

Table of Contents

The Groups of Companies in Belgian Law (by E. Wymeersch)

I.	The Present Practice - The Population.....	1
II.	The Present Status of the Belgian Legislation.....	5
	1. Companies Law.....	6
	2. The Supervision of Holding Companies.....	12
	3. Accounting and Auditing Rules.....	13
	4. Banking Law.....	14
	5. Taxation.....	16
	6. Labour Law.....	17
	7. Competition Law.....	19
III.	The Definition of Groups and Group Components under Present Law.....	19
	1. Accounting Regulation.....	20
	2. Company Law Standard Definition.....	23
	3. Tax Exemption Rules: the Rules on Belgian "Off Shore Centers".....	23
	4. Holding Company Supervision.....	24
	5. Labour Law.....	25
IV.	The Formation of Groups.....	25
V.	The Principle of Independence of the Companies.....	34
VI.	Group Management.....	42
VII.	Intragroup Transactions.....	45
	1. Applicable Law.....	45
	2. Judicial Case Law.....	48

3. The Banking Commission's Practice.....	54
(a) Profit Realization.....	54
(b) Regrouping of Activities Within One Subsidiary.....	55
(c) Burdensome Service Contracts.....	56
VIII. Minority Shareholders' Rights.....	57
1. Applicable Law.....	57
2. Judicial Case Law.....	60
3. Banking Commission's Practice.....	63
IX. The Role of the Group Interest.....	66
X. Group Liability Towards Creditors.....	72
1. Liability upon Formation.....	73
2. Director's Liability.....	74
3. Joint-Trading.....	75
4. The Subsidiary as Nominee.....	75
5. Liability for Negligence.....	77
Conclusion.....	78

The Law of Groups in the Federal Republic of Germany
(by U. Immenga)

I. Introduction.....	85
II. The Recognition of Group Situations in Branches of Law Other than Company Law.....	87
1. Tax Law.....	88
(a) The "Organschaft".....	88
(b) The "Schachtelprivileg".....	89
2. Labour Law.....	90
3. Groups in Competition Law.....	92
(a) Groups and Merger Control.....	92

(b) The Group as an "Undertaking".....	93
(c) The Relevance of Intra-Group Competition.....	93
4. Accountancy Law.....	94
III. Common Criteria for the Law on Public and Private Companies.....	95
1. The Meaning of "Undertaking".....	95
2. Forms of Links Between Companies.....	96
3. Types of Linked Companies.....	97
IV. Public Companies in a Group.....	98
1. The Creation of Links Between Companies.....	98
(a) Links by Acquisition of Holdings.....	98
(b) Links Formed by Contract.....	100
(c) Other Ways of Creating Links Between Companies.....	101
2. The Implementation of Links Between Companies.....	101
(a) Contract-Based Groups.....	102
(aa) The Concept.....	102
(bb) Criticism.....	103
(cc) Measures for the Protection of Creditors.....	104
(b) Integration as a Special Form of the Contract-Based Group.....	105
(c) Situations of Dependence Outside a Contract-Based Group (de facto group).....	106
(aa) The Concept.....	106
(bb) Criticism.....	108
(cc) "Total" Dependence or "Qualifizierte Abhängigkeit".....	110
V. Private Companies in a Group.....	111
1. Introduction.....	111
2. The Creation of Links Involving Private Companies.....	112
(a) Links by Acquisition of Shares.....	112
(b) Links Based on Contract.....	113

(c) Other Methods of Forming Links between Companies.....	113
3. The Private Company Group in Practice.....	114
(a) Contract-Based Groups.....	114
(b) Simple De Facto Dependence.....	115
(aa) Protection of Minorities.....	115
(bb) Protection of Creditors.....	116
(c) Total De Facto Dependence.....	118
(aa) Protection of the Minority.....	118
(bb) Protection of Creditors.....	119
(d) Conclusion.....	120

The Groups of Companies in Spanish Law (by J.M. Embid Irujo)

I. Introduction.....	123
II. Treatment of Groups Outside the Sphere of Company Law.....	124
1. Tax Law.....	125
2. Labour Law.....	126
3. Securities Market Law.....	128
4. Other Areas of the Law Concerning Groups of Companies.....	130
III. Groups in Spanish Company Law.....	131
1. Group Accounts.....	131
2. Situation under Present Law.....	132
(a) Obtaining Control of a Company.....	132
(b) Regulation of Dependence: Subscription for and Acquisition of Shares in the Controlling Company.....	134
(c) Other References to a "Group" in the Public Companies Act.....	135
IV. Final Remarks.....	139

