EBR – European Business Register and other initiatives in company registry cooperation

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Introduction

This paper outlines some developments on increased communications between European business registers.

The major developments are taking place in the following project areas:-

- **European Business Register**: A network allowing searches across the registers

- **Business Register Interoperability throughout Europe – BRITE**:- a research project on integrated register-to-register communications

- **Registered Entity ID – REID:-** a standardised way of presenting company numbers and

- **brXML:-** a standard XML message structure for the exchange of messages on registered entities

European Business Register (www.ebr.org)

The EBR is an association that currently comprises 21 Registers, each a source of official company information in its home country, providing integrated online access to company data. Through the EBR network it is possible to retrieve official and reliable company information from the registers of the members of the group, with a multi-language interface and standard reports.

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The EBR Service increases the transparency of the European internal market and improves the situation for small and medium-sized enterprises.

EBR has implemented a network connecting the Business Registers in order to make available, to the entire Community, data originating from the process of business registration.

Via the EBR network, since January 1999:

■ The national Public Administrations, in charge by law to guarantee transparency, access and diffusion of data on companies, can exchange in real time all kinds of information, without any problem of language, access, registration systems or technologies.

■ Both market operators and other administrations have easy access to legal data of the European companies.

EBR is accessible via Internet as a service integrated into the national online services provided by the different business registers, through a common interface in the language that is selected by the user.

EBR members are the public administrations running the national business registers or the companies managing (under specific contractual conditions) some of the national on-line access services to the national Business Register.

EBR data suppliers are:

COUNTRY

Austria	Belgium	Denmark	Estonia
Finland	France	Germany	Greece
Ireland	Italy	Jersey	Latvia
Netherlands	Norway	Serbia	Spain
Sweden	Ukraine	United Kingdom	Republic of Slovenia
Former Yugoslav Republic of Macedonia			

At a recent EBR introductory meeting for prospective members held in Dublin representatives from Bulgaria, Czech Republic, Hungary, Turkey, Switzerland, Luxembourg and Lichtenstein all attended. These countries are very interested in participating in the EBR network. The EBR marketing team are currently following up on initial discussions with these countries.

Via EBR the following sets of data are available:

- a standard European enterprise profile (EBR standard profile – first attempt to establish a common data set on European companies, using a self-regulatory approach);

- national enterprise profiles (besides the standard profiles, there are more complete sets of information, as the statute, the activities description, the branches);

- list of managers, balance sheets, individual profiles.

A legal body was established among some of the EBR Consortium Members. A further *Information Sharing Agreement* as a contract.

Brite

BRITE Project (Business Register Interoperability throughout Europe)   www.briteproject.net

The environment in which business registers operate is changing rapidly and significantly.

Recent changes include:

- new legal concepts such as the European Company – a corporate vehicle that can trade freely across Europe and which strengthens the need for cross border visibility,

- the adoption of the directive on cross-border mergers,

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- the directive on the transparency of financial markets,

- new anti-money-laundering rules and initiatives on the prevention of financial crime, and

- the growth in the number of "cross-border registrations" i.e. companies registering in one jurisdiction but trading exclusively in another.

Possible future developments include:

- a European private company,

- information exchange on disqualified directors,

- establishing a Directory of Registers/Memorandum of Understanding, and

- possible simplification of the law on the registration of branches which would permit a company to register its branches on its home register rather than the register where the branch is established.

The BRITE project is intended to prepare the registries for these changes. It is a 36-month project co-financed by the European Commission. It started officially on 1 March 2006.

Service Cases in BRITE

The interoperability will be tested and validated using four Service Cases, but it will be developed with the aim to be re-usable for a number of other service cases.

The following outline of the services cases will give an indication of the nature of the research and developments being undertaken. While the service cases will be developed as real examples, that is without prejudice to future deployment, the necessary policy decisions will be made following the project results.

Service Case 1: Transfer of Registered Office

The aim of Service Case 1 is to describe and implement a service supporting the basic procedures for the cross-border transfer of registered offices. Pending the possible 14th Directive on transfer of registered office, this service case will concentrate on the

transfer of registered office pursuant to the SE-regulation. However, the methodology and basic requirements for transferring an SE will be similar to those for any other company type.

