

INTERNATIONAL DIRECTORY OF CORPORATE SYMBOLS AND TERMS

By The Member Firms Of The
International Business Law Consortium

iblc

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INTERNATIONAL BUSINESS LAW CONSORTIUM

Based in Salzburg, Austria, the International Business Law Consortium ("IBLC") was established by the Center for International Legal Studies as a means (i) to assist IBLC member law firms, corporate counsel and accounting firms in participating in the Center's publishing, conference, study and professional development programs, (ii) to further the research and scholarship programs of the Center, and (iii) to enhance professional contact and the exchange of information among IBLC members.

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HOW TO USE THIS DIRECTORY

The purpose of this Directory is to identify, translate into English and briefly explain and summarize commonly-encountered business symbols and terminology from around the world. The jurisdictions and their corresponding corporate symbols and business terminology are listed alphabetically. There are two types of symbols and terms in the Directory:

1. Business Symbols and Abbreviations

These are certain abbreviated terms and symbols which international lawyers and accountants frequently use in the names of corporations, partnerships and other forms of business entities. Examples of this are: "GmbH" (type of German company), "S.A." (Brazil, Bolivia, Spain) and "Oy" (Finland). Some of the abbreviations or symbols (e.g., "Ltd") also have different meanings in different jurisdictions.

2. Other Business Terminology

Other business terms were included because some IBLC members believed it would be useful to fellow members, clients and accountants to be apprised of other business terminology which did not appear in the names of corporations, partnerships or other business entities in the subject jurisdiction, but were encountered internationally in commercial settings. Examples of this are: "Public Trustee" (Australia), "Sociedad Colectiva" (Colombia) and "Konzern" (Germany).

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Notice and Disclaimer:

The summary in the following is intended for general reference by IBLC members and does not constitute legal or business advice. Business entities and the legal principles governing them vary substantially and subtly between different countries, states, provinces and localities. Consultation with competent counsel is critical and strongly recommended.

CHAPTER 1

ARGENTINA

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SOCIEDAD COMERCIAL Company

A *Sociedad Comercial* is a legal entity created by two or more persons (individuals or legal persons), under one of the types provided by Act Number 19550, with a commercial purpose.

If the legal entity wishes to be a regular one, it must register the contract with the Registry of Commerce of its domicile.

SOCIEDAD IRREGULAR Irregular Company

A *Sociedad Irregular* is a legal entity (company) created by two or more persons (individuals or legal persons), under one of the types provided by Act Number 19550, with a commercial purpose and that did not register its contract with the Registry of Commerce of its domicile.

The liability of its partners is unlimited for the debts of the company, and the partners cannot against creditors defenses provided by the social contract.

SC / SOCIEDAD COLECTIVA Unlimited Partnership

A *Sociedad Colectiva* is a registered association between two or more individuals who have joint and unlimited liability for the company's debt, but the creditors must execute all the assets of the company before demanding their credits to the partners.

The firm's name may be the full name of the partners or the name of one or more of them, followed by "& Cía", or a fantasy name, followed by the abbreviation "SC". The capital is divided into "parts of interest" (*partes de interés*). The administration of the company may be held by any of the partners or by a third person.

SCS / SOCIEDAD EN COMANDITA SIMPLE **General Partnership**

A *Sociedad en Comandita Simple* is a registered association of two or more individuals. Its capital is divided in “parts of interest” (*partes de interés*). The liability is proportionate to the participation that the partners have in the management of the partnership. The full partner (*socio comanditado*) contributes both capital and services and has joint and unlimited liability for the debts of the company. However, the creditors must execute all the assets of the company before demanding their credits to him.

The limited-liability partner (*socio comanditario*) contributes only capital and his liability for debts of the company is limited to his contribution. The firm’s name may be the full name of the full partners or the name of one or more of them, followed by *Sociedad en Comandita Simple* or the abbreviation “SCS”, or a fantasy name followed by *Sociedad en Comandita Simple*, or the abbreviation “SCS”. The administration of the company may be held by one or more full partners or by a third person.

SC e I / SOCIEDAD DE CAPITAL E INDUSTRIA **Labor and Capital Partnership**

A *Sociedad de Capital e Industria* is similar to a general partnership, but special rules apply with respect to capital partners. Capital partners contribute only capital. They have joint and unlimited liability for the company’s debts, but the creditors must execute all the assets of the company before demanding their credits to him. Labor partners contribute only with services, and their liability is limited up to their not collected profits.

The firm’s name may be the full name of the capital partners or the name of one or more of them, followed by *Sociedad de Capital e Industria* or the abbreviation “SC e I”, or a fantasy name. followed by *Sociedad de Capital e Industria* or the abbreviation “SC e I”. The capital is divided into “parts of interest”. The administration of the company may be held by any of the partners or by a third person.

SRL / SOCIEDAD DE RESPONSABILIDAD LIMITADA **Limited-Liability Company**

A *Sociedad de Responsabilidad Limitada* is a registered association of two or more individuals. Its capital is divided into quotas (*cuotas sociales*), and each quota holder is only liable up to the value of his quota. However, they are jointly liable for the contributions not rendered by the others quota holders to the company.

The firm’s name may be the full name of one or more of the quota holders, or a fantasy name, followed by the abbreviation “SRL”. The administration of the company is held by one or more managers (*Gerencia*). If the capital of the

company exceeds US \$2.1-million, it must have an internal control board (made up of comptrollers). The company cannot have more than 50 quota holders.

SA / SOCIEDAD ANÓNIMA **Joint Stock Company or Corporation**

A *Sociedad Anónima* is a registered association of two or more individuals. The capital stock is divided into shares which must be nominative and not endorsable. It also can be represented by nominated shares (*acciones escriturales*), which are not represented in certificates, but in an account in a register held by the corporation itself or by financial institutions or stock organizations (*Cajas de Valores*).

The shares may be common or preferred shares. The liability of the shareholders is limited to the amount of the share capital subscribed by them. The name of the firm may be a fantasy one or a personal name, followed by the abbreviation "SA". The corporation is administrated by a Board of Directors (*Directorio*), and the governance of the corporation is with the shareholders' meeting (*Asamblea*), which may be an ordinary, extraordinary, or special meeting, depending on the scope and the topics of the agenda or on the shareholders who can participate in it (class shareholder's meeting). There are two subtypes of *sociedades anónimas*, namely:

- (1) Closed corporations (*cerradas*); and
- (2) Open corporations (*abiertas*).

An open corporation is capitalized by public offer and subscription, and it must be registered with the Argentine Securities and Exchange Commission (*Comisión Nacional de Valores*) and, if it wants to enter a particular stock exchange market, it also must be registered with the stock exchange market in which it wants its shares to be called out.

Open corporations and corporations that have a capital stock of more than US \$2.1-million must have an internal control board, called the board of comptrollers (*Sindicatura*) or the shareholders' surveillance board (*Consejo de Vigilancia*), and will be under a public auditing system by the Control Authority of its domicile.

SOCIEDAD ANÓNIMA CON PARTICIPACIÓN ESTATAL MAYORITARIA **Joint Stock Company or Corporation with Majority State Share**

A *Sociedad Anónima con Participación Estatal Mayoritaria* is a registered corporation in which the national state, provincial states, municipalities, or legally authorized public agencies own 51 per cent or more of the capital stock of shares and they can prevail in the shareholders' meetings.