The Law of Groups of Companies in France (by Y. Guyon)

Introduction.....	141
I. Existence of Links Between Firms.....	141
1. Links Are Very Common in Practice.....	141
2. Forms of Companies Typically Involved.....	142
3. Tax Incentives Aimed at Encouraging the Creation De Jure or De Facto of Links between Firms.....	143
4. Limits by Law on Controlling Links between Firms.....	144
II. Special Provisions for Groups Outside the Sphere of Company Law.....	146
1. Tax Law.....	146
2. Labour Law, Social Security Law and Legislation on Industrial Democracy.....	147
3. Competition Law.....	148
4. Law on Company Accounts.....	148
5. Criminal Law.....	149
6. Law on Insolvency.....	149
7. Public Law.....	150
8. Intellectual Property Law.....	151
9. International Law.....	151
III. The Formation of Links Between Firms.....	151
1. Ways in Which Links Between Firms Come About.....	151
2. Bodies or Authorities Chiefly Influencing on the Formation of Such Links.....	153
3. Constraints on Extension of a Company's Business Activities.....	154
4. Single-Member Companies.....	154
IV. The Practical Operation of Links between Firms.....	155
1. Extent to Which Subsidiaries Can Be Given Instructions.....	155

2. Protection of the Interests of Minorities Protected.....	156
(a) Protection of Minority Shareholders in the Parent Company (the simplest case).....	156
(b) Protection of Minority Shareholders in the Subsidiary.....	158
3. Provisions for the Protection of Creditors.....	159
4. Protection of the Interests of the Shareholders in the Parent Company.....	161
V. Application of General Rules.....	161

Groups of Companies in Italian Law (by P. Spada)

I. The Economic Position of Groups in Italy.....	165
II. The Group as a Legal Concept.....	169
III. Groups and the Law on Enterprises.....	177
1. Groups and Business Enterprise.....	177
2. Groups and Their Accounts.....	183
3. Groups and Trade Marks.....	186
4. Groups and Regulations on Competition.....	188
5. Groups and Labour Law.....	189
6. Groups and Insolvency.....	190
IV. Groups and Company Law.....	194
1. Formation of the Group.....	194
2. Organization of the Groups of Companies.....	199
3. Protection of the "Outside the Group" Shareholders of Dependent Companies.....	201
4. The Liability of the Parent Company.....	214
V. Update: Groups of Companies and the New Commercial Legislation.....	219

The Law of Groups of Companies in the Netherlands
(by C.W.A. Timmermans & L. Timmerman)

Introduction.....	231
I. Meaning of the Group Phenomenon	235
II. Group-Law Provisions in Company-Law and Other Contexts....	238
1. Group-Law Provisions in Company Law Itself	238
(a) Supplementary Provisions of Group Law.....	244
(b) Facilitating Provisions of Group Law.....	246
(c) Group Regulatory Provisions.....	248
2. The Law Relating to Annual Accounts.....	249
3. Fiscal Law.....	250
4. Labour Law.....	252
5. Co-determination Law.....	253
6. Competition Law.....	255
7. Bankruptcy Law.....	255
III. The Formation of Groups.....	256
IV. The Functioning of Groups	261
Conclusion.....	276

A Survey of the Law Relating to Corporate Groups
in the United Kingdom (by D.D. Prentice)

I. The Phenomenon of Groups.....	279
II. The Creation, Transparency and Operation of Groups.....	287
1. Creation of a Group.....	288
2. Transparency of Groups.....	289
3. Operation of Groups.....	291

III. Taxation, Accounts, Director's Duties, Labour Law, Criminal Law, and Competition Law.....	296
1. Taxation.....	296
2. Accounts.....	297
3. Director's Wrongdoing.....	298
4. Labour Law.....	299
(a) Companies Act 1985, Section 309.....	300
(b) Companies Act 1985, Section 719.....	301
(c) Insolvency Act 1986, Section 187.....	301
The Bullock Report 1977.....	302
5. Criminal Law.....	303
6. Competition Law.....	304
7. Miscellaneous.....	304
IV. The Protection of Creditors.....	304
1. The Liability Rules.....	308
(a) Piercing the Corporate Veil.....	308
(b) Wrongful Trading: Section 214 of the Insolvency Act 1986.....	310
(c) Common Law Liability of Directors to a Company's Creditors.....	315
2. The Disability Rules.....	318
V. The Protection of Minority Shareholders.....	323
Conclusion.....	327
ABBREVIATIONS.....	331