



13 September 2013

Our ref: ICAEW Rep 123/13

European Commission
SPA 2 02/97
1049 Brussels
Belgium

By email: markt-consultation-ts@ec.europa.eu

Dear Sirs

Single-member limited liability companies

ICAEW is pleased to respond to your request for comments on *Single-member limited liability companies*. ICAEW is listed in the EU Transparency Register (ID number: 7719382720-34).

Please contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

Charles Worth

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ICAEW REPRESENTATION

SINGLE-MEMBER LIMITED LIABILITY COMPANIES

Memorandum of comment submitted in September 2013 by ICAEW, in response to European Commission consultation paper Single-member limited liability companies published in June 2013

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INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the consultation paper *Single-member limited liability companies* published by European Commission on 6 June 2013, a copy of which is available from this [link](#).

WHO WE ARE

2. ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 140,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.
3. ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.
4. The ICAEW Europe Region is headquartered in Brussels and brings a pan-European perspective to ICAEW's work through regular interaction with professional bodies, firms, oversight authorities and market participants across Europe. It also engages with approximately 5,000 members in EU member states outside the UK. ICAEW is listed in the EU Transparency Register (ID number: 7719382720-34).
5. This response reflects consultation with the ICAEW Company Law Committee which includes representatives from public practice and the business community. The Committee is responsible for ICAEW policy on company law issues and related submissions to legislators, regulators and other external bodies.

MAJOR POINTS

Support for the initiative

6. The obstacles facing SMEs (or other businesses) in operating on a cross-border basis result from a wide variety of factors, including the different languages, tax regimes and employment and property laws found throughout Europe. We do not consider that the costs of establishing a company (including taking advice on the implications of doing so) are significant in the context of these considerations. We also note that costs of establishment are one-off costs, whereas the costs of operating a business-cross border are on-going.
7. If this were not the case, so that relevant costs were disproportionate, then it seems likely that similar burdens would be encountered by some, if not all, other private companies, so that relevant issues should be tackled for all private companies, not just single member companies. However, we are not aware that this is the case other than, for example, the issue of establishing a branch in another jurisdiction.
8. In practice, the trustworthiness of an enterprise depends not so much upon its legal form as the way in which business is conducted through it. If a company incorporated in any given member state is perceived as being less 'trusted' than one from another member state due to applicable corporate laws or regulation, then it is open to the government of that member state to address that issue. It is also open to nationals of any member state to establish a company in another member state and so operate through a 'trusted' entity if they so wish. Also, costs of incorporation are equally relevant for private companies active only within their own jurisdiction (and whether or not single member), so that if there is a need for action on this, it would be appropriate for it to be dealt with on a national level without any cross-border imperative.

9. We do not see any logic in having a separate regime for a single member company as opposed to a company having two or more members. It appears that the initiative is aimed at benefiting SMEs in particular, but SMEs of sufficient size to have establishments in more than one jurisdiction will often have more than one substantial investor (and therefore may well wish to have more than one member, either on incorporation or subsequently). It may be that single member European companies would be used as wholly owned subsidiaries of other companies (having more than one member), but this does not meet the objective outlined in the paper of enabling business to be done through a single legal entity. Also, use of a single member European company in this way, which would, presumably, be available to companies of all sizes, would be tantamount to the introduction of a European Private Company (a concept which currently does not have sufficient support from the Council to be pursued).
10. By contrast, obstacles for a company in one member state opening a branch (or establishment) in another member state by definition affect cross-border activity, and we believe the obstacles to be significant and unjustified. We would, therefore, support EU initiatives in this area which are designed to make it easier for branches to be established. However, any such initiative should apply to all companies (or, at least, all private companies), and we can see no justification in pursuing that issue for single member companies only.
11. Other than that, in our view, resources would be better directed towards making it easier to conduct cross-border business in Europe, rather than on initiatives such as this focussing on the corporate form in which business is carried on. Having a separate regime for a single member company would simply add another tier of complexity in choices available to enterprises and additional costs of implementation in member states, with little tangible benefit. As it is open to individual member states to adapt their corporate laws as necessary (subject to relevant EU law), we believe and principles of subsidiarity should apply and this is the case as much for single member companies as for private companies generally.

RESPONSES TO SPECIFIC QUESTIONS/POINTS

I. Information

Q1: Please indicate if you are responding as or on behalf of:*

☒ j) other

Please specify:*

12. Professional accountancy body. Please note that we are acting in a representative capacity for the members of the accounting profession that we represent and we have not, therefore, generally completed section 2.