SCA / SOCIEDAD EN COMANDITA POR ACCIONES **Share-Oriented Partnership**

A *Sociedad en Comandita por Acciones* is similar to a general partnership, but its capital is divided into shares and could be administrated with the same system as a general partnership (full partner) or by a board of directors (*Directorio*).

The firm's name may be the full name of the full partners or the name of one or more of them, followed by the abbreviation "SCA", or a fantasy name, followed by the abbreviation "SCA".

SOCIEDAD ACCIDENTAL O EN PARTICIPACIÓN **Partnership among Full and Dormant Partners**

A *Sociedad Accidental o en Participación* is an unregistered and an unincorporated association resulting from an agreement between parties to invest capital and labor for a particular purpose.

The managing investors (*socios gestores*) are jointly and unlimitedly liable for the association's debts to the full extent of their personal assets, whereas the non-managing partners (*socios ocultos*) are liable only to the extent of their investment. The business is operated in the name of the managing partners but, if the managing investors disclose the name of the hidden partners, the latter will be jointly and unlimitedly liable for the debts of the company.

SOCIEDAD BINACIONAL **Binational Company**

A *Sociedad Binacional* is formed by owners from Brazil and Argentina. At least 80 per cent of the capital votes must belong to investors from the two countries.

National investors of each country must subscribe for at least 30 per cent of the capital stock. Binational companies must be granted treatment equal to that of national corporations. The name must include *Empresa Binacional Brasileiro — Argentina*.

SUCURSAL **Branch**

A *Sucursal* is an extension of the operations of the company of which it is a part. The foreign company that wants to establish a branch in Argentina must:

- (1) Evidence the existence of the company in accordance with the laws of its country;
- (2) Fix a domicile in Argentina, complying with the publication, recording, and registration required for companies created in Argentina; and

(3) Account for the decision to create such representation and appoint the person who will be in charge of it and the capital assigned to the branch.

SOCIEDAD VINCULADA
Affiliated Corporation

A *Sociedad Vinculada* is a company or a corporation which owns more than 10 per cent of the capital stock of another corporation.

SOCIEDAD CONTROLANTE
Parent Company

A *Sociedad Controlante* is a company or a corporation that has, in another company or corporation, because of its sharing in the capital stock, the number of votes necessary to allow it to control the decisions of the shareholders' meetings.

SOCIEDAD CONTROLADA
Subsidiary Corporation

A *Sociedad Controlada* is a company or a corporation in which another company or corporation has a sharing in its capital and the number of votes necessary to allow the other company to control the decisions of the shareholders' meetings.

AGRUPACIÓN DE COLABORACIÓN
Cooperation Association

An *Agrupación de Colaboración* is a contract (association) entered between two or more individuals, companies, or corporations, in order to set up an organization with the purpose to make easier, or to develop, some phases of their commercial activities, trying to obtain more profits for themselves.

They are not corporations, companies, or legal entities, and they cannot bring products or services to third persons. They are not corporations or legal entities, but the contract must be registered with the Registry of Commerce.

UNION TRANSITORIA DE EMPRESAS
Temporary Companies Union

An *Unión Transitoria de Empresas* is a contract (association) entered between two or more individuals, companies, or corporations in order to develop or to perform some particular work, service, or provision.

They are not corporations or legal entities, but the contract must be registered with the Registry of Commerce.

SOCIEDAD CIVIL
Civil Company

A *Sociedad Civil* is a legal entity regulated by the Civil Code for non-commercial purposes.

- I f the contract does not establish that the members will be jointly and unlimitedly liable for its debts, they have only joint and limited liability to the extent of the percentage of their share in its capital.

ASOCIACIÓN CIVIL
Civil Association

An *Asociación Civil* is a registered association of a group of people who have gathered for a common beneficial purpose.

If such an association uses the form provided by the Corporate Law for commercial companies, it will be considered as a commercial company or corporation, depending on the scheme chosen.

FUNDACIÓN
Foundation

A *Fundación* is a legal entity that is created for the purpose of contributing to the common wealth fare.

It is an non-profit entity, and its estate is formed by several contributions, donations and gifts of several people.

CHAPTER 2

AUSTRALIA

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Assn

Association

An association is any group of persons who have agreed to join together in pursuit of one or more common objects or purposes. An association also is known as a society.

Bus

Business

A business is an activity undertaken for commercial enterprise on an ongoing-concern basis or engaged in for the purpose of profit on a continuous and repetitive basis.

A business name must be registered under the Business Names Act 1962 New South Wales (or equivalent statute in other states), and it is allocated a Business Number.

Char Trust

Charitable Trust

A charitable trust is one that is exclusively for charitable purposes and of a public nature, created for a purpose, and not a person. A charitable trust also is known as a public trust.

Co

Company

A company is an association of a number of persons with a common objective. It usually denotes a business or professional association. The term has no strict legal meaning. Company is a broader term than corporation, referring to incorporated groups organised as a joint venture or joint-stock companies.

It also can be used to refer to unincorporated partnerships and collectives. For the purpose of the Corporations Law, the term is limited to a company registered under the Corporations Law. The definition of company for the purpose of

corporation also includes companies incorporated under the Companies Act NSW.

**Corp
Corporation**

A corporation is a legal entity created by charter, prescription or legislation. The fundamental difference between a corporation and other business entities is that the law treats a corporation as a separate legal person. In Australia, a corporation is incorporated under the Corporations Law.

**Holding Co
Holding Company**

A holding company is a company holding a controlling interest in one or more companies through the ownership of shares, or section 9 of the Corporations Law; subsidiaries may be partly or wholly owned.

**Large Pty Co
Large Proprietary Company**

A large company must satisfy, for any financial year, at least two of the following, pursuant to section 45A3 of the Corporations Law:

- (1) The consolidated gross operating revenue of the company and any entities it controls must exceed Aus. \$10 million;
- (2) The value of the consolidated gross assets of the company and any entities it controls is Aus. \$5 million or more; and
- (3) The company and any entities it controls have 50 or more employees.

**Lp
Limited Partnership**

A limited partnership is a partnership formed in accordance with the partnership legislation, for example, the Partnership Act NSW, and consisting of at least one general partner and at least one limited partner.

A limited partner's liability to contribute to the debts and obligations of the partnership is limited by the capital he or she has contributed to the firm. The obligations of a general partner are similar to those partners in an ordinary partnership.

**Ltd Body
Limited Body**

A limited body is a body corporate whose shares are listed on an official stock exchange. A limited body is governed by section 603 of the Corporations Law.

Ltd by Guar

Company Limited by Guarantee

A company limited by guarantee is a company formed on the principle of having the liability of its members limited to the respective amounts that the members undertake to the property if the company is wound up.

Ltd Co

Limited Company

A limited company is a company limited by shares, limited by guarantee or both, but not a no-liability company.

Limited companies have limited-liability which, in its current statutory form, prevents any rights of action by the company against individual members without their consent, except to the extent of the value of the members shares or guarantee.

Ltd Sh

Company Limited by Share Capital

A company limited by share capital is a company which is funded by each member contributing or promising to contribute when called upon to do so, a certain amount of capital by way of share capital.

On the winding up of the company, members are primarily liable to pay any part of the normal value of their shares which has not been paid.

