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ESTABLISHING A BUSINESS ENTITY IN FRANCE

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ESTABLISHING A BUSINESS ENTITY IN FRANCE



“Establishing a Business Entity in France”

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1. Types of Business Entities

- **Description of the types of entities available in each jurisdiction through which to conduct business**

Business may be conducted in France either through a French branch of a foreign company (1) or through a French company (2). Both are considered to be forms of direct investment in France.

(1) Branch

A branch is a permanent place of business established by a foreign company in France. It is not recognized under French law as a separate legal entity. All of its rights and obligations constitute the rights and obligations of the foreign company.

The representative of the branch is appointed by the foreign company. His/her authority, revocation of that authority, remuneration and liability to the company are therefore governed by the law applicable to the foreign company.

(2) Companies

A variety of forms of limited and unlimited liability companies exist under French law; these are classified as either commercial (the form for carrying on commercial activities) or civil. The type of company most likely to be encountered by a foreign investor is the limited liability company, of which three distinct forms exist in France: the *société anonyme*

(“SA”), the *société à responsabilité limitée* (“SARL”) and the *société par actions simplifiée* (“SAS”).

- **Matters to be considered when choosing a particular business entity type**

In considering whether to establish a branch or a company, various tax considerations must be considered.

The establishment of a branch is slightly simpler since it is not subject to all of the legal formalities for the incorporation of a company.

A French branch office has no share capital, no articles of association (*statuts*) and does not hold shareholders' meetings; however, it is obliged to file tax returns in France in the same way as a company.

For labour law purposes, there is no substantial difference between a branch and a subsidiary.

From an administrative standpoint, a branch is easier to manage than a subsidiary but may raise issues in specific circumstances, for instance because the legal rules applicable to a branch are less clearly defined.

In terms of sale of a business, it is normally easier and less costly to sell a subsidiary than a branch, because in the latter case there may be substantial stamp duties (although there are circumstances where these can be reduced e.g., partial contribution of assets within certain merger laws).

In summary, a branch is simple to set up, and is useful when commercial activities in France are just beginning. Later, however, it might prove more expedient to establish a subsidiary. Subject to

specific tax considerations, the incorporation of a subsidiary is more frequently recommended.

2. Steps and Timing to Establish

- **Brief overview of steps to incorporate/constitute each**

(1) Branch

The registration of a branch requires the provision of various documents (e.g. commercial lease, translation of the articles of association of the foreign company, decision of the board of directors (or equivalent) to open the establishment, name of the local representative responsible for its management) to the commercial court of the place of establishment. The registration takes approximately 3 to 4 days as from filing.

(2) Company

Commercial companies must be registered with the local Registry of Commerce and Companies ("*registre du commerce et des sociétés*"). The following steps are required:

1. Drafting of the articles of association (*statuts*)
2. Signature of a lease or domiciliation agreement (or letter) for the company's premises or registered address
3. Opening of a bank account where the share capital will be deposited; this account is opened in the name of the company in the process of being incorporated
4. Transfer of the share capital by the shareholder(s) to such bank account
5. Obtaining of letters pursuant to which

the statutory auditors (if required) accept their office

6. Signature of the articles of association by the shareholder(s)
7. Legal announcements and formalities with the commercial court
8. Obtaining of the final corporate identification number

Under normal circumstances, the incorporation would take approximately a week from receipt of all the incorporation documents duly signed. Delays often result from the following matters:

- (i) selection of the place of the registered office;
- (ii) selecting the French statutory auditors (if any);
- (iii) choosing the French bank and operating the transfer of funds.

3. Governance, Regulation and Ongoing Maintenance

- **Brief summary of regulation of each type and ongoing maintenance, reporting requirements**

See chart attached comparing the principal forms of commercial company.

- **Requirements for local shareholding/directors**

Local shareholding:

- There are no general requirements concerning shareholders (individual or legal entity) but specific restrictions may apply with respect to regulated sectors of activity in France. For example, when certain regulated professional activities are exercised in France through companies, the

majority shareholding must be constituted by individuals who are licensed in France to exercise the relevant regulated profession (e.g., lawyers, pharmacists, biologists, accountants, statutory auditors...).

- Furthermore, foreign shareholders must comply with declaratory obligations or must obtain permits or authorizations in some cases which are outlined in section 4 below.