Your country:*

☒ United Kingdom

Your name and address:

13. Charles Worth, ICAEW, Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA.

2. Information about your company*

Q2.1 Size of the company

- ☐ a) micro (0-9)
☐ b) small (10-49)
☐ c) medium-sized (50-249)
☐ d) Big (more than 250 employees)

Q2.2 Legal form of your company*

- ☐ a) Sole trader
- ☐ b) Private limited company
- ☐ c) Public limited company
- ☐ d) European Company (SE)
- ☐ e) Other (unlimited liability company, partnership, etc)

Q2.2.1 Are you a single-member company?*

- ☐ a) Yes
- ☐ b) No

Q2.2.2 Are you a single-member/shareholder in another single-member company?*

- ☐ a) Yes, in my country
- ☐ b) Yes, in another EU country
- ☐ c) No

Q2.3 Field of activity of your company*

- ☐ a) Goods
- ☒ b) Services
- ☐ c) Other

Q2.4 Country of your current registered office?*

- ☐ EU country
- ☐ non-EU country

Select your country*

- ☒ United Kingdom

Specify the country:*

14. England

Q2.5 Is your business already engaged in cross-border trade/activities in the EU?*

- ☐ a) Yes
- ☐ b) No

Q2.5.1 What is the percentage of your cross-border trade within the EU to your total turnover?*

- ☐ a) 1-10%
- ☐ b) 11-30%
- ☐ c) 31-50%
- ☐ d) above 50%
- ☐ e) I do not know

Q2.6 Are you planning to be engaged in cross-border trade in the foreseeable future?*

- ☐ a) Yes
- ☐ b) No
- ☐ c) I do not know

Q2.7 Is your organisation registered in the Transparency Register? You have the opportunity to register your organisation (http://europa.eu/transparency-register/index_en.htm) before you submit your contribution

- ☒ a) Yes

☐ b) No

II. Need for harmonisation

Q1. Do you agree with the finding that the overall participation of SME's in cross-border trade/activities in the EU is low in relation to their potential?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments:

15. We do not often hear complaints from members that company law for establishing companies is an impediment to cross-border business, although we are aware that creation of branches cross-border is regarded as being problematic. If it were easy to establish branches, then the impetus to create subsidiaries or sister companies merely in order to have a cross-border presence would be reduced.

Q2. Is it difficult for SMEs to expand their commercial activities/trade by setting-up a branch or subsidiary abroad (within the EU)?*

- ☒ a) Yes
☐ b) No
☐ c) I do not know

Comments:

16. Yes, see answer to II Q1 above. Please note that any difficulty will be the same for non-single member companies as it is for single-member companies, so that any reform should seek to address the concerns for all companies seeking to establish branches, and this does not justify the establishment of a new legal form of single member company.

Q3. Is it difficult for SMEs to move their registered office, headquarters or principle place of business abroad (within the EU)?*

- ☒ a) Yes
☐ b) No
☐ c) I do not know

Comments:

17. There is scope for harmonisation in this area. Please see our comments to the European Commission of 14 May 2012 in response to the Consultation on the future of European Company Law ([ICAEW REP 72/12](#)) and our memorandum of comment of 24 April 2013 on cross-border transfers of registered office of companies ([ICAEW REP 63/13](#)). We continue to support the introduction of an EC 'seat transfer' regime based on the SE regime for transfer of seat, to enable the continuity of a company which migrates its head or registered office, subject to certain safeguards mentioned in our earlier comments.

Q4. Why is it difficult to move or expand a commercial activity/trade, by setting-up a branch or subsidiary, abroad (within the EU)?*

- ☐ a) Compliance costs with foreign legislation on company law issues (translations, registration requirements/fees, capital requirements, reporting, operational/running costs including legal advice related to it, etc.)
☐ b) Difficulty of financing due to cross-border dimension
☐ c) Legal advice costs related to the set-up of the company in the foreign legal system
☐ d) Lack of knowledge/trust of foreign company law forms
☒ e) Other

☐ f) I do not know

Please specify:*

18. In order to set up a branch or subsidiary to carry on activity in a member state, an SME (or other entity) will need to employ staff and have use of premises in the state and to understand and comply with all relevant laws including employment and taxation laws. Extensive advice will typically be required to ensure that all risks (long and short term) are fully understood and evaluated and on-going costs will be incurred in operating the business. The costs of establishing a company or branch in itself would not be material in this context. It is nevertheless of concern that it is more difficult or costly than it might be for a company in one member state to establish a branch in another member state and that this, in itself, might lead to the company to consider establishing a subsidiary or sister company as an alternative.