Partn

Partnership

A partnership is the relationship that exists between persons carrying on business in common with a view to practice. In New South Wales, for example, section 1 of the Partnership Act governs partnerships.

A creditor who obtains a judgment can enforce the judgment against the partners personally.

Pty Co

Proprietary Company

A proprietary company is a company incorporated as such by virtue of section 116 of the Corporations Law or which is converted into a proprietary company under section 1681 of the Corporations Law or registered as proprietary company under section 1374 of the Corporations Law.

Small Pty Co
Small Proprietary Company

A small company must satisfy, for any financial year, at least two of the following, pursuant to section 45A2 of the Corporations Law:

- (1) The consolidated gross operating revenue of the company and any entities it controls is less than Aus. \$10 million;
- (2) The value of the consolidated gross assets of the company and any entities it controls is less than Aus. \$5 million; and
- (3) The company and any entities it controls have fewer than 50 employees.

Trading Corp
Trading Corporation

A trading corporation is organized for such purpose under Commonwealth Constitution, section 51xx; it is a corporation incorporated within the limits of the Commonwealth, undertaking trade activities which constitute a sufficiently significant proportion of its overall activities.

Trading for the purpose is not limited to buying or selling at a profit but extends to undertaking business activities with a view of earning revenue.

Trading Partn
Trading Partnership

A trading partnership is a partnership whose principle activities are buying and selling.

Sole Trader
Sole Trader

A sole trader is a person who trades alone without the use of a company structure or partners and who takes full responsibility for activities of the business.

Building Society
Building Society

A building society is a body corporate created under Permanent Building Societies Act 1967.

Its principal purpose is the raising of money for its members primarily so they can, in turn, lend the money to their members for the main purpose of purchasing real estate.

Trust

Trust

A trust is a fiduciary relationship where a person holds the title of property for the benefit of another.

Unit Trust

Unit Trust

A unit trust is a trust in which the beneficial interest in the property is divided in the trust instrument into fractions units which are typically offered to the public.

A unit trust is an express fixed trust since all the beneficiaries are ascertainable at any given time.

Professional Partnership

Professional Partnership

A professional partnership is a category of partnership for certain professions, which is allowed a higher maximum number of members under the Corporations Law.

Subsidiary

Subsidiary

A subsidiary is a company under the control of another company which controls the composition of the board of directors of the subsidiary or holds more than one half of the voting shares or holds more than one-and-a-half of the ordinary shares capital, as required pursuant to section 46 of the Corporations Law.

Mutual Life Assurance Company

Mutual Life Assurance Company

A mutual life assurance company is a life assurance company whose profits are only divisible among the company policy holders.

Public Trustee

Public Trustee

A public trustee is a corporation sole created by the Public Trustee Act 1913.

Incorporate

Incorporate

In relation to industrial organisations, an incorporate is the committee of management or a conference, council committee, panel, or other body of or within the organisation.

Collective Body

Collective Body

In relation to industrial organisations, a collective body is the committee of management or a conference, council committee, panel, or other body of or within the organisation.

Club

Club

A club is an association usually formed for a social object.

Public Trustee

Public Trustee

A public trustee is a corporation sole created by the Public Trustee Act 1913.

CHAPTER 3

AUSTRIA

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OEG / Offene Erwerbsgesellschaft Small General Partnership

An *Offene Erwerbsgesellschaft* is a small general partnership for professionals and other individuals not eligible for partnerships regulated by the Commercial Code *Handelsgesetzbuch*— HGB (see OHG, below).

ABGB / Allgemeines Bürgerliches Gesetzbuch Civil Code

The Austrian Civil Code originates in the 18th century and is substantially different from German law.

AG / Aktiengesellschaft Joint-Stock Corporation

The *Aktiengesellschaft* is regulated by the 1965 Stock Corporation Act (*Aktiengesetz*). Share certificates must be issued; the shareholders can be anonymous.

The minimum stated capital stock is € 70,000. Shares may be transferred with no legal form requirement.

KEG / Kommanditerwerbsgesellschaft Small Limited Partnership

A *Kommanditerwerbsgesellschaft* is a small limited partnership for professionals and other individuals not eligible for partnerships regulated by the Commercial Code (see KG, below).

EEG / Eingetragene Erwerbsgesellschaft Registered Small Partnership

There are two kinds of *Eingetragene Erwerbsgesellschaft*.

GesbR, GbR / Gesellschaft Bürgerlichen Rechts Civil Law Partnership

The *Gesellschaft Bürgerlichen Rechts* is governed by the ABGB.

**GmbH & Co KG, GesmbH & Co KG
Limited Partnerships**

The GmbH & Co KG and the GesmbH & Co KG are limited partnerships with a GmbH as the general partner.

**GmbH, GesmbH, Gesellschaft mbH, Gesellschaft mbH / Gesellschaft mit
Beschränkter Haftung
Limited-Liability Company**

The *Gesellschaft mit Beschränkter Haftung* is a closely held corporation with a stated share capital, contributed by the initial shareholders.

The *Gesellschaft mit Beschränkter Haftung* is governed by the GmbH-Gesetz Act on GmbH corporations. The minimum share capital is €35,000. Shares are to be transferred through notarial deed.

**HGB / Handelsgesetzbuch
Commercial Code**

The Austrian Commercial Code regulates transactions of merchants and partnership forms of merchants. It is very similar to the German Commercial Code.

**KG / Kommanditgesellschaft
Limited Partnership**

In a *Kommanditgesellschaft*, the liability of one or several partners to the partnerships creditors is limited to a specific amount of contribution limited partners, whereas the other partners have unlimited-liability general partners.

**OHG / Offene Handelsgesellschaft
General Partnership**

The *Offene Handelsgesellschaft* is a general partnership of merchants, governed by the HGB.

The liability of none of the partners towards the creditors of the partnership is limited.

CHAPTER 4

BELGIUM

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ASBL or VZW / Association sans but lucratif; Vereniging zonder winstoogmerk Non-Profit Association

The *Association sans but lucratif* or *Vereniging zonder winstoogmerk* is an association concluded by three persons at least, whose activities are neither industrial nor commercial and do not purport to provide members with any material profit or advantage.

The ASBL will enjoy legal personality provided a number of conditions are consistently met throughout its existence.

Co

Company

The term “company” has no legal meaning; it can be used as a very general term to mean any group of persons involved in activities for profit.

GEIE (French) / EESV (Dutch) / Groupement européen d'intérêt économique; Europees economisch samenwerkings-verband European Economic Interest Grouping

The *Groupement Européen d'intérêt économique* or *Europees economisch samenwerkings-verband* is an entity created by European Community Regulation 2137/85 of 25 July 1985, whose object consists of facilitating or developing the economic activity of its members or to increase the results of that activity.

Its activity must be related to that of its members and it must be ancillary thereto. EEIGs registered in Belgium will enjoy legal personality.

GIE (French) / ESV (Dutch) / Groupement d'intérêt économique; Economisch samenwerkings-verband Economic Interest Grouping

The *Groupement d'intérêt économique* or *Economisch samenwerkings-verband* is an entity set up by contract for a definite or indefinite duration by two or more individuals or corporate bodies, which exclusively purports to facilitate and promote the economic activity of its members, to improve or increase the results of that activity, which activity must be related and ancillary to the grouping.

