

DG Internal Market and Services /  
Company Law, Corporate Governance and Financial Crime Unit  
European Commission  
SPA2 03/103  
B - 1049 Brussels

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Interest Representative Reg. No: 4227861124-34

27 January 2010

Dear Sirs,

### **The Interconnection of Business Registers**

I write to convey the comments of the Association of Chartered Certified Accountants (ACCA) on the consultation paper on the above. As you will know ACCA is the global body for professional accountants, supporting 131,500 members and 362,000 students throughout their careers, and providing services through a network of 80 offices and centres.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

### **General Comments**

ACCA welcomes the Commission's desire to improve integration between European Business Registers and its recognition of the importance of access to up-to-date and official information on companies for commercial purposes and in order to facilitate access to justice. ACCA is particularly comforted by the Commission's renewed commitment to the value of reliable information in the context of the planned Statute for a European Private Company and its application to SMEs. ACCA has previously indicated its belief that the availability of reliable and transparent information for stakeholders in small and micro businesses is vital to encourage investment in and trade with such entities. The creation of a reliable and accessible cross border information network would facilitate and foster such activities through increased

transparency, bringing the goal of a true single European market closer to realisation.

ACCA recognises that there are considerable legal and technical hurdles to be overcome before a truly integrated repository for business information is available across the whole EU, but is encouraged by the commitment of the Commission to overcome these and the Commission's openness to consultation on the best way forward. ACCA wholeheartedly supports the aims of the consultation.

### **The Way Forward – Comments**

An improved network of business registers of Member States is undoubtedly necessary if the Commission is to move towards its goal of a single European market for goods and services. Movement towards this goal would also achieve the aims of the various company law Directives and Regulations.

ACCA considers that for the new network of registers to fully reach its potential, it will need to be a complete, up to date source of information and its user interface must be accessible by all potential users, whether corporate, individual or institutional. In particular, any fully integrated network must be based upon an automatic exchange of information concerning related business entities in different territories, specifically but not limited to branch registration information.

While much useful work has been done on a voluntary basis by the members of EBR within their cooperative governance agreement, the natural limits of this form of operation are now being reached. Any long term solution to the issues identified must embrace all the Member States and comply with certain strict minimum requirements for both the information stored and the practicalities of storage, updating and retrieval of the information. Imposition of these terms within a reasonable time frame may perhaps be best served by some form of legislative direction. The existing parties of EBR would appear to be those with the most relevant experience to push forward the adoption of and operation under a new legislative framework.

ACCA notes that the Commission aspires to make information available not only on individual companies, but also on "a group of companies active in different Member States" through the one network. Desirable though this facility may be, ACCA does not consider that the options currently available would be able to support this aim. The existing registers which the project seeks to integrate do

not contain the necessary level of detailed ownership information, and in many cases the relevant owners will be outside the EU and hence outside the scope of any automated tracking through the network. Given that any picture of group structures generated purely by reference to EU based information would inevitably be incomplete, ACCA doubts that the value of such information would be such as to justify the considerable extra costs and difficulties involved in attempting to create it.

The existence of a wholly separate register of information under the Transparency Directive will lead to duplication of information, and of effort in providing and maintaining that information, and should be avoided. Integration into the proposed new network of the existing electronic network set up under the Transparency Directive storing regulated information on listed companies is likely in the long run to cause significant technical issues. The architecture of the existing network is unlikely to be entirely suited to the needs of the new one, so a more effective solution is likely to be design of the new network and user interface so as to easily integrate the information required under the Transparency Directive and facilitate searching of that information from its existing location in the short term, and from within the new network once it has been transferred.

The same considerations underpin the response to the various solutions and combinations of solutions proposed by the Commission. Experience indicates that any attempt to adapt two or more existing electronic networks into a new combined whole is likely to result in an unsatisfactory compromise which does not fulfil the potential offered by a purpose designed new system. With this in mind, ACCA supports the adoption of the results of the BRITE project as a starting point for the new network. The crucial advantage of the BRITE network is its active updating of cross-border information. Without this ability to automatically reflect changes in a branch registration occasioned by changes to the parent company's status, the utility of the network will be fatally compromised and a further solution to that issue will have to be implemented. The opportunity to incorporate all business information into a single definitive repository is one which should be seized upon and exploited fully. Although there will be legal and technical issues to resolve, the crucial importance of a single source of reliable information to underpin any meaningful form of single European market will make the effort not simply worthwhile but essential to the success of the Commission's aims.

In this context, and in order to avoid duplication of effort, the adoption of the BRITE model as a source for information combined with the e-Justice portal as a route for access to the information seems likely to provide the most effective long term solution. The users of business information are in many cases likely to be users of the e-Justice portal for other purposes, and the e-Justice portal is specifically designed for use by non-institutional users.

In the short term, the use of the Internal Market Information System (IMI) to access the existing registers would meet the needs of users with specific queries, and the information requirements for seat transfers. However, it does not seem to offer a complete or long term solution. Whilst the fact that all Member States already take part in IMI is an advantage, this cannot overcome the fact that IMI is no more than a “passive” query system, and has no facility for automatically updating the information contained in different territories’ registers. Moreover IMI has been designed for use by EU officials and administrators, and while there is doubtless much to be learned from the modular approach to its construction, these lessons can be incorporated into a new structure more easily and usefully than IMI can be adapted for general public consumption.

In conclusion, there are two fundamental requirements for any EU wide network of business registers. Firstly, the information contained within the registers must be kept up to date across territorial boundaries, and this will need to be done automatically. Secondly, the portal for user access to the information must be effective for the users and designed in such a way as to encourage the widest possible use of and informed reliance upon the information. The path which potentially offers the best combination of these two aims is integration of a BRITE type network into the e-Justice portal, possibly via EBR.

I hope these comments will be of help, and would like to assure the Commission of ACCA’s willingness to provide further comments and support as the need may arise.

Yours faithfully,



**J V B Piper**

Technical Officer, Tax and Business Law