Comments:

19. see above.

Q5. Within compliance costs, which do you consider as being the biggest obstacle to moving or expanding the commercial activity/trade, by setting-up a branch or subsidiary, abroad (within the EU) ?*

- ☐ a) Registration fees (including notary fees)
- ☐ b) Initial capital
- ☐ c) Annual running/operational costs including reporting, accounting, auditing, legal advice
- ☐ d) Translations
- ☒ e) Other (e.g. labour law, health and safety issues etc.)

Q5.1 Is this obstacle:*

- ☐ a) strong
- ☐ b) medium
- ☐ c) weak

Q5.2 Is this obstacle :*

- ☐ a) strong
- ☐ b) medium
- ☐ c) weak

Q5.3 Is this obstacle:*

- ☐ a) strong
- ☐ b) medium
- ☐ c) weak

Q5.4 Is this obstacle:*

- ☐ a) strong
- ☐ b) medium
- ☐ c) weak

Please specify:*

20. The degree of difficulty will depend upon the circumstances, including the country concerned, whether or not different languages are involved and the nature of the activity proposed. Please also see our answer to II Q4 above regarding on-going 'other costs', which we consider will typically be more significant than costs arising merely out of incorporation and filing returns required by company law. Please also note that 'legal advice' included under paragraph (c) could include advice related to other matters (such as employment law) under (e).

Q6. Would the legislative harmonisation of requirements concerning single-member private limited liability companies at the EU level encourage/facilitate an increase in cross-border activity of SMEs within the EU? (harmonisation could include, inter alia, registration, methods of formation, initial capital, protection of creditors, transfer of registered office, registration of branches)*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

What would otherwise increase such activity of SME's?*

- ☐ a) Information campaign
☐ b) Use of points of single contact
☒ c) Other

Please specify:*

21. The key driver of SME (or other) business activity is likely to be prospect of profit so that reforms which result in a competitive and efficient business environment across Europe would lead to increased activity. Harmonisation in relation to corporate requirements for single member limited companies is a peripheral issue in that context. As noted above, we should support initiatives on changes to registered offices and on simplifying processes to establish branches cross-border but in respect of companies generally, not just companies that happen to have a single member at any given time.

III. Quantifiable data

Q1. How many single-member *private* limited liability companies are there in your country at the date of filling the questionnaire? Specify the number:*

22. We would refer to you the UK government or its agencies (eg, UK Companies House).

Q2. How many single-member *public* limited liability companies are there in your country at the date of filling the questionnaire? Specify the number:*

23. We would refer to you the UK government or its agencies (eg, UK Companies House).

Q3. What is the minimum capital requirement (in EUR) for setting-up a single-member *private* limited liability company in your country? If the requirement differs for specific sectors, please provide us with the most common one. Specify the amount:*

24. There is no minimum.

Q4. What is the minimum capital requirement (in EUR) for setting-up a single-member *public* limited liability company in your country? If the requirement differs for specific sectors, please provide us with the most common one. Specify the amount:*

25. £50,000 or €57,100.

Q5. What are the registration costs (in EUR, including court and/or maximum notary fees) for a single-member *private* limited liability company in your country? Specify the amount:*

26. £13 statutory fee for a UK private company (whether single member or otherwise).

Q6. What are the registration costs (in EUR, including court and/or maximum notary fees) for a single-member *public* limited liability company in your country? Specify the amount:*

27. £13 statutory fee for a UK public company.

Q7. What is the average legal advice cost (in EUR) related to the setting-up of a single-member *private* limited liability company in your country? Specify the amount:*

28. It is simple to establish a company in the UK and guidance is available from the relevant authorities/agencies so that companies may be established without professional advice. However, for those unfamiliar with relevant legal regime, it may be advisable to have professional assistance and we understand that the typical cost of assistance from relevant advisory businesses (which might be a company secretarial business and not necessarily a legal advisor) in relation to establishing a UK private company would be around £200 (including the £13 statutory fee). However, starting a business in the UK (as elsewhere) involves other issues as noted above, for which more extensive advice might be required (whether legal advice or otherwise).

Q8. What is the average legal advice cost (in EUR) related to the setting-up of a single-member *public* limited liability company in your country? Specify the amount:*

29. The cost of establishing a public company in the UK would not be materially greater than establishing a private company (although capital requirements differ).

