


Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2007/0035(COD) Procedure completed
Public limited liability companies: mergers and divisions	
Subject 3.45.01 Company law 3.45.08 Business environment, reduction of the administrative burdens	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	JURI Legal Affairs		10/04/2007
		PPE-DE KAUPPI Pii-Noora	
	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2825	22/10/2007
European Commission	Commission DG	Commissioner	
	Internal Market, Industry, Entrepreneurship and SMEs	VERHEUGEN Günter	

Key events			
24/01/2007	Additional information		Summary
05/03/2007	Legislative proposal published	COM(2007)0091	Summary
29/03/2007	Committee referral announced in Parliament, 1st reading		
26/06/2007	Vote in committee, 1st reading		Summary
27/06/2007	Committee report tabled for plenary, 1st reading	A6-0252/2007	
11/07/2007	Results of vote in Parliament		
11/07/2007	Decision by Parliament, 1st reading	T6-0329/2007	Summary
22/10/2007	Act adopted by Council after Parliament's 1st reading		
13/11/2007	Final act signed		
13/11/2007	End of procedure in Parliament		
17/11/2007	Final act published in Official Journal		

Technical information	
Procedure reference	2007/0035(COD)

Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 044-p2
Stage reached in procedure	Procedure completed
Committee dossier	JURI/6/46898

Documentation gateway

Legislative proposal	COM(2007)0091	06/03/2007	EC	Summary
Document attached to the procedure	SEC(2007)0298	06/03/2007	EC	
Document attached to the procedure	SEC(2007)0300	06/03/2007	EC	
Economic and Social Committee: opinion, report	CES0796/2007	30/05/2007	ESC	
Committee draft report	PE388.714	11/06/2007	EP	
Amendments tabled in committee	PE390.596	12/06/2007	EP	
Committee report tabled for plenary, 1st reading/single reading	A6-0252/2007	27/06/2007	EP	
Text adopted by Parliament, 1st reading/single reading	T6-0329/2007	11/07/2007	EP	Summary
Commission response to text adopted in plenary	SP(2007)4170	29/08/2007	EC	
Draft final act	03641/2007/LEX	13/11/2007	CSL	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Directive 2007/63](#)
[OJ L 300 17.11.2007, p. 0047](#) Summary

Public limited liability companies: mergers and divisions

The Commission presents a communication on an Action Plan for reducing administrative burdens in the European Union.

The Action Plan is an immediate response to the June 2006 European Council conclusions and the November 2006 Better Regulation Package. Cutting red tape by a quarter in the entire EU could increase EU GDP by EUR 150 billion according to the Commission. The Action Plan also calls on all Member States to embark on similar exercises at national level as the majority of the administrative burdens still originate in national legislation.

In the short term action will be taken in the ten following concrete fields, reducing paperwork for amongst others farmers and transport companies:

1. making information requirements voluntary for stockholders in case of merger and division;
2. reducing the reporting obligations for farmers, collectors or processors of energy crops in order to receive support;
3. easing the requirements of proof for receiving export funds for agricultural produce;
4. reducing the frequency of certain agricultural statistics to once a year;
5. lowering the number of statistical questions posed to businesses in the information society;
6. removing outdated documentation obligations for transport companies within the EU;
7. introducing electronic registers for the exchange of data in the transport sector, thereby reducing administrative burdens;
8. simplifying administrative procedures and information obligations in the maritime sector;
9. exempting small businesses like local butchers and bakers from certain hazard analyses in the field of food hygiene, without lowering

- standards, by taking a more proportionate approach and applying less burdensome requirements on small butchers, bakers etc compared to large supermarkets, without affecting the safety and health considerations imposed by the regulation;
10. simplifying administrative requirements for certain fishing vessels.

This Action Plan is not aimed at undermining the policy objectives or the level of ambition which have been set in EU legislation. It rather represents an important effort to streamline, modernise and make less burdensome the way in which policy objectives are implemented. In close cooperation with Member States, the Commission will thoroughly analyse information obligations that constitute the source of red tape. The analysis will cover obligations in EC legislation as well as the national measures used to implement them. All obligations will be attributed a price tag indicating how much time and money businesses spend complying with them, with a view to reducing requirements that are obsolete, contradictory etc.

The Commission is encouraged by the fact that in 2006 seventeen Member States, up from eleven the previous year, have decided to measure and reduce administrative burdens and that a further two are testing the methodology. The action plan would foresee that by 2009 all Member States would have completed the measurements in the key national and regional priority areas. The Commission has identified the following 13 priority areas concerning Community legislation which should be addressed:

1. company law
2. pharmaceutical legislation
3. working environment/ employment relations
4. tax law/VAT
5. statistics
6. agriculture and agricultural subsidies
7. food Safety
8. transport
9. fisheries
10. financial services
11. environment
12. cohesion policy
13. public procurement

The Action Plan will require strong commitment from Member States and the co-legislator. The Spring 2007 European Council is, therefore, requested to:

- endorse the Action Programme for Reducing Administrative burdens set out in this Communication, including the priority areas chosen, the proposed methodology, principles for reducing burdens, the list of fast track actions and the organisational structure;
- invite Member States to support the Commission with the measurement of administrative burdens associated with Community legislation and transposition as set out in this Communication;
- set a joint reduction target for administrative burdens, caused by EC and national legislation of 25% overall, to be achieved by 2012. To facilitate the attainment of this objective a 25% reduction target should also be set specifically for administrative burdens related to EC legislation and its transposition. This target will subsequently be differentiated across the priority areas on the basis of the results of the Action Programme;
- invite Member States to set administrative burden reduction targets at national level by October 2008, at the latest, and to report on the measurement and reduction of administrative burdens annually in their national Growth and Jobs Strategy progress reports, starting in October 2007;
- call upon the Council and the European Parliament to give special priority to the measures set out in Annex III once the Commission has made the corresponding proposals, with a view to adoption as soon as possible, in 2007.