**CDS/ Code de sociétés/Vennootschapswetboek
Company Code**

The Company Code embodies most rules applicable to the various types of commercial corporations and partnerships.

OPCVM (French) / BEVEK (Dutch) / Organisme de placement à nombre variable de parts; Beleggings-instelling met een veranderlijk aantal rechten van deelneming

Collective Investment Fund with Variable Number of Units

The *Organisme de placement à nombre variable de parts* or *Beleggings-instelling met een veranderlijk aantal rechte van deelneming* is an entity whose sole object consists of the collective investment in a specific category of instrument as determined by law, whose capital is funded by way of public placing, which abides by the principle of risk spreading, and whose units must be bought back at the request of the holders at a price calculated on the basis of an inventory value.

It may be organized either as a fund or as a company.

**PME / KMO / Petite ou moyenne entreprise; Kleine of Middelgrote Onderneming
Small or Medium-Sized Enterprise**

The *Petite ou moyenne entreprise* or *Kleine of Middelgrote Onderneming* is an enterprise whose turnover, number of staff members, and/or balance sheet total are lower than specific thresholds.

This triggers the application of specific rules in a number of circumstances.

**SA (French) / NV (Dutch) / Société Anonyme; Naamloze Vennootschap
Incorporated Company**

The *Société Anonyme* or *Naamloze Vennootschap* is a company incorporated, under the Belgian Company Code, by at least two founders. Its share capital must amount to at least € 62,000, fully and unconditionally paid-up upon incorporation. Shares can be either registered shares, bearer shares or dematerialized shares, with or (within certain limits) without voting rights.

All shares must be paid-up to at least 25 per cent. The liability of the shareholders is limited to the amount of their contribution to the share capital, although founders may incur specific liability during the first two years following incorporation. If, at some stage, the company has one, single shareholder, the latter will be jointly and severally liable for the company until such time as the situation is rectified. The capital of an SA/NV may be either privately or publicly funded.

**SCA / Société en commandite par actions
Partnership Limited by Shares**

The *Société en commandite par action* is a company incorporated by one or more shareholders with joint liability, with shareholders whose liability is restricted to their contribution.

Unless provided otherwise in the memorandum of incorporation, the company will come to an end upon the death of the managing partner. The company is generally governed by the rules applicable to sociétés anonymes, and it is a favored construction in family ventures.

**SCS / ECV / Société en commandite simple; Eenvoudige commanditaire
vennootschap
Limited-Liability Partnership**

The *Société en commandite simple* or *Eenvoudige commanditaire vennootschap* is a company incorporated by one or more partners who hold joint liability, with one or more partners whose liability is restricted to their contribution.

**SNC / VOF / Société en nom collectif; Vennootschap onder firma
General Partnership**

The *Société en nom collectif* or *Vennootschap onder firma* is a company incorporated by one or more partners holding joint liability, with a view to carrying out a civil or commercial activity under a corporate name.

**SPRL (French) / BVBA (Dutch) / Société privée à responsabilité limitée; Besloten
vennootschap met beperkte aansprakelijk-heid
Private Limited-Liability Corporation**

The *Société privée à responsabilité limitée* or *Besloten vennootschap met beperkte aansprakelijk-heid* is a company incorporated under the Belgian Company Code, with a share capital of at least €18,600, of which €6,200 must be paid-up upon incorporation.

All shares must be paid-up to at least 20 per cent. The liability of the shareholders is limited to the amount of their contribution to the share capital, although founders may incur specific liability during the first two years following incorporation.

If, however, the company is incorporated by one single corporate shareholder or if the number of shareholders is reduced to one corporate shareholder, the sole shareholder will incur joint and several liability for the company until such time as the situation is rectified. The transferability of shares is the subject of specific legal restrictions.

Association en participation; Vereniging in deelneming
Joint Ownership

The *Association en participation* or *Vereniging in deelneming* is a partnership whereby one or more persons are involved in transactions which one or more other persons manage in their own name.

Association commerciale momentanée; Tijdelijke handelsvereniging
Temporary Partnership

The *Association commerciale momentanée* or *Tijdelijke handelsvereniging* is a partnership created by contract that purports to handle, under no specific name, one or more specific commercial transactions. The partners hold joint and several liability for the partnership.

Association internationale poursuivant un but philanthropique, religieux, scientifique, artistique ou pédagogique; Internationale vereniging met philanthropisch, religieus, wetenschappelijk, of pedagogisch doel

International Association with Philanthropic, Religious, Scientific, Artistic, or Pedagogical Purpose

The *Association internationale poursuivant un but philanthropique, religieux, scientifique, artistique ou pédagogique* or *Internationale vereniging met philanthropisch, religieus, wetenschappelijk, of pedagogisch doel* is an association involving two or more persons, which must be open to Belgians and foreigners alike, managed from Belgium and whose purpose is philanthropic, religious, scientific, artistic, or pedagogical.

The association may not seek to provide any material advantage or profit in favor of its members. Its legal personality requires recognition by Royal Decree.

Bureau de change; Wisselkantoor
Currency Exchange Office

A *Bureau de change* or *Wisselkantoor* is an individual or corporate body established in Belgium authorized to purchase and sell currencies on a professional basis.

Commerçant; Handelaar
Trader

A *Commerçant* or *Handelaar* is anyone who carries out, on a professional basis, activities which the law deems commercial.

An individual who trades without incorporating a specific company will incur full liability for the trade.

Consortium

Consortium

A *Consortium* consists of enterprises all controlled by one person(s), although not subsidiaries of each other or of another commercial corporation.

The consortium is required to produce annual financial statements on a consolidated basis.

Entreprise mère; Moederonderneming

Mother Company

An *Entreprise mère* or *Moederonderneming* is an entity which, alone or jointly with other entities, controls one or more subsidiaries.

As a rule, mother companies are required to produce annual financial statements on a consolidated basis.

Entreprise d'Investissement; Beleggingsonderneming

Investment Firm

An *Entreprise d'Investissement* or *Beleggingsonderneming* is a company permitted to provide third parties with investment services on a professional basis.

Depending on the services concerned, the investment firm will be required to obtain a permit as a *société de bourse*, *société de gestion de fortune*, a *société de courtage en instruments financiers*, or a *société de placement d'ordres en instruments financiers*.

Etablissement de crédit; Kredietinstelling

Credit Institution

An *Etablissement de crédit* or *Kredietinstelling* is an enterprise whose activity consists of receiving cash deposits or other reimbursable funds from the public and granting credits for its own account.

Basically, these are banks and saving banks.

Etablissement d'utilité publique; Instelling van openbaar nut

Foundation

The *Etablissement d'utilité publique* or *Instelling van openbaar nut* is an institution given legal personality by Royal Decree under specific conditions and

which is set up by one person allocating to it, with the approval of the government, all or part of its assets.

No material profit or advantage may be pursued and the institution may only purport to realize a philanthropic, religious, scientific, artistic, or pedagogical goal.

Filiale; Dochtervennootschap
Subsidiary

A *Filiale* or *Dochtervennootschap* is a “subsidiary” of another company (its holding company) if the latter is in a position to exert decisive influence on the appointment of its Directors or on its management.

