



Brussels, 21 November 2017

NOTICE TO STAKEHOLDERS

WITHDRAWAL OF THE UNITED KINGDOM AND EU RULES ON COMPANY LAW

The United Kingdom submitted on 29 March 2017 the notification of its intention to withdraw from the Union pursuant to Article 50 of the Treaty on European Union. This means that unless a ratified withdrawal agreement¹ establishes another date, all Union primary and secondary law will cease to apply to the United Kingdom from 30 March 2019, 00:00h (CET) ('the withdrawal date').² The United Kingdom will then become a 'third country'.³

Preparing for the withdrawal is not just a matter for EU and national administrations but also for private parties.

In view of the considerable uncertainties, in particular concerning the content of a possible withdrawal agreement, stakeholders are reminded of legal repercussions which need to be considered when the United Kingdom becomes a third country

Subject to any transitional arrangement that may be contained in a possible withdrawal agreement, as of the withdrawal date, the EU rules in the field of company law no longer apply to the United Kingdom. This has in particular the following consequences in the different areas of EU company law:

- **UK incorporated companies** will be third country companies and therefore not automatically be recognised under Article 54 of the Treaty on the Functioning of the European Union by the Member States (in accordance with the case-law of the Court of Justice). Member States will not be obliged to recognise the legal personality and limited liability of companies, which are incorporated in the United Kingdom, but have the central administration or the principal place of business in the EU-27. UK incorporated companies may be recognised in accordance with each Member State's national law (private international law rules concerning companies and the subsequently applicable substantive company law), or international law treaties. As a consequence, depending on the applicable national or international law rules, such companies might not have a legal

¹ Negotiations are ongoing with the United Kingdom with a view to reaching a withdrawal agreement.

² Furthermore, in accordance with Article 50(3) of the Treaty on European Union, the European Council, in agreement with the United Kingdom, may unanimously decide that the Treaties cease to apply at a later date.

³ A third country is a country not member of the EU.

standing in the EU and shareholders might be personally liable for the debts of the company.

- **Branches in EU-27 Member States of United Kingdom incorporated companies** will be branches of third country companies and rules relevant to branches of third country companies will apply.
- [EU law](#) on **disclosure, incorporation, capital maintenance and alteration, and cross-border mergers** will no longer apply to the United Kingdom. Consequently, stakeholders, including employees, creditors and investors dealing with UK companies will have to rely solely on the national rules of the United Kingdom for adequate safeguards. EU rules on compulsory disclosure of certain company information in the business registers (such as documents and particulars related to instruments of constitution, appointment, termination of office and particulars of persons representing a company, the winding-up of a company or a change of the registered office) will no longer apply.
- EU law on access, including cross-border, to company information available in the EU business registers, no longer applies to the United Kingdom. This means that the **United Kingdom business register** will no longer be connected to the business registers interconnection system (BRIS); information about United Kingdom companies will no longer be available through the [e-justice portal](#). Also, EU business registers will no longer be notified about certain changes in relation to UK companies (changes to UK companies with a branch in EU-27; cross-border mergers involving at least one EU company and one UK company).
- The company law form of a [European Company](#) (SE) will no longer be available in the United Kingdom.

The website of the Commission on company law https://ec.europa.eu/info/business-economy-euro/doing-business-eu/company-law-and-corporate-governance_en provides general information concerning the field of EU company law. These pages will be updated with further information, where necessary.

European Commission
Directorate-General Justice and Consumers