Local managing directors:

- There is no general requirement for any of the managing directors to reside in France or to be a French citizen.
- Foreign managing directors who do not wish to reside in France are exempt from the requirement to hold a temporary residence permit or any other specific authorization.
- Foreign managing directors of French companies who wish to reside and exercise commercial activities in France must be in possession of a temporary residence permit ("*carte de séjour temporaire*") which allows the exercise of such commercial activities.

However, EU, EEA or Swiss nationals who wish to reside and exercise commercial activities in France only have to be registered with the municipal authority of their place of residence in France.

- All local managing directors, whether resident in France or abroad, must provide affidavits of parentage and non-conviction and file them with the Registry of Commerce and Companies.

• **Minority shareholders' rights and protection**

Minority shareholders may have specific protection rights negotiated in the articles of association (*statuts*) or via shareholders' agreements. In addition, French law grants specific rights to shareholders (either to all shareholders or specifically to minority shareholders) such as:

- Rights of information (depending on the type of company).
- Right to participate and attend all shareholders' meetings.
- In companies having the form of a SA or SAS, shareholders holding one twentieth (5%) of the share capital may (i) ask the commercial court to dismiss the statutory auditor(s), (ii) address written questions to the President, twice a year, on any aspect which may compromise the continuation of the company's business, (iii) ask the commercial court to appoint an expert in order to produce a report on one or several management activities of the company.
- Right to the profits: it is forbidden to allocate the whole profits or losses to one or several shareholders, or to deprive a shareholder of any share in the profits. The exempting of a shareholder from any contribution to losses is also forbidden.
- Preferential subscription rights: in certain forms of companies (SA and SAS), each shareholder has a preferential subscription right in the case of a share capital increase.
- Abuse of a majority position: minority

shareholders who suffer an abuse by the majority can bring a civil action (there is an abuse of majority if the decision of the majority has been taken contrary to the general interests of the company and with the sole purpose of favoring the majority shareholders to the detriment of the minority shareholders). Where a disagreement arises between shareholders leading to paralysis of the company's operations, it is possible for a shareholder to ask the court to order the liquidation of the company.

- The same rationale applies to the principle of abuse of minority rights, which can be defined as the fact that a minority shareholder prevents an essential decision by acting against the interests of the company, with the sole aim of favoring such shareholder's interests to the detriment of the other shareholders.
- Any shareholder may ask the court to hold the corporate officers liable and to obtain damages for the losses suffered personally by the shareholder, as distinct from the losses suffered, as the case may be, by the company (Article L.225-252 of the French Commercial Code, *action ut singuli*).
- Some decisions require the unanimous agreement of all of the shareholders (e.g., any decision which increases the current commitments of a shareholder, change of the nationality of a company).

- **Duty to declare the “ultimate beneficial owner(s)”**

Every legal entity registered in France has an obligation to declare its “ultimate beneficial owner(s)” to the companies’ registry. The French legal entity has to declare the identity of any natural persons who (i) holds directly or indirectly more than 25% of the share capital or the voting rights of the company, or (ii) exercises control, by any other means, over the company. An amended declaration should be filed within 30 days of any fact or event which results in a modification or addition to such information. Only authorized persons may have access to this information.

4. Foreign Investment, Thin Capitalization, Residency and Material Visa Restrictions

- **Any significant barriers to entry for an offshore party**

- Access to certain regulated activities may be reserved to French or EU nationals or nationals of a country which has concluded a reciprocal treaty with France (e.g., architects, doctors, biologists, lawyers, statutory auditors, etc.). Exercising regulated activities may require conditions of holding a particular diploma or professional experience, or even the obtaining of an authorization issued by an administrative authority.

Furthermore, majority participation in companies active in certain regulated sectors may be reserved to professionals in that sector.

For example:

- For some regulated activities which can be exercised in France through companies, the

shareholding of non-professionals is limited (e.g., third party can hold a maximum of 25% of the share capital of biology laboratory).

- Foreign investors may hold the majority of the share capital of an agricultural company only if they are in possession of an agricultural professional permit issued by the agricultural authority of the region where the farm is located.
- Foreign investors may not cumulatively hold more than 20% of the share capital of a media company.
- Furthermore, prior authorization may be mandatory in restricted areas, as explained hereunder.