Service Case 2: Enforcement and Simplification of 11th Directive

Companies incorporated in one Member State but that operate a branch in another are subject to the 11th Company Law Directive. Recent European Court decisions have spelled out the limitations on Member States imposing additional requirements on branches even in cases where the company's only link with the foreign jurisdiction is the registration itself. Following these decisions an increasing number of companies that intend to carry out all of their business in one jurisdiction choose to register in another.

According to the European Corporate Governance Institute, about 10% of new German businesses are being registered outside of Germany. While that headline figure is important, the registries are aware of many other examples of cross border registrations that present difficulties of supervision and control.

The service we are developing will establish cross border database links to allow the proper monitoring of these links.

The service will be implemented in Ireland, Italy, and Sweden under the leadership of WP leader Enterprise Registry Solutions, which, together with national business register Companies Registration Office, has been one of the major participants in initiatives related to simplification of European legislation.

Change in company status

Companies registered in one jurisdiction that carry out all of their activities in another, may not be diligent in complying with the disclosure requirements of the country where they are registered. That has led in many cases to companies being removed from that register. The host register (i.e. the register of the branch) however will not usually be aware that the corporation has been dissolved. Even the "branch" might not be so aware as they may not be familiar with the operation of laws in the foreign jurisdiction.

At the June 2006 conference of the European Commerce Registers' Forum in Amsterdam, registries were offered software that they can load onto their own database of branches. The software will check the status of the company on its home register and notify the branch register of any change in that status in the future. This software has been developed under the auspices of the ECRF but is being tested and trialled by the BRITE consortium and will be deployed and be maintained by the EBR.

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Greater functionality

While that small application on company status monitoring will bring immediate benefits, the BRITE project will propose major enhancements working towards the virtual integration of the home and host registration systems. These functions will include the ability of one register to retrieve documents from another in respect of companies that are registered in both.

SLIM proposals

In the context of the European Commissions Better Regulation agenda, there are proposals for a general simplification programme in the area of company law, accounting and auditing. As a part of that process the Commission is engaged in a consultation process aimed at simplifying European company law with a particular emphasis on the reduction of administrative burdens on companies.

One of the factors that the Commission considers can contribute to reforms is the existence of the EBR network and the BRITE research project. The company law issue that the Commission is having particular regard to in this context is the 11th Company Law Directive.

In 2000 the SLIM (Simpler Legislation in the Internal Market) working group addressed the issue whether to abolish the disclosure requirement for branches in the respective Member State. It was suggested that the register of the company should contain the relevant data; however, at the same time it was recognized that the lack of a European electronic system would lead to negative consequences for the stakeholders. Therefore the proposal was, finally, not put forward.

The Commission in consultation with Member States and company law experts is now reconsidering that position in the light of the existence of the EBR network and the BRITE research project.

It is possible therefore that in the future companies could have the choice whether they want to file the particulars of the branch in their own Member State or in the country of the branch. The particulars of the branch would then either be entered into the register of the company and accessed via the European Business Register from every Member State, or be entered into the register of the Member State where the branch is situated.

Service Case 3: Support for eProcurement Take-up

Public procurement procedures are an important aspect of a vibrant, competitive economy, but the regulatory burden on business participating in procurement bids in

the European Union is high. These include requirements for getting authenticated records from business registers

Clearly, eProcurement holds out the hope to considerably simplify such procedures. E-procurement would be an excellent test base for the development of such e-government services. eProcurement naturally brings up the question of certification of electronic documentation from the Business Registers. European law has been recently amended to create a requirement on business registers to electronically certify documents.

To quote the law:-

- Member States shall take the necessary measures to ensure that certification of electronic copies guarantees both the authenticity of the origin and the integrity of the content, by means at least of an **advanced electronic signature**.

Through the vehicle of this eGovernment service case, the BRITE project can address this issue in a *coordinated* way in order to have, from the very beginning, a coordinated approach at EU level.

Service Case 4: Support for Cross-Domain Interoperability

This service case has been identified to deal with issues of interoperability across domains.

There are a number of domains in which the interaction with actors from the business register domain can be an extremely important value-added capability.

A number of key domains demonstrating high impact have been identified to be addressed in this service case: Prevention of financial crime, Transparency for regulated markets, Prevention of money laundering and Prudential supervision of financial institutions.