Société anonyme faisant ou ayant fait appel à l'épargne publique; Naamloze vennootschap die beroep maakt of heeft gemaakt op het openbaar spaarwezen
Limited-Liability Company Which Calls or Has Called on Public Savings

A *Société anonyme faisant ou ayant fait appel à l'épargne publique* or *Naamloze vennootschap die beroep maakt of heeft gemaakt op het openbaar spaarwezen* is a limited-liability company which called on public savings in Belgium or abroad by way of a public placing or listing, regarding bonds, shares, or other securities.

Société cotée; Beursgenoteerde vennootschap
Listed Company

A *Société cotée* or *Beursgenoteerde vennootschap* is a company, the shares of which are publicly traded on a stock exchange located in the European Union or another regulated market, as defined by law.

CHAPTER 5

BOLIVIA

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SRL / Sociedad De Responsabilidad Limitada Limited-Liability Company

The liability for corporate obligations is limited to equity contributions, and the capital is divided in parts or quotas. Up to 25 quota holders are allowed in a *Sociedad de Responsabilidad Limitada*.

RC / Riesgo Compartido Joint Venture Agreement

A *Riesgo Compartido* does not create a separate legal entity.

SA / Sociedad Anónima Corporation or Stock Company

A *Sociedad Anónima* is an association of capital by three or more persons whose liability for action of the association is limited to their initial equity contribution and who participation is represented by shares.

SAM / Sociedad De Economía Mixta Partially State-Owned Corporation

A *Sociedad de Economía Mixta* operates in a manner almost identical to a *Sociedad Anónima*.

SC / Sociedad Colectiva Collective Company

A *Sociedad Colectiva* is a registered association of two or more persons who are jointly and severally liable for the company's obligations to the full extent of their personal assets.

SCS / Sociedad En Comandita Simple General Partnership

A *Sociedad en Comandita Simple* is similar to a partnership in which the limited partners are issued stock, to which their liability is restricted, and the general partners are not, maintaining unlimited-liability.

**Soc Civ / Sociedad Civil
Civil Company**

A *Sociedad Civil* is a corporation or partnership with unlimited-liability which is regulated by the Civil Code.

CHAPTER 6

BRAZIL

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S.A., Cia / Sociedade Anônima or Companhia Joint-Stock Company

A *Sociedade Anônima* is a commercial purpose corporation by legal definition. Its purpose can involve industrial and/or commercial activities and/or rendering services. Its capital is made up of shares. The shares may be common, preferred, or fruition shares. The liability of its shareholders is limited to the amount of the share capital subscribed to by them.

To establish a *Sociedade Anônima*, it is mandatory to have a minimum of two shareholders and a cash down payment of at least 10 per cent of the issue price of the subscribed shares. “Cia” is an abbreviation of *Companhia*. A Brazilian joint-stock company can be identified by the use of S/A or Cia in the corporate name, such as Newco S/A or Cia Newco. There are two kinds of S/A.

Sociedade Anônima Fechada Closed Joint-Stock Company

A *Sociedade Anônima Fechada* is a closed corporation, and it is capitalized without any offer to the general public.

Shares are offered privately among previously established shareholders.

Sociedade Anônima Aberta Open Joint-Stock Company

A *Sociedade Anônima Aberta* is an open corporation which is capitalized by public offer and subscription.

It must be registered with the *Comissão de Valores Mobiliários* (the Brazilian Securities and Exchange Commission).

Ltda. / Sociedade Por Quotas De Responsabilidade Limitada
Private Limited-Liability Company by Quotas

A *Sociedade por Quotas de Responsabilidade Limitada* is a commercial purpose entity established by a contract. It can develop industrial and/or commercial activities.

It also can render services together with these activities. Each quota holder is liable only for the value of his quota. The company must be managed by a Brazilian resident.

S.C. Ltda. / Sociedade Civil Limitada
Civil Company

A *Sociedade Civil* is a private limited-liability company that only renders services. Its purposes cannot involve industrial or commercial activities.

The liability of the owners is limited by the value of his quota.

Filial
Branch

Filial is a branch of a company.

Controlada or Subsidiária
Subsidiary

A company is a *Controlada* of another company its holding company if the other company holds a majority of the voting rights in it or is a shareholder of it and has a right to appoint or remove a majority of its board of directors.

Subsidiária Integral
Integral Subsidiary

A *Subsidiária Integral* is a subsidiary of which the parent company controls 100 per cent.

Coligadas
Linked Companies

Coligadas is a legal term to denote a group minimum of two of companies that have cross-ownership.

Consórcio
Consortium

A *Consórcio* is an association between two or more corporations by agreement for a certain activity or specific project.

It is not a corporate entity; the partners are only responsible for their obligations as described in the agreement, without any presumption of solidarity. The agreement, and subsequent amendments, must be filed with the State Trade Board where the consortium's head office is located.

Grupo
Group

Grupo is a legal term to denote a number of limited companies of which one is a holding company.

The other entities may be subsidiaries of the holding company or other members of the group.

Fundação
Foundation

A *Fundação* is a fund established and maintained by contributions for charitable, educational, scientific, or other benevolent purpose.

It is normally independent from the contributors as well as from the recipients.

Associação
Association

An *Associação* is a general term to denote a group of people who have joined together for common beneficial purposes, such as artistic, scientific, or recreational.

Firma Individual
Individual Firm

A *Firma Individual* is a person who conducts business under his own name or another business name.

The individual is liable for the debts and obligations of the business without limitation, has the sole right to make decisions, and is the owner of all assets.

Sociedade Em Comandita Simples
General Partnership

A *Sociedade em Comandita Simples* is an association of two or more individuals for commercial purposes. Capital is divided into quotas. Liability is proportionate to participation in the partnership's management.

A *Sócio Comanditado* (full partner) contributes both capital and services, and he has joint and unlimited-liability. A *Sócio Comanditário* (silent partner) contributes only capital, and his liability is limited to his contribution.

Sociedade Em Comandita Por Ações Share-Oriented Partnership

A *Sociedade em Comandita por Ações* is similar to the general partnership.

However, its capital is divided into shares and is governed by the rules applicable to joint-stock companies.

Sociedade Em Conta De Participação Partnership among Full and Dormant Partners

A *Sociedade em Conta de Participação* is an association of two or more individuals to accomplish a common business objective. It does not constitute a separate business entity distinct from that of its partners. The full partners assume joint and unlimited-liability for the business.

The dormant partners are not liable towards third parties, but they are liable towards the full partners, as agreed in the partnership agreement. A *Participação* is an association that only exists between the parties, i.e., third parties only deal with the full partner.

Sociedade Binacional Binational Company

A *Sociedade Binacional* is formed by owners from Brazil and Argentina. At least 80 per cent of the capital and votes must belong to investors from both countries.

National investors of each country must subscribe to at least 30 per cent of the capital stock. Binational companies must be afforded equal treatment as to that of national corporations. The name must include *Empresa Binacional Brasileiro-Argentina*.

Sociedade De Capital e Indústria
Labor And Capital Partnership

A *Sociedade de Capital e Indústria* is similar to the general partnership, but special rules apply with respect to capital partners. Capital partners contribute only capital.

They have joint and unlimited-liability and will necessarily assume management functions. Labor partners contribute only services, and they normally have no liability towards third parties.

Sociedade Em Nome Coletivo
Unlimited Partnership

A *Sociedade em Nome Coletivo* is an association between two or more individuals who have joint and unlimited-liability for the company's debts.

The firm name may be the full name of all partners, the abbreviations of the partners, or the name or abbreviation of one of the partners, followed by "& Cia" or "& Companhia".

