



The Voice of Leasing and Automotive Rental in Europe

## **Consultation on the interconnection of business registers**

**Response from:**

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Directorate General for Internal Market and Services  
Unit for Company Law, Corporate Governance and Financial Crime  
European Commission

**By Email:** [MARKT-COMPLAW@ec.europa.eu](mailto:MARKT-COMPLAW@ec.europa.eu)

Brussels, 29 January 2010

Dear Sir/Madam,

**Re: Leaseurope's consultation response on the inter-connection of business registers**

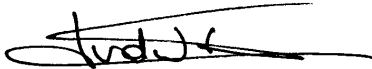
Leaseurope welcomes the European Commission's Green Paper launching a public consultation on possible ways to improve access to information on businesses across the EU.

Access to understandable and accurate company information is key in facilitating different forms of cross-border business.

In light of the benefits of improved access to business registers (some of which are outlined in this paper), Leaseurope encourages the Commission to continue its work on the interconnection of business registers thereby helping business growth and encouraging greater volumes of B2B transactions.

I stay at your disposal to answer any question you may have on our response; alternatively feel free to contact my colleague Ravi Bhatiani ([r.bhatiani@leaseurope.org](mailto:r.bhatiani@leaseurope.org) - tel: 02 778 0562).

Yours sincerely,



Tanguy van de Werve  
*Director General*

**About Leaseurope**

Leaseurope brings together 47 member associations representing the leasing, long term and/or short term automotive rental industries in the 34 European countries in which they are present. The scope of products covered by Leaseurope's members ranges from hire purchase and finance leases to operating leases of all asset categories (automotive, equipment and real estate) and includes the short term rental of cars, vans and trucks.

It is estimated that Leaseurope represents approximately 96% of the total European leasing market and the firms represented via its member associations granted new leasing volumes of over €330 billion in 2008. Leaseurope estimates that its leasing member associations financed over 6 million cars during 2008 and at the year's end owned a fleet of 16.1 million cars. Close to 40% of new car registrations today has been financed by leasing companies.

The Federation's mission is to represent the European leasing and automotive rental industry, ensuring the sector's voice is heard by European and international policy makers. Leaseurope also seeks to promote the leasing and automotive rental products and produces European level statistics describing the markets it represents.

## THE BENEFITS OF IMPROVED ACCESS TO BUSINESS REGISTERS

- **Understandable company information is required for M&A purposes**

The parties to complex corporate transactions (such as in a mergers & acquisitions scenario) require understandable and up to date company information.

- **Easy access to business registers would enhance creditworthiness assessments**

Facilitating cross-border company searches to better assess the creditworthiness of a potential lessee (based abroad) would allow a lessor to make a better assessment of that potential lessee's ability to honour a lease agreement.

- **Information contained in business registers can facilitate the fight against fraud**

An added benefit of promoting better access to business registers and the company information held therein (such as annual reports/accounts/information on company directors) is that such information can also be used in fraud prevention. This is particularly true when assessing those risks presented by smaller businesses and start-ups.

In particular, the presence of directors names on official registers (e.g. on lists of registered voters) can be used to help confirm the identity of a potential lessee and thus guard against fraud.

- **Better access to business registers facilitates investigation of manufacturers and dealers**

Generally there are three parties to a typical leasing transaction (lessor, lessee and manufacturer/dealer).

Better access to business registers would help lessors to investigate the manufacturers and/or the dealers of a leased asset, particularly in a cross-border context. Such investigations are particularly useful to ensure that a lessor:

1. has good title to the leased asset; and
2. can carry out all its contractual obligations under the lease agreement.

### *1) Ensuring good title to the leased asset*

In the current economic climate with rising levels of insolvency it is crucial for a lessor to have good title to the leased asset.

For example, if a dealer has delivered equipment to a lessee before paying the original manufacturer and then becomes insolvent, the manufacturer may in certain circumstances<sup>1</sup> be able to repossess the asset even though the lessor has already paid the dealer of the leased asset.

### *2) Ensuring a lessor's ability to carry out all its contractual obligations*

If a lessor concludes a leasing transaction that specifies the maintenance/servicing of the leased asset, the continued solvency of the manufacturer may be key for a lessor to respect the maintenance aspect of the lease agreement.

This is generally true where that manufacturer is (*inter alia*) the sole provider of unique spare parts/specialist knowledge or has implemented a bespoke outsourced service facility for the asset specified in the lease agreement.

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<sup>1</sup> E.g. where there is a legal 'right to retain', or a charge has been placed over the equipment by the manufacturer, until payment has been received from a dealer.

Hence, in order to investigate the solvency of a dealer (and/or a manufacturer), there should be easy access to appropriate company searches and accounts information.

#### **RESPONSE TO SPECIFIC CONSULTATION QUESTIONS**

- **Both options 1 & 2 contained within the Green Paper have convincing aspects**

##### *Option 1*

As mentioned above, improved access to business registers has many benefits. These are made possible through the better interconnection of these registers. Accordingly, Leaseurope supports the objectives of the BRITE project<sup>2</sup>.

##### *Option 2*

Leaseurope believes that the key advantage of IMI is that the 27 Member States already participate in the system.

##### *Option 3*

Subject to a full cost benefit analysis, option 3 (**a combination of options 1 and 2**) is **optimal**.

It would allow lessors to take full advantage of the work already carried out by the European Commission and the members of the BRITE consortium. In parallel, the European Commission's goal of enabling access to reliable information on companies in all Member States, preferably in all official languages of the EU could be realised.

This option should also make it possible to search for information on a company or a group of companies active in different Member States without having to access the relevant national or regional registers one-by-one.

An added benefit of this option is that a consistent quality of service across the EU 27 would exist.

That being said, the European Commission must ensure that national laws on data protection are observed and that the costs for such a system are kept down.

- **Adherence to Better Regulation is key**

Any Commission initiative in the field must be carried out in accordance with the Better Regulation Principles whose importance was recently reaffirmed by the conclusions of the Competitiveness Council meeting of 3-4 December 2009.

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<sup>2</sup> BRITE is aimed at developing and implementing an advanced and innovative interoperability model, an ICT service platform and a management instrument for business registers to interact across the EU, focusing in particular on the cases of cross-border seat transfers, mergers and on the better control of branches of companies registered in other Member States.