an identifier could also be used by other registers identifying, for example, listed companies, financial institutions or multinational groups;
- improve cross-border access to a common minimum set of registered business information by requiring Member States to make the documents and particulars listed in the proposed Directive and registered under the Directive's requirements available through a single European electronic platform, e.g. a central web-service that allows search in all EU business registers.

This proposal is complementary to the e-Justice project and should contribute to easier access to business information through the portal.

BUDGETARY IMPLICATIONS: this proposal has no implications on the EU budget.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.