CHAPTER 7

CANADA

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Assn

Association

An association unincorporated organization of persons who join together for a common purpose, such as marketing, trade, cultural, or charitable purposes.

Co

Company

A company is any group of persons who carry on business for profit. a company may be a corporation, partnership, or association.

COB

Carrying on Business as

“Carrying on Business as” indicates the use of a non-legal business or trade name to conduct, manage, or carry on business by a legal entity, be it a partnership, corporation, or sole proprietorship.

Corp

Corporation

A corporation is a legal entity that may be created pursuant to federal, provincial, or territorial statutes. The corporation is an entity distinct from its shareholders.

The liability of shareholders is limited to the sums contributed by them. Corporations can sue and be sued, acquire or transfer property, and purchase and hold title to real estate, all in the corporate name, not in the name of the shareholders.

Inc

Incorporated

“Incorporated” is an acceptable indicia that a company is a corporation (see the text, above, relating to “Corp”).

LLP

Limited-Liability Partnership

Certain professionals may conduct business as a limited-liability partnership. The partners in a limited-liability partnership are not personally liable for the professionally negligent acts of another partner or an employee who is directly supervised by another partner.

Each partner is personally liable for his own actions and for the actions of those he directly supervises and controls. The partnership continues to be liable for the negligence of its partners, associates, and employees and, accordingly, there is no reduction or limitation on the liability of the partnership.

LP

Limited Partnership

A limited partnership is a type of partnership that provides limited-liability protection to all the partners. It is a type of partnership comprised of one or more general partners and one or more limited partners.

The general partners manage the business and share in the profits, and they are personally liable for partnership liabilities, whereas limited partners share in the profits, but they may not take part in the running of the business and they are not liable beyond their partnership capital contribution.

Ltd

Limited

“Limited” is an acceptable indicia that a company is a corporation (see the text, above, relating to “Corp”).

O/A

Operating as

“Operating as” indicates the use of a non-legal business or trade name to conduct, manage, or carry on business by a legal entity, be it a partnership, corporation, or sole proprietorship. (See the text, above, relating to “COB”).

Pship

Partnership

A partnership is two or more individuals or entities carrying on business together with a view to profit. The partners carry on the business themselves, directly. Unlike a corporation, the partnership is not a legal entity separate from its partners. In a general partnership, each partner is personally liable for all acts of all other partners performed in the normal course of partnership business.

The existence of a partnership may be implied by a court based upon the actions of the individuals or entities involved in a business. Where persons associated in partnership carry on business or identify themselves in public, the name of the partnership must be registered under provincial law. A limited partnership can only be created by complying with the conditions set out in provincial partnerships legislation.

A limited partnership must include at least one general partner and any number of limited partners. Limited partners share in the profits of the limited partnership in proportion to their contributions to it. The liability of limited partners is restricted to the amount of money that they have contributed to the partnership.

Sole Prop

Sole Proprietorship Unincorporated

A sole proprietorship unincorporated is an individual person carrying on business on that individual's own account, without any legal entity acting as intermediary. All risks and benefits accrue directly to the individual.

Subs

Subsidiary

A subsidiary is a company that is controlled by another company, whether directly or in combination with other companies that also are its subsidiaries.

Control is usually exercised by virtue of ownership legal or beneficial of the subsidiary's shares.

Trust

Trust

A trust is an entity created for the benefit of beneficiaries under provincial law and a valid trust instrument. A fiduciary holds legal title subject to the obligation to keep or use the property for the benefit of another.

The beneficiaries hold the equitable title of the property. Trusts are used for special business purposes.

Private Company

Private Company

A private company is a corporation whose shares are subject to transfer restrictions and restrictions on the maximum number of shareholders and whose shares may not be offered to the public for purchase.

Franchisee and Franchisor

Franchisee and Franchisor

A franchise is an arrangement established by contract whereby one individual or company, the franchisor, grants a right to another individual or company, the franchisee, to use a distinguishing trade mark or trade name in connection with the supply of goods or services by the franchisee.

The franchisor requires the franchisee to conduct its business in accordance with prescribed operating methods and procedures developed and generally controlled by the franchisor.

Public Company

Public Company

A public company is a corporation whose shares trade without restriction and whose shares are offered to the public for purchase.

Publicly Traded Company

Publicly Traded Company

A publicly traded company is a public company whose shares are publicly traded on a major Canadian stock exchange.

CHAPTER 8

CHINA

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Co / Gongs Company

For the purposes of Company Law of Peoples' Republic of China, the term "company" means limited-liability companies and companies limited by shares established pursuant to the Company Law.

Co Limited, Ltd / Youxian Zeren Gongsi Limited-Liability Company

"Limited-liability company" refers to a company to which two or more shareholders contribute capital together and toward which each shareholder bears limited liability to the extent of the capital contribution subscribed for by it.

The company has the status of a legal person that is liable for its debts to the extent of all its assets.

FIE / Waishang Touzi Qiye Foreign-Invested Enterprise

"Foreign-invested enterprise" refers to Sino-foreign equity joint enterprises, Sino-foreign co-operative joint enterprises and wholly foreign-owned enterprises which are approved and registered by the foreign investment enterprises registration administration authorities and which hold a PRC Enterprise Legal person Business License.

JV / Hezi Qiye @2nd head = Joint Venture

"Joint venture" refers to Sino-foreign equity joint enterprises and Sino-foreign cooperative joint enterprises.

WFOE / Waishang Duzi Qiye Wholly Foreign-Owned Enterprise

"Wholly foreign-owned enterprise" refers to those enterprises established within China, in accordance with the relevant Chinese laws, with capital provided solely by the foreign investor.

It does not include branches established in China by foreign enterprises or other economic organizations

Gufen Youxian Gongsi
Company Limited by Shares

“Company limited by shares” refers to an enterprise with the status of legal person that raises capital through the issue of shares (or share rights certificates) and divides all of its registered capital into equal shares.

The shareholders are liable to the company to the extent of the shares subscribed for by them, and the company is liable for its debts to the extent of all of its assets.

Jiti Qiye
Collective Enterprise

“Collective enterprise” refers to those enterprise whose assets are collectively owned by a group of working people, in which people work toward joint purposes.

Geti Gongshanghu
Individual Business

“Individual business” refers to businesses run by individuals who have been lawfully registered and approved to engage in industrial or commercial operations within the sphere permitted by law.

Nongcun Chengbao Jingyinghu
Leaseholding Farm Household

“Leaseholding farm household” refers to members of a rural collective economic organization who engage in commodity production under a contract and within the spheres permitted by law.

Geren Duzi Qiye
Sole Proprietorship

“Sole proprietorship” means a business entity which, in accordance with the Sole Proprietorship Law, is established in China and is invested in by one natural person, and in which the investor owns all its assets and is unlimitedly liable for all the debts of the business by using his private property.

Geren Hehuo**Individual Partnership**

“Individual partnership” refers to two or more citizens associated in a business and working together, with each providing funds, material objects, and techniques according to an agreement.

Hehuo Qiye**Partnership Enterprise**

“Partnership enterprise” means a profit-oriented organization which is, subject to the Partnership Enterprises Law, formed within China by partners who enter into a partnership agreement, jointly make capital contributions, carry on business, share profits, bear business risks, and are jointly and severally liable to an unlimited extent for all debts and obligations thereof.