This service case will provide the core capabilities of the BRITE platform needed to interact across domains, such as the mechanisms for the secure and trusted exchange of information, as well as mechanisms and approaches for defining semantics of information exchanged between domains, publication of data, publish and subscribe mechanisms, different access rights management (access from public bodies versus private institutions).

The BRITE "Concertation Board"

The BRITE consortium is conscious that its front line "customers" will be the business registers themselves. It is vital therefore that a continuous process of communication is available to allow registers to validate the work undertaken.

To that end the project activities will be supervised by the so-called "BRITE Concertation Board". All the Business Registers of Europe have been invited to participate on this Board, as well as the EC (DG Internal Market, DG Enterprise) and the OECD. I have the honour of chairing the Board. We have been very pleased at the representation of the Chinese, Canadian and New Zealand business registers on the Board.

The Concertation Board will assist in monitoring the progress of the BRITE project, validating the project approach and decisions and assessing the results. In doing so, they will be in a position to ensure the proper exploitation of the project results.

Given the diverse structures of business register systems across Europe, a flexible approach has been taken to membership of the board.

The second meeting of the Brite Concertation Board was held in Dublin Castle on the 22nd March 2007. A total of 66 delegates from 31 different countries attended this meeting. A high level of commitment was received from delegates confirming their interest to participate and contribute to the Brite project, specifically the service cases and associated areas outlined above.

REID - Unique Company Identification

The aim of the REID (Registered Entity IDentifier) initiative is to establish a way in which entities in business registers can be identified by a number that is unique at the world level.

We are deliberately using the generic term "entities" although what is being addressed here is primarily the identification of companies. The process of identification can be applied to any entity that is entered in a register. Apart from other business types, such as limited liability partnerships, credit unions or co-operatives, we could also be discussing company directors, auditors or disqualified persons. For ease of comprehension we refer in this document to companies only.

This issue is quite general but has been progressed as a core requirement in the BRITE project.

Context

There are extensive benefits, outside of the communications between registers, which would encourage the establishment of a unique numbering structure. E-commerce has long been demanding a unique numbering system. The main offering is the D-U-N-S number created by Dun & Bradstreet:

http://www.dnb.com/US/duns_update/index.html.

In Europe we are aware of the emergence of other systems. There are extensive discussions about company identification for example:

http://www.autoid.org/ANSI_MH10/2003%20ANSI
%20MH10%20Documents/aug/MH108_03035_EDIFICE_GUI.pdf
http://www.uc-council.org/ean_ucc_system/stnds_and_tech/eanucc-faq.html
http://standards.ieee.org/faqs/OUI.html
http://www.gs1uk.org/free_txt_temp.asp?fid=76
http://www.vivavip.com/VIP-Issue1.pdf

Given that company registries have already assigned a number to virtually every company in the world, the existence of alternative non-comprehensive systems points to a failure of the registries to present a comprehensible alternative based on existing registry systems. This initiative is not however an effort to replace other identification systems. What it proposes is a codification of a classification system for things that already exist.

Directory of Registers

The BRITE project is tasked with developing an infrastructure to support inter-registry communications. The communications will be transmitted via a secure virtual private network of registries on the Internet. These registries identifiers will be designated by a central authority. The directory of registers will be maintained in a manner similar to the European Business Register (www.ebr.org).

BRITE will implement a construct, which is in effect a "Directory of Registers". The creation of such a directory will have many benefits outside of the BRITE project but we will not address those here. The Directory of registers will support a lead register (ITALY = IT, Canada = CA) with identification of sub registers (Venice = ITVE, Ontario = CAON).

Constraints

The existing registry numbering systems impose certain constraints.

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Within any given identified register, and there may be more than one register per registry, the numbering sequence is assumed to provide a unique key to the company.

We anticipate that registries will not want to change their existing numbering system in any way.

Legal Position

The European First Directive on Company Law provides that:

> *Member States shall stipulate that letters and order forms… shall state …**the information necessary to identify the register** in which the file [..] is kept, together with **the number of the company in that register***

The same directive requires that, from January 1, 2007, that information should also be on a company's web site.

The directory of registers will provide a unique identification of the <u>register</u>. Thus, coupled with the unique number within that register we can uniquely identify the registered entity.

In Europe at least therefore, the position is that there is a way of creating a unique number that would require virtually no change to a registry's system. In all other jurisdictions of which we are aware there is a similar numbering system within registries.