• **Any capitalization obligations**

The net equity of a company having the form of a SA, SAS or SARL must be at least equal to half of the share capital. If any such company suffers losses causing its net asset value to fall below one half of its share capital, the shareholders must decide, within a four-month period following the approval of the accounts which revealed such loss, whether the company must be dissolved or not. If the shareholders decide to continue the company's operations, the company must increase its net asset value to at least one half of its share capital at the latest at the close of the second fiscal year following the fiscal year during which the situation has been acknowledged. If the company carries out a capital increase without complying with the rule of equity exceeding half the capital, it must, within 2 financial years of the capital increase,

reduce its capital to a minimum threshold set up.

• **Any special business or investment visa issues**

Investments and acquisitions by non-resident (individuals or legal entities) in France are unrestricted and only require (i) a declaration for statistical purposes, (ii) except in the case of transactions in sensitive areas for which specific investment-control rules apply and prior authorization is mandatory.

(i) Statistical declarations:

- Foreign investment which exceeds EUR 15 million and corresponds to the acquisition of at least 10% of the share capital or voting rights of a French company or real estate investments must be declared to the French central bank within 20 working days after the investment.

(ii) Prior authorization in sensitive areas:

Several sectors of activity are deemed to be sensitive because they affect public interests:

- activities involved, even occasionally, in the exercise of the public authority;
- activities which are likely to infringe public order, public security or national defence interests;
- activities carried out in the field of weapons research, production or trade of weapons;
- research and development activities relating to cybersecurity, artificial intelligence;
- biotechnology field;

- data hosting activities whose compromise or disclosure is likely to interfere with the performance of certain activities...

A complete list of the sensitive areas dated May 23, 2023, can be found on the General Treasury Department website (*Direction Générale du Trésor*)

A non-resident contemplating a direct investment in any of the aforementioned restricted areas must first file a declaration with the Ministry of Economy and Finance (Treasury Department) setting out the details of the transaction and obtain its prior authorization.

Once the formal request for authorization is submitted, the Minister for the Economy has a maximum regulatory lead time of 75 working days / 2 months to respond to the request. If the Minister does not respond within the time limit, the application is deemed to have been refused (art. R 151-6, al. 1 and al. 2 Code monétaire et financier)

- **Any restrictions on remitting funds out of the jurisdictions (withholding taxes, etc.)**
- Branch withholding tax: profits earned by a French branch of a foreign company and distributed to the foreign shareholders are subject to a withholding tax of 25% on after-tax income. However, if the foreign company is (i) located in the EU and is subject to income tax with no possibility of opting out or of being exempt and (ii) the income is taxable in the relevant EU member state, such branch tax is not applicable. This tax

may be reduced or eliminated by an applicable double taxation convention. Although branch withholding tax normally applies to undistributed profits, such profits may be exempted from the tax if an application is filed with the tax authorities and if certain requirements are met.

- Dividends paid to a non-resident (individual or legal entity) by a French company are subject to a withholding tax. The rate of this tax depends on the type of the beneficiary and the time of payment:
- If the foreign beneficiary is an individual: 12.8% for dividends paid from 1st January 2018;

If the foreign beneficiary is a legal entity: 25% for dividends paid from 1st January 2022. Such withholding tax may however be reduced or eliminated under an applicable tax convention or EU directive. For example, under the parent-subsidiary directive, dividends paid by a French company to an EU parent company are exempt from withholding tax if the parent holds more than 10% of the share capital of the French distributing company for at least two years preceding the distribution.

The rate of such withholding tax increases to 75% if the dividends are paid to a non-resident located in a non-cooperative tax jurisdiction.

- Commissions, royalties and fees paid to a non-resident for services performed or used in France are subject to a domestic withholding tax of 25%. This tax may be reduced or

eliminated by an applicable tax convention or where the EU interest and royalties directive applies. Where the payment is made to an entity or individual located in a non-cooperative tax jurisdiction, a 75% withholding tax applies.

- Interest payments made to a non-resident (individual or legal entity) are generally exempt from withholding tax in France. However, if the payment is made to a non-resident

(entity or individual) located in a non-cooperative tax jurisdiction, a 75% withholding tax applies.

- **Obligation to register a transient branch**

A transient branch must be registered with the local Registry of Commerce and Companies ("*registre du commerce et des sociétés*") in order to allow employees to work within it. This registration must be done even if the transient branch is open only for a few months.