Guoyou Duzi Gongsi**State Company with Exclusive Investment**

“State company with exclusive investment” refers to a limited-liability company set up with exclusive investment from organs into which investment is made with state authorization or departments authorized by the state.

According to the Company Law, companies designated by the State Council to make special products or those in special sectors must take the form of state companies with exclusive investment.

Notice and Disclaimer: The summary above is intended for general reference by IBLC members and does not constitute legal advice. Business entities and the legal principles governing them vary substantially and subtly between different countries, states, provinces and localities. Consultation with competent counsel is critical and strongly recommended.

CHAPTER 9

COLOMBIA

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Anales Del C De E / Anales Del Consejo De Estado Proceedings of the Council of State

The *Anales del Consejo de Estado* is a journal where all judgments passed by the Council of State are published.

Co / Código De Comercio Code of Commerce

The *Código de Comercio* regulates the rights and duties of businessmen, the different business entities authorized by the law such as the stock corporation, limited-liability partnership, commandite partnership, commandite partnership by shares, unincorporated partnership, and foreign companies operating in Colombia.

The *Código de Comercio* also covers industrial property, agency, supply, mandate, insurance, and transport agreements, as well as corporate bankruptcy and similar procedures.

C De P / Código De Policía Police Code

The *Código de Policía* regulates the functioning of the police and all infringements which are not considered crimes.

CC / Código Civil Civil Code

The *Código Civil* regulates the civil status of persons, the legal situation of movable and immovable property, the general theory of contracts, succession, particular contracts, such as purchase, lease, mandate, and other agreements, and securities, such as pledges and mortgages.

CCA / Código Contencioso Administrativo Contentious Administrative Code

The *Código Contencioso Administrativo* regulates relations between citizens and government agencies.

It also refers to the control of administrative acts by Administrative Tribunals and the Council of State.

**Cia / Compañía
Company**

Compañía is a generic term for any group of persons who have joined together for the common purpose of doing business or undertaking non-commercial activities together.

**CP / Código Penal
Criminal Code**

The *Código Penal* defines all crimes and criminal torts and establishes penalties and sanctions.

**CPC / Código De Procedimiento
Civil Procedure Code**

The *Código de Procedimiento* regulates all proceedings before Colombian civil courts and tribunals.

**CPM / Código Político y Municipal
Political and Municipal Code**

The *Código Político y Municipal* regulates the functioning of the state, departments, and municipalities from the political perspective.

It also determines the functions of each region's government entities.

**CPP / Código De Procedimiento Penal
Criminal Procedure Code**

The *Código de Procedimiento Penal* regulates the various actions that may be initiated by the Public Prosecutor, Colombian tribunals, and the Supreme Court of Justice in criminal matters.

**DO / Diario Oficial
Official Journal**

The *Diario Oficial* is the official means of publication for all government acts at the national level.

The *Diario Oficial* is published daily in Bogotá.

**EMA / Empresa Multinacional Andina
Andean Multinational Company**

An *Empresa Multinacional Andina* is a company formed by citizens or companies of any of the Andean Community member states, having its domicile in two or more member states and being subject to Andean Community supranational regulation.

**ESD / Empresa De Servicios Domilarios
Company Providing Domiciliary Services**

An *Empresa de Servicios Domilarios* is a public corporate entity formed according to a public services law which establishes determined characteristics and a minimum capital for such company to operate.

**ESP / Empresa De Servicios De Salud
Company Providing Health Care Services**

An *Empresa de Servicios De Salud* is a public health corporate entity, providing services in the health sector and being subject to special regulation for its operation.

**G Del A De C / Gaceta Oficial Del Acuerdo De Cartagena
Andean Community Official Gazette**

The *Gaceta Oficial del Acuerdo de Cartagena* is the means of publication of the acts of Andean Community institutions. It is published in Lima, Perú.

**G Del C Gaceta / Del Congreso
Congressional Gazette**

The *Gaceta del Congreso* is the means of publication for all acts of Congress. It is published five times a week during the period when Congress meets. All law drafts must be published in the *Gaceta del Congreso*.

**GCC / Gaceta De La Corte Constitucional
Constitutional Court Gazette**

The *Gaceta de la Corte Constitucional* is the means of publication for all judgments passed in constitutional matters, including constitutional assessment made by the Constitutional Court regarding public treaties executed by the President of the Republic and approved by Congress.

GJ / Gaceta Judicial
Supreme Court Gazette

The *Gaceta Judicial* is the means of publication of all judgments passed by the Supreme Court of Justice of Colombia.

GPI / Gaceta De La Propiedad Industrial
Industrial Property Gazette

The *Gaceta de la Propiedad Industrial* is published on a monthly basis by the Superintendent of Industry and Commerce.

The *Gaceta de la Propiedad Industrial* includes all trade mark, patent, and other industrial property applications.

Ltda / Sociedad Limitada
Limited-Liability Partnership

A *Sociedad Limitada* is a company where there are least two, and not more than 25, partners.

The partners are personally liable for partnership liabilities up to their partnership capital contributions.

SA / Sociedad Anónima
Stock Corporation

A *Sociedad Anónima* is a company limited by shares and having at least five shareholders, none of whom may own more than 95 per cent of the shares.

SC / Sociedad Comandita
Commandite Partnership

A *Sociedad Comandita* is a company formed by two or more partners who contribute capital, together with one or more persons who undertake to manage the company and share dividends in an agreed proportion.

All partners are liable without limitation.

SCA / Sociedad En Comandita Por Acciones
Commandite Partnership by Shares

A *Sociedad en Comandita por Acciones* is formed by a number of partners who contribute capital and one or more persons who manage the company.

The shareholders' liability is limited to the amount of the partners' capital contributions to the company.

Suc / Sucursal De Compañía Company Branch

Local and foreign companies may have branches in Colombia. The establishment of a branch (*Sucursal de Compañía*) of a foreign company is subject to certain requirements.

The establishment of a branch of a Colombian company only requires the authorization by the board of partners and its recording at the Chamber of Commerce of the place where the branch will operate.

Sucs Sucesores Successors

Sucesores is the expression used to indicate that current partners have succeeded other partners who have retired or died.

Asociación Association

Generally, an *Asociación* is an unincorporated organization of persons who have joined together for a common purpose of doing business or engaging in non-commercial activities together.

Grupo Empresarial Group of Companies

A *Grupo Empresarial* is a group of companies characterized by a subordination link, unity of purpose and control by a parent or controlling company.

The group must be registered as such with the Chamber of Commerce, and it must file consolidated balance sheets for all the group companies.

Revisor Fiscal Fiscal Auditor or Comptroller

The *Revisor Fiscal* is the registered comptroller of the company's business. He must be an authorized public accountant.

Sociedad De Hecho Unincorporated Partnership

A *Sociedad De Hecho* is an unincorporated entity agreed upon by the partners but not having complied with incorporation formalities, such as the granting of a public deed and recording at the Chamber of Commerce.

Third parties cannot obtain remedies from the company, but they can do so jointly and severally from the partners doing business with them.

Subsidiária
Subsidiary

A *Subsidiária* is a company whose decision-making power is subject to the will of one or more entities being the parent or controlling company.