To create a unique ID system, what is required is an external representation of the company number with additional information to identify the register within which the number is unique. By 'external representation' we mean that, when it appears on documents or is contained in electronic messages, the full ID would be used, but there would be no requirement to alter the number.

Adoption of a Standard

The REID structure would be registered under ISO 6523 (see below).

Proposed REID Structure

There will not, in many cases, be a need to identify the number "owner" –the register as many countries have adopted unique number structures or a single national register

for all entities. If we are to get the REID widely recognised, and included on certificates and headed notepaper, there will be resistance to the inclusion of what some people will think of as surplus characters. In Norway for example there is only one register so that register can be uniquely identified by the ISO country code "NO".

Machine-to-Machine Standard Different from Presentation Standard

Splitting the presentation rules from the machine transferable rules will enable us to retain the benefits of fixed length fields in machine-to-machine communications while giving greater brevity in the displayed version. It conforms to ISO 6523 where separate rules can be declared for display requirements.

Format for Machine-to-Machine Transmission:

CCRRRRRNNNNNNNNNP	
CC	ISO Country Code – fixed 2 characters
RRRRR	Register identifier within country. 5 Characters Characters 0-9, A-Z, - / Aligned left
NNNNNNNNN	Number unique within the register Fixed length. [We have shown 9 characters but 27 would be permissible under the ISO standard. We need to find a realistic maximum length for this number]
PP	Check Digits

Format for Display (e.g. on certificates or headed notepaper)

CCRRRRR.NNNNNNNN-PP	
CC	ISO Country Code – fixed 2 characters REQUIRED
RRRRR	Register identifier within country REQUIRED where the company would not be uniquely identified without it RECOMMENDED where company would be uniquely identified without it but where it is needed to identify the place of registration.

	Otherwise it is OPTIONAL It is REQUIRED that, if it is used, it be the same as the identifier used for electronic transfer Maximum length 5 0-9, A-Z, -, /
".":	Divider Full stop (period); ASCII 46. REQUIRED except where the register identifier within country is not used <u>and</u> the company number cannot contain an ASCII 46 character.
NNNNNNNNN	Number unique within the register.
"-"	Separator Hyphen
PP	Check Character

Usage

The REID would be available for all electronic communications in respect of a registered company.

In a communication between a company and its "home" register, the register identifier would not be necessary. To encourage uptake and transparency however, registries would be encouraged to include the full REID on certificates of incorporation.

The REID would in almost all circumstances meet the requirements of the 1st Directive and so could be placed on letters and web sites.

ISO 6523

The ISO has a standard for unique identifiers – ISO 6523. The above proposal on REID conforms to that standard. We understand from ISO that the current standard is considered stable and that there are no proposals for modification.

BRXML

brXML is being developed by BRITE to produce a message structure capable of supporting the exchange of information between registries in Europe. This exchange is required by existing and future services as implemented by BRITE. brXML will

allow the easy exchange of information between registries whereby message can be interpreted and translated natively with respect to the BRITE domain Ontology.

brXML extends the work undertaken by existing message standard initiatives such as the EDIFACT standard REGENT (http://www.unece.org/trade/untdid/d03a/trmd/regent_c.htm) and crXML (www.crxml.org).

It has been developed by the distillation of the data models that are currently employed in a number of registries in Europe. These include the Companies Registration Office (Ireland), Companies House (UK), Bolagsverket (Sweden), Kamer Van Koophandel (Holland) and INPI (France). Business Registries that are currently involved in further developing and investigating the brXML standard include Bronnoysund Business Registry (Norway), Collegio De Registradores (Spain) and the Chambers of Commerce in Venice (Italy).

The goal of brXML is to produce an XML standard that uses the portability and flexibility of XML that can support the processes and functions of an enterprise registry in its interaction at a national and international level. A strong driving factor of the development of brXML was to produce a language independent message format. In Europe it is important that any standard produced affords the delivery of language independent payload.

brXML has been validated against as many data models and existing message structures as were made available. It has proven its ability to support these data models as well as the services being implemented and extended within BRITE. It is currently in production in the only pan-European inter-registry communication application viz. the Branch Disclosure Service (BDS).

brXML will be continually validated and improved by the BRITE community. Validation will occur as more registries are involved in the project and as the scope of the BRITE service implementations are expanded. Many registries have also signalled that they will adopt brXML for their own internal application development use.

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