Q9. What are, in your experience/knowledge, the *total additional costs* incurred in relation to the setting up of a single-member *private* limited liability company abroad (within the EU) in comparison to setting-up the company in your own country? The amount:*

- ☒ a) 1-4.999 euros
- ☐ b) 5.000-9.999 euros
- ☐ c) 10.000-20.000 euros
- ☐ d) More than 20.000 euros
- ☐ e) No additional costs
- ☐ f) I do not know

Your country:*

30. Q9-12. The costs may vary depending on the nature of the company, including location, language used, whether web-sites are to be established and trade marks to be protected etc. We do not, therefore, answer these questions separately, but give a general response here. In general, our experience is that the cost involved is at the lower end of the scale given in each case assuming the costs in question are limited to costs required to meet corporate law requirements of set-up and not costs related to on-going operation and that advice is obtained from the most cost effective source (which might not necessarily be legal advice). As noted earlier, costs involved in preparing for all aspects of cross-border activity and on-going operational costs are likely to be very much more substantial than this, and if legal advice is obtained it would typically cover matters beyond establishment of the entity as such – the costs are effectively open-ended.

☒ United Kingdom

Another country:*

- | | | |
|---|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Greece | <input type="checkbox"/> Norway |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Iceland | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Italy | <input type="checkbox"/> Slovakia |
| <input type="checkbox"/> Czech Republic | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Lichtenstein | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Finland | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Switzerland |
| <input type="checkbox"/> France | <input type="checkbox"/> Malta | |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Netherlands | |

Q10. What are, in your experience/knowledge, the *total additional costs* incurred in relation to the setting up of a single-member *public* limited liability company abroad (within the EU) in comparison to setting-up the company in your own country? The amount:*

- ☐ a) 1-4.999 euros
☐ b) 5.000-9.999 euros
☐ c) 10.000-20.000 euros
☐ d) More than 20.000 euros
☐ e) No additional costs
☐ f) I do not know

Your country:*

☒ United Kingdom

Another country:*

- | | | |
|---|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Greece | <input type="checkbox"/> Norway |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Iceland | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Italy | <input type="checkbox"/> Slovakia |
| <input type="checkbox"/> Czech Republic | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Lichtenstein | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Finland | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Switzerland |
| <input type="checkbox"/> France | <input type="checkbox"/> Malta | |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Netherlands | |

Q11. What are, in your experience/knowledge, the *additional legal advice costs* associated with the setting-up of a single-member *private* limited liability company abroad (within the EU) in comparison to setting-up the company in your own country? The amount:*

- ☐ a) 1-4.999 euros
☐ b) 5.000-9.999 euros
☐ c) 10.000-20.000 euros
☐ d) More than 20.000 euros
☐ e) No additional costs
☐ f) I do not know

Your country:*

☒ United Kingdom

Another country:*

- | | | |
|---|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Greece | <input type="checkbox"/> Norway |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Iceland | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Italy | <input type="checkbox"/> Slovakia |
| <input type="checkbox"/> Czech Republic | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Lichtenstein | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Finland | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Switzerland |
| <input type="checkbox"/> France | <input type="checkbox"/> Malta | |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Netherlands | |

Q12. What are, in your experience/knowledge, the *additional legal advice costs* associated with the setting-up of a single-member *public* limited liability company abroad (within the EU) in comparison to setting-up the company in your own country? The amount:*

- ☐ a) 1-4.999 euros
☐ b) 5.000-9.999 euros
☐ c) 10.000-20.000 euros
☐ d) More than 20.000 euros
☐ e) No additional costs
☐ f) I do not know

Your country:*

- ☒ United Kingdom

Another country:*

- | | | |
|---|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Greece | <input type="checkbox"/> Norway |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland |
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| <input type="checkbox"/> Denmark | <input type="checkbox"/> Lichtenstein | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Finland | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Switzerland |
| <input type="checkbox"/> France | <input type="checkbox"/> Malta | |
| <input type="checkbox"/> Germany | <input type="checkbox"/> Netherlands | |

IV. Substance - A potential initiative on single-member limited liability companies

Q1. Should the potential initiative include simple rules for company registration on-line with one common standard registration form throughout the EU?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments

31. If ease of use of forms of establishment is in issue, then it would be necessary for the forms to be at least as easy to use for the EU company as for existing national companies in every case (ie, the easiest model in the EU would need to be the template and then simplified again if possible).

Q2. Should the potential initiative include rules on on-line creation of branches abroad (within the EU) via the central platform of interconnection of national business registers?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments

32. Measures to simplify procedures for establishing branches in other member states would welcome, although in respect of all companies, not just those with a single member. We responded to the Commission consultation on the interconnection of business registers in January 2010 and believe that a number of the issues raised there continue to be relevant. While moves to facilitate ease of access to information contained on national registers would

be useful, we do not think that simplifying the process for registration of branches within member states should be made dependent upon provision of a central platform.