The overall 25 % reduction target is a joint objective, which can only be attained on the basis of a shared responsibility and a common endeavour by the Member States and the European Institutions. It is important that all parties involved in this process take appropriate and quick action, so that the political objective can be translated into operational measures.

Public limited liability companies: mergers and divisions

PURPOSE: to align the provisions of Council Directives 78/855/EEC and 82/891/EEC on the expert report on the draft terms of merger or division with the corresponding rule in Article 8 of Directive 2005/56/EC.

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

CONTENT: on 14 November 2006, the Commission presented a Strategic Review of Better Regulation in the EU (see COM (2006)0689), including a proposal for a target to reduce the administrative burdens on businesses by 25% by 2012.

Ten concrete proposals for "fast track action" were identified in the Action Programme for reducing administrative burdens in the EU (COM(2007)0023), based on broad stakeholder consultation and suggestions from Member States and Commission experts. The "fast track actions" aim at significantly reducing administrative burdens on businesses through minor legislative changes without challenging the level of protection or the original purpose of the legislation.

One of these "fast track action" proposals relates to Council Directive 78/855/EEC concerning mergers of public limited liability companies and Council Directive 82/891/EEC concerning the division of public limited liability companies. The aim of this proposal is to remove unnecessary administrative burdens on businesses by giving shareholders the direct possibility to renounce the written expert report on the draft terms of merger or division, if they so desire. This will bring the two directives in line with the current requirements in the Tenth Company Law Directive (Directive 2005/56/EC on cross-border mergers of limited liability companies) (see [COD/2003/0277](#)).

Consultations with the Commission's Advisory Group on Corporate Governance and Company Law have confirmed that this requirement of Council Directive 78/855/EEC concerning the expert report on the draft terms of mergers is excessive. As it has already been recognised in the context of the adoption of Directive 2005/56/EC, this requirement becomes an unnecessary formality where the shareholders of all companies involved in the merger do

not consider such a report necessary.

Furthermore, the Commission has received positive responses to the presentation of its Action Programme, including the fast track proposal related to Company Law. A few responses have underlined concerns about transparency and shareholder protection. These concerns have been taken into account in the current proposal. It seems therefore appropriate to align the provisions of Council Directives 78/855/EEC and 82/891/EEC with the exemption contained in Directive 2005/56/EC.

Public limited liability companies: mergers and divisions

By adopting the report by Piia-Noora KAUPP (EPP-ED, FIN), the Committee on Legal Affairs approved, subject to amendments at first reading of the codecision procedure, the proposal for a directive of the European Parliament and of the Council amending Council Directive 78/855/EEC concerning mergers of public limited liability companies and Council Directive 82/891/EEC concerning the division of public limited companies as regards the requirement for an independent expert's report on the occasion of a merger or a division. The committee supports the Commission in its aim of easing domestic mergers or divisions. The amendments concern the issue of shareholder protection. MEPs also proposed to set the transposition date to 31 December 2008 (as opposed to 31 July 2008 as was proposed by the Commission).

Public limited liability companies: mergers and divisions

By adopting a legislative report by Piia-Noora KAUPPI (EPP-ED, FIN), the European Parliament approved a directive concerning mergers of public limited liability companies and Council Directive 82/891/EEC concerning the division of public limited companies as regards the requirement for an independent expert's report on the occasion of a merger or a division.

The House supports the Commission in its aim of easing domestic mergers or divisions. The amendments concern the issue of shareholder protection. MEPs also propose to set the transposition date to 31 December 2008 (as opposed to 31 July 2008 as was proposed by the Commission).

Public limited liability companies: mergers and divisions

PURPOSE: to reduce the administrative burden arising from the information requirements stemming from Council Directive 78/855/EEC concerning mergers of public limited liability companies and Council Directive 82/891/EEC concerning the division of public limited liability companies in the event of a merger or division.

LEGISLATIVE ACT: Directive 2007/63/EC of the European Parliament and of the Council amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies.

CONTENT: the Council adopted in first reading, following agreement with the European Parliament, a directive amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert's report on the occasion of merger or division of public limited liability companies.

The amendment to the two above-mentioned directives consists in a simplification, in line with Directive 2005/56/EC on cross-border mergers of limited liability companies which provides for an exemption from the obligation to have the draft terms of merger examined by independent experts and a report drawn up by such experts for the shareholders of the companies involved in the merger, if all the shareholders agree that such a report is not needed.

ENTRY INTO FORCE: 07/12/2007

TRANSPOSITION: 30/12/2008