TABLE OF COMPARISON BETWEEN SA / SARL / SAS / FRENCH BRANCH OF A FOREIGN COMPANY

	SA	SARL	SAS	FRENCH BRANCH
GENERAL ISSUES / INCORPORATION				
Number of shareholders	- at least 2 or 7 if the company is listed - corporate entities or individuals	- at least 1 and no more than 100 - corporate entities or individuals	- at least 1 - corporate entities or individuals	N/A
Minimum share capital	€ 37,000 - at least 1/2 paid up	- no minimum - at least 1/5th paid up	- no minimum - at least 1/2 paid up	
Shares	registered shares (<i>actions nominatives</i>)	membership shares (<i>parts sociales</i>)	registered shares (<i>actions nominatives</i>)	
Nature of contributions	cash or contributions in kind	cash, contributions in kind or performance of professional services	cash or contributions in kind or performance of professional services	
Payment of contributions	- contributions in kind: fully paid-up upon incorporation - cash contributions: at least 1/2 paid-up on incorporation and remainder within five years	- contributions in kind: fully paid-up upon incorporation - cash contributions: at least 1/5th paid up on subscription and remainder within five years	- contributions in kind: fully paid-up upon incorporation - cash contributions: at least 1/2 paid-up on incorporation and remainder within five years	
MANAGEMENT				
Management	<u>SA with a board of directors</u> 3-18 <i>administrateurs</i> (directors): - individuals or corporate bodies <u>SA with a management board and a supervisory board</u> - management board: 2-5 members, 7 if the company is listed; - several directors possible or 1 only if capital < 150,000 euros ; - supervisory board: 3-18 members (the articles of association may require them to be shareholders)	As the legal requirements are quite strict for the SARL, the shareholder(s) is/are not free to set out in the articles of association the type of management structure required and the rules governing its operation. The SARL is managed by one or more individuals (the "<i>gérants</i>") who may (but need not) be shareholders. There is no board of directors as such.	The shareholder(s) is/are free to set out in the articles of association the type of management structure required and the rules governing its operation. The only compulsory requirement is that a <i>président</i> (equivalent of a CEO) must be appointed. This <i>président</i> may be an individual or a legal entity (in this case, it is represented by the legal representative of such entity).	The shareholder(s) is/are free to appoint a representative of the branch.

Responsibility for management	<u>SA with a board of directors</u> - directors can choose between: - a <i>président</i> to assume all management powers and chair the board of directors, or - a managing director (<i>directeur général</i>) to assume all management powers and a <i>chairman of the board</i> with a representative, organisational and supervisory role - the managing director can request the appointment of 1-5 deputy managing directors (<i>directeurs généraux délégués</i>) by the board of directors to assist him/her	<i>gérant(s)</i>	<i>président</i>, in the absence of provision to the contrary in the articles of association	The representative of the branch is appointed by the foreign company. His/her authority, revocation of that authority, remuneration and liability to the company are therefore governed by the law applicable to the foreign company.
Appointment of managers	<u>SA with a board of directors</u> - directors: the first directors are appointed in the articles of association constituting the company; then by the shareholders - chairman of the board: by the board - managing director: by the board <u>SA with a management board and a supervisory board</u> - members of the management board are appointed by the supervisory board (including the president of the management board and, as the case may be, the managing directors); - members of supervisory board are appointed by the shareholders	- first <i>gérant</i>: is appointed in the constitutive articles of association or by subsequent shareholders' meeting - subsequent <i>gérants</i>: by shareholders' meetings	procedure freely set by the articles of association	
Removal of managers	<u>SA with a board of directors</u> - directors: by shareholders' meeting - chairman of the board: by the board <u>SA with a management board and a supervisory board</u>	by shareholders' meetings If the sole shareholder dismisses the <i>gérant</i> without lawful cause, the <i>gérant</i> can file a claim for damages. Lawful cause does not necessarily require mismanagement by the <i>gérant</i>; for example, loss of confidence in the <i>gérant</i>, significant variance in points of view	procedure freely set by the articles of association	