Q3. Should the potential initiative harmonise the amount of minimum legal capital required for the setting-up of a single-member private limited liability company?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Q3.1. What should be the harmonised amount of minimum legal capital?*

- ☐ a) 1 euro
☐ b) 1-999 euros
☐ c) 1.000-4.999 euros
☐ d) 5.000 euros or more
☒ e) I do not know

Comments

33. The proposal pre-supposes that a degree of harmonisation would be required, but we do not support the proposal for reasons stated above. We do not believe that a minimum capital requirement in itself would increase 'trust' in companies, unless it were of a very significant amount and the capital were to be retained as, in effect, regulatory capital, which would not be a measure best designed to maximise efficient use of capital for SMEs and in any case we do not believe that there is much correlation between trust and share capital. A company is free to increase its capital, so if this were perceived to be an issue by any given company, it has the ability to address the issue already without any change in law. Nor, of course, is any discussion of minimum capital unique to single-member companies; we believe, on the subsidiarity principle, that minimum capital is a matter for individual members states however many or few members a company has.

Q4. Should the potential initiative include rules on distributions/dividends if a company would be unable to continue paying its due debts after the distribution/paying the dividends?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments

34. As noted above, we believe that subsidiarity principles should apply and that new regulatory initiatives in this area should not be pursued at this time.

Q5. In case of minimum capital being more than 1 euro, should the potential initiative include rules on the opposition of creditors to a significant reduction of capital?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments

35. As noted above, we believe that subsidiarity principles should apply and that new regulatory initiatives in this area should not be pursued at this time.

Q6. Should the potential initiative include rules on the transfer of registered office?*

- ☐ a) Yes
☐ b) No

☒ c) I do not know

Comments

36. We would like to see any rules on transfer of registered offices applied to all companies, not a particular category of company such as is proposed – see also our answer to II Q3 above.

Q7. If the number of members in a single-member private limited liability company increases to more than one, should the potential initiative provide for recourse to national laws to convert the single-member private company into another national company law form?*

- ☐ a) Yes
☐ b) No
☒ c) I do not know

Comments

37. There would have to be a mechanism to cater for this to enable single member companies to expand and take on new investors (unless they are simply to be used as subsidiaries, for which see our introductory comments). However, such a mechanism would presumably result in additional costs and negate the perceived advantages of the enterprise having adopted the new model in the first place. Accordingly, not only would the model apply only to a limited number of cross-border establishment SMEs (ie, those with a single shareholder), it would do so only for a limited time (ie, until additional investors/shareholders are required) and this consideration informs our comments regarding the initiative as a whole made above.

Q8. Should the potential initiative provide for limits as to how many single-member private limited liability companies one natural or legal person can create?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

What kind of rules would you suggest?

38. We can see no reason for a rule of this kind and note that there is no such restriction on persons establishing private companies (in the UK at least).

Comments

39. See above.

Q9. Should the potential initiative include special rules for SMEs which would make the setting-up of single-member private limited liability companies easier and cheaper for them than for bigger companies?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments

40. We do not think that an additional layer of complexity should be imposed in terms of available corporate structures, whether for single member companies (as opposed to companies with more than one member) or according to size.

Q10. Should the potential initiative provide for a new common abbreviation (like SEUP – Societas Europea UniPersonam) for all single-member private limited liability companies in the EU in order to increase the trust in “foreign” company law forms?*

- ☐ a) Yes
☐ b) No
☐ c) Other abbreviation
☒ d) I do not know

Your proposition for an abbreviation*

41. We have no suggestions, but see comment below.

Comments

42. We do not believe that the European population at large would take comfort from a form of abbreviation in itself. Whether or not a company form bearing a particular abbreviation becomes ‘trusted’ would depend upon the track record of the companies using it. If a new European corporate form were to be introduced, no doubt it would be sensible for it to have the same, or similar, acronym throughout Europe for ease of recognition. However, the creditworthiness (or trustworthiness) of a company is not affected merely because it has one or more than one shareholder so that there is no justification for changing the existing practices of member states in this respect in respect of naming conventions for private companies (whether single member at any given time, or not).

Q11. Should the potential initiative cover, not only single-member *private* limited liability companies, but also single-member *public* limited liability companies?*

- ☐ a) Yes
☒ b) No
☐ c) I do not know

Comments

V. Comments

If you would like to submit additional comments, please attach them here

43. N/a

E charles.worth@icaew.com

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