Tratados De Colombia
Colombian Treaties

All treaties signed by Colombia have been published by Germán Cavelier. There are eight volumes, including treaties from 1811 to 1992.

Fideicomiso
Trust

A *Fideicomiso* is an entity created for the benefit of beneficiaries.

A fiduciary, which must be a financial institution duly authorized by the state, holds legal title subject to the obligation to keep or use the property for the benefit of another.

Sociedad Controlada
Controlled Company

A *Sociedad Controlada* is a company where the decision-making power is subject to the will of one or more entities which are their parent or controlling company.

Sociedad
Company

A *Sociedad* is a generic term for any incorporated organization of persons who have joined together for a common purpose, such as a trade or marketing.

Sociedad Colectiva
Partnership

A *Sociedad Colectiva* is formed by two or more partners contributing capital for a determined business.

Partners are jointly liable for all business done in the name of the company.

CHAPTER 10

COSTA RICA

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Cía / Compañía, Empresa

Company with Capital Represented by Shares or Quotas

The *Compañía* or *Empresa* can be used as a very general term to mean any group of persons who carry on an activity for profit. The word in full is sometimes used to mean a company with capital represented by shares or quotas.

EIRL / Empresa Individual de Responsabilidad Limitada

Sole Trader with Limited Liability

The *Empresa Individual de Responsabilidad Limitada* refers to a person who carries on a business under a business name and who alone has the sole right to make all decisions affecting the business and who owns all assets of the business.

The person's personal assets cannot be attached in case of liability of such person for events or actions of the business.

Soc / Sociedad

Company

A *Sociedad* is a company registered in the Public Registry.

SRL, LTDA / Sociedad de Responsabilidad Limitada

Limited-Liability Company

The *Sociedad de Responsabilidad Limitada* is a registered company created under the Commerce Code, having the liability of its members limited by their contributions, but whose administrators could be personally liable to third parties for their actions taken on behalf of the company. The contributions of the members are represented in "quotas", not shares.

SA / Sociedad Anónima

Registered Corporation

The *Sociedad Anónima* is a registered corporation incorporated under the Commerce Code. The contributions of the members are represented in shares.

The shareholders are liable only for the amounts paid for the shares. The administrators are not personally liable to third parties for actions taken on behalf of the corporation.

S en C / Sociedad en Comandita Limited Partnership

The *Sociedad en Comandita* is a type of company that has silent partners and general partners, in which the silent partners are liable only for their contributions and from which share profits.

The general partners manage the business, share the profits, and are personally liable for partnership actions.

Asoc / Asociación Association

An *Asociación* is a non-profit organization created under the Law of Associations. The members do not have a profit-making purpose.

Typical activities of associations include the promotion of sports, the administration of water systems, and the conservation of nature.

Asociación Solidarista Employees' Association

An *Asociación Solidarista* is an employees' association, registered as such with the Labor Ministry.

The funds of the association are provided by the employer and the employees according to the employees' salaries. Provision of loans at low interest rates to employees are among the activities of this type of organization.

Cooperativa Cooperative

A *Cooperativa* is a non-profit association of farmers who sell their products to the association and who share the profits of the association. It is recorded in the Labor Ministry.

Compañía Privada Private Company

A *Compañía Privada* is a company whose shares are not traded on the stock exchange.

Compañía Pública
Public Company

A *Compañía Pública* is a company whose shares are traded on the stock exchange.

Firma
Firm

A *Firma* is generally an unincorporated business or partnership.

Fond de Inversión
Investment Company

A *Fond de Inversión* is an investment company that invests mainly in securities, foreign currency, or real estate, with the aim of spreading investment risk and giving the participants the benefit of the result of the management of its funds.

Fundación
Foundation

A *Fundación* is a registered, not-for-profit entity with charitable purposes, according to the Law of Foundations. It is recorded in the Persons Section of the Public Registry.

Grupo
Group

Grupo is a term used to denote a number of companies, of which one is a holding company and each of the others is a subsidiary of that holding company, or another member of the group.

Mutual
Mutual Association

A *Mutual* is a mutual benefit association created by law to provide low interest loans to low income individuals.

Sindicato
Organization

A *Sindicato* is a permanent union of employers, employees, or independent workers with the purpose of protecting the interests of each group.

Sociedad de hecho
Partnership

A *Sociedad de hecho* is a legal entity created when two or more persons or entities carry on as co-owners of a business for profit and which is not organized as a company.

Each partner is liable for all acts of the others performed within the scope of the partnership. The *Sociedad de hecho* does not require any formal documentation, and it may be implied based on the acts of the parties.

Sociedad en Nombre Colectivo
Collective

A *Sociedad en Nombre Colectivo* is a type of registered company with a trade name that includes the name or last name of one of its members, who have joint and several liability.

The company is recorded in the Public Registry.

Subsidiaria
Subsidiary

A *Subsidiaria* is a company owned or controlled by a holding company, either by means of a controlling ownership of shares or right to appoint members of the board of directors.

Sucursal
Branch

A *Sucursal* is a branch in Costa Rica of a company organized and existing under the laws of a foreign country.

Transnacional
Foreign Company

A *Transnacional* is a company organized and existing under the laws of a foreign country, usually doing business in different countries, either by branches or subsidiaries.

CHAPTER 11

CYPRUS

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Co

Company

While the word “company” in full is usually used to mean a company limited by shares, it can be used to refer to a company limited by guarantee.

The term “Co” without “Ltd” or “Limited” may denote a company operated without the protection of limited-liability. The term also can be used (incorrectly) as a very general term to mean any group of persons who carry on an activity for profit.

Co, Ltd

Limited Company, Company Limited by Guarantee

A “company limited by guarantee” is a company incorporated under the Companies Law (Cap 113), having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up.

IBC

International Business Company

An “international business company” is a company incorporated under the provisions of the Companies Law which enjoys tax-preferential status.

For a company to enjoy international business status, it must have its shares belonging exclusively to aliens, directly or indirectly, and have its income derived from sources abroad. Such a company is strictly prohibited from conducting any local business.

IBU

International Banking Units

A substantial number of foreign banks have been granted licenses to set up international banking units and conduct international banking activities from Cyprus.

International banking units, whether branches of foreign banks or locally incorporated legal entities, must be licensed under the provisions of the Banking Law 1997.

IFSC

International Financial Services Company

An “international financial services company” is an international branch of an overseas company registered in Cyprus or an international company incorporated in Cyprus or an international partnership registered in Cyprus whose main object is to provide international financial services.

The provision of international financial services from within Cyprus requires the prior authorization of the Central Bank.

Limited

Private Company

A “private company” is a company limited by shares or by guarantee that is not a public company.

Limited, Ltd

Company Limited by Shares

A “company limited by shares” is a company incorporated under the Companies Law (Cap 113), having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them.

LLP, LP

Limited-Liability Partnership, Limited Partnership

A “limited-liability partnership” is a type of partnership that provides limited-liability protection to some of its partners, it is a type of partnership comprised of one or more general partners and one or more limited partners.

The general partners manage the business, share the profits, and they are personally liable for partnership liabilities, whereas limited partners share in the profits, but they may not take part in the running of the business and are not liable beyond their partnership capital contribution.

Partners also may be equity partners or salaried partners, but this merely reflects the way in which profits of the business are shared, it does not affect a partner’s legal status as a general partner or limited partner.

Plc, PLC

Public Company, Public Limited Company