	- members of the management board are removed by the shareholders or, if the articles of association allow it, by the supervisory board; - members of the supervisory board are removed by the shareholders	vis-à-vis the management of the company, etc. may be considered as lawful cause.		
Powers	<u>SA with a board of directors</u> <i>managing directors</i> are fully empowered to act on behalf of the company and may bind the company by action beyond the company's objects - articles of association may impose limits which are not enforceable against third parties <u>SA with a management board and a supervisory board</u> - members of the management board have extensive powers to act on behalf of the company within the company's objects - members of the supervisory board exercise permanent control and oversight of the management	<i>gérant</i> is fully empowered to act on behalf of the company and may bind the company by action beyond the company's objects <i>articles of association</i> may impose limits which only bind third parties with specific knowledge of such limits	- President is fully empowered to act on behalf of the company and may bind the company, including in respect of actions that exceed the company's objects - A managing director (<i>directeur général</i>) may also be fully empowered to act on behalf of the company and may bind the company, including in respect of actions that exceed company's objects if specific provisions in the <i>articles of association</i> allow this <i>articles of association</i> may impose limits on the powers of the President and/or managing director(s) which only bind third parties with specific knowledge of such limitations of powers	
Liability	- possible tort and criminal liability for breach of legal provisions of the articles of association or of the duty of care towards the company - specific sanctions under bankruptcy law if the company becomes insolvent	- possible tort and criminal liability for breach of legal provisions of the articles of association or of the duty of care towards the company - specific sanctions under bankruptcy law if the company becomes insolvent	- possible tort and criminal liability for breach of legal provisions of the articles of association or of the duty of care towards the company - specific sanctions under bankruptcy law if the company becomes insolvent	
Regulated agreements	- agreements between the company and, directly or indirectly, - one of its directors or its managing director(s), or - one of its "<i>directeurs généraux délégués</i>", or - one of its shareholders holding more than 10% of the voting rights or if the shareholder is a company, its controlling shareholder,	- agreements between the company and, directly or indirectly, - a <i>gérant</i> or - a shareholder require approval by shareholders' meeting following a report by the <i>gérant</i> or the statutory auditor (if any) - if there is no statutory auditor and if the <i>gérant</i> is not also a shareholder,	- agreements between the company and, directly or indirectly, - the president or - one member of any management body (if any) having managing powers, or - one of its shareholders holding more than 10% of the voting rights, or if the shareholder is a company, its controlling shareholder,	N/A

	require prior authorisation by the board of directors, a special auditor's report and retroactive approval by shareholders' annual general meeting • agreements entered into in the normal course of business and under normal conditions do not require any prior approval; the chairman of the <i>board of directors</i> must be notified of such agreements and provide a list of such agreements to the <i>board</i> and auditors; except for agreements which, because of their amount or their purpose, are not significant for either of the parties • an individual director or corporate officer is strictly prohibited from borrowing money from the company, obtaining a guarantee or putting his/her shareholder's account with the company in overdraft. Those agreements are not prohibited if the director or corporate officer is a legal entity. • The board of directors or the supervisory board may grant a global and annual authorization with no limit on the amount to guarantee the undertakings of its subsidiaries. • The directors or members of the supervisory board, directly or indirectly involved in a regulated agreement subject to a control procedure, may not take part in the deliberations or vote of the board on the authorization requested	agreements between the company and this <i>gérant</i> require the prior authorisation of the shareholders • agreements entered into in the normal course of business and under normal conditions do not require any prior approval; • a <i>gérant</i> or a shareholder is strictly prohibited from borrowing money from the company, obtaining a guarantee or putting his/her shareholder's account with the company in overdraft. Those agreements are not prohibited if the <i>gérant</i> or the shareholder is a legal entity.	require retroactive approval by the shareholders' annual general meeting following a report by the statutory auditor (if any) or the president • agreements entered into in the normal course of business and under normal conditions do not require any prior or retroactive approval; • In case of a sole shareholder, such agreements are only mentioned in the registry of the minutes of the sole shareholder of the company. • the president and any individual director or corporate officer (if any) are strictly prohibited from borrowing money from the company, obtaining a guarantee or putting his/her shareholder's account with the company in overdraft. Those agreements are not prohibited if the president/corporate officer is a legal entity. Articles of association may impose a stricter procedure	
STATUS OF SHAREHOLDERS				
Liability	Limited to amount of contributions	Limited to amount of contributions	Limited to amount of contributions	N/A

Proof of ownership	Shareholders' accounts and share transfer register	Articles of association	Shareholders' accounts and share transfer register	N/A
Participation in decisions	Participate in meetings	Participate in meetings, written or deed consultation	Participate in meetings	N/A
Rights to information	- at any time may request (<i>inter alia</i>): - annual accounts - performance figures for the last 3 financial years - articles of association - list of members of the management bodies and auditors - must receive the formal documents before the ordinary general meeting to approve the accounts (i.e., annual accounts management report, draft resolutions to be passed, auditor's report) and may submit written questions which the management body addressed must collectively answer	- at any time may request (<i>inter alia</i>): - annual accounts - performance figures for the last 3 financial years - articles of association - list of <i>gérants</i> and auditors (if any) 15 days before ordinary general meeting must receive the formal documents (i.e. annual accounts, management report, draft resolutions to be passed, auditor's report (if any)) and may submit written questions which the <i>gérant</i> must answer	Freely set by the articles of association	N/A
COLLECTIVE DECISION-MAKING				
Procedure	- general meetings and videoconference - possible vote by post or by proxy	- general meetings or written resolution or videoconference - meetings are necessary: - to approve annual accounts - if requested by several shareholders - possible vote by post or by proxy	- general meetings, written resolutions or visio-conference - voting procedure freely set by the articles of association	N/A
ORDINARY GENERAL MEETINGS				
Scope of competence	- approval of accounts (meeting must be held at least annually for this purpose) - appointments and changes in membership of the management bodies and auditors - approval of regulated agreements	- approval of accounts (annual meeting must be held for this purpose) - appointment and removal of <i>gérants</i> - appointment of auditors - approval of regulated agreements	procedure freely set by the <i>articles of association</i>	N/A
Passing of resolutions	majority of shareholders in attendance or represented	- simple majority of the shares - articles of association may provide for higher majority (unanimity is prohibited for dismissal of a <i>gérant</i> who is also a	procedure freely set by the <i>articles of association</i>	N/A

		shareholder) • resolutions which are approved without following the majority requirements may be cancelled at the request of any interested party		
EXTRAORDINARY GENERAL MEETINGS				
Scope of competence	• decisions requiring amendment of articles of association	• decisions requiring amendment of articles of association	• procedure freely set by the articles of association	• N/A
Passing of resolution	• two-thirds majority of shareholders in attendance or represented	• three-quarters majority of the shares for most resolutions • higher majority for certain specific resolutions • resolutions which are approved without following the majority requirements may be cancelled at the request of any interested party	• procedure freely set by the articles of association although certain decisions (e.g., which increase shareholders' liabilities) require a unanimous vote, for example, the modification or deletion of the clause requiring prior approval of a share transfer	• N/A
DECISION MAKING IF SINGLE SHAREHOLDER				
Scope of competence	N/A	Collective decisions of the shareholders are replaced by the decision of the sole shareholder. The sole shareholder alone has to make the following decisions: - approval of the accounts and allocation of the profits, - appointment of the statutory auditors (if required; see more details below), - appointment and removal of the manager, - any decision resulting in an amendment of the articles of association (increase or reduction in the capital, issue of securities, merger, de-merger or partial contribution, transformation into another form), - winding-up of the Company.	Collective decisions of the shareholders are replaced by the decision of the sole shareholder. The sole shareholder alone has to make the following decisions: - approval of the accounts and allocation of the profits, - appointment of the statutory auditors, - appointment and revocation of the <i>president</i>, - any decision resulting in an amendment of the articles of association (increase or reduction in the capital, issue of securities, merger, de-merger or partial contribution, transformation into another form), - winding-up of the Company.	N/A

SHARE TRANSFER

Restrictions on share transfer	freely transferable unless otherwise provided by the articles of association	- freely transferable to other shareholders unless otherwise provided by the articles of association - requirements for transfer to third parties: consent of a simple majority of shareholders, and those shareholders must represent at least 1/2 of the issued shares (unless a higher majority is provided in the articles of association)	- procedure freely set by the <i>articles of association</i> - shareholders may opt for a lock-up clause (maximum ten years), pre-emption clause or squeeze-out clause - those clauses require the unanimity of shareholders	N/A
Formal requirements	Share transfer order and recording in share transfer register	Must be evidenced in writing in a share transfer agreement; The articles of association must be amended in accordance with such transfer and registered with the Registry of Commerce and Companies.	Share transfer order and recording in share transfer register	N/A
Stamp duty	0.1% proportional fee on the transfer price, payable by the purchaser, with a minimum fee of EUR 25. . In the case of real estate companies, the transfer of shares is subject to a 5% registration fee.	The transfer of shares is subject to a 3% registration fee on the transfer price, payable by the purchaser, considering a minimum fee amounting to EUR 25. However, a deduction equal to € 23,000 multiplied by the percentage of the transferred shares on the total issued shares is applicable on the transfer price. This deduction does not apply to the transfers of shares of real estate companies. In that case, the transfer of shares is subject to a 5% registration fee.	0.1% proportional fee on the transfer price, payable by the purchaser, with a minimum fee of EUR 25. . In the case of real estate companies, the transfer of shares is subject to a 5% registration fee.	N/A

ACCOUNTING AND FINANCIAL INFORMATION

Accounting and financial information	- balance sheet, profit and loss account and annex - management report	- balance sheet, profit and loss account and annex - management report - inventory	- balance sheet, profit and loss account and annex - management report	the foreign company which has a French branch must file a copy of its foreign accounting documents (which have been drawn up, audited, and published in the state in which it is located), each year with the registry of the commercial court in France,
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				The filed documents must be translated into French and certified by the depositors
Losses	net equity cannot be less than half the value of the share capital	net equity cannot be less than half the value of the share capital	net equity cannot be less than half the value of the share capital	N/A
STATUTORY AUDITORS				
Statutory auditor	General harmonized thresholds for commercial companies A statutory auditor must be appointed if at least two of the following thresholds are exceeded at the end of the financial year: - total balance sheet of at least €4,000,000 - net turnover of at least €8,000,000 - at least 50 employees In corporate groups, each subsidiary that individually exceeds the above thresholds is also required to appoint a statutory auditor. “Small Groups” (i.e. whose parent company is not required to prepare consolidated financial statements): • A parent company controlling a Small Group that exceeds, as a <u>whole</u>, the above thresholds must appoint a statutory auditor; unless if this parent company is itself controlled by a company that has appointed a statutory auditor. • Subsidiaries of Small Groups are also required to appoint a statutory auditor if at least two of the following thresholds are exceeded at the end of the financial year (“Significant Subsidiaries”): ○ total balance sheet of at least €2,000,000 ○ net turnover of at least €4,000,000 ○ at least 25 employees A company that appoints an auditor (i) on a voluntary or (ii) on a mandatory basis in the case of Significant Subsidiaries of Small Groups, may decide that the auditor will carry out the specific legal audit for small businesses (its tasks and duration of office will be limited). In all cases where a statutory auditor must be appointed and if it is a natural person or a single shareholder company, a deputy statutory auditor is also required.			N/A
Appointment	- first appointment by articles of association (or by the shareholders) for a 6-year term - subsequent appointments by ordinary general meeting for renewable 6-year terms - the term of office of a statutory auditor appointed to carry out a specific legal audit for small businesses is 3 years - the term of office of a statutory auditor	- appointed by ordinary shareholders' meeting for a 6-year term - the term of office of a statutory auditor appointed to carry out a specific legal audit for small businesses is 3 years - the term of office of a statutory auditor appointed on a voluntary basis may be 3 or 6 years - if deputy auditor is required, it must be	- first appointment by articles of association (or by the shareholders) for a 6-year term - subsequent appointments by ordinary general meeting for renewable 6-year terms - the term of office of a statutory auditor appointed to carry out a specific legal audit for small businesses is 3 years	N/A

	appointed on a voluntary basis may be 3 or 6 years if deputy auditor is required, it must be appointed to replace principal auditor in event of death or incapacity, replace them in the event of their refusal, resignation	appointed to replace principal auditor in event of death or incapacity, replace them in the event of their refusal, resignation	- the term of office of a statutory auditor appointed on a voluntary basis may be 3 or 6 years - if deputy auditor is required, it must be appointed to replace principal auditor in event of death or incapacity, replace them in the event of their refusal, resignation	
Role	Certifies accounts, controls, and monitors	Certifies accounts, controls, and monitors	Certifies accounts, controls, and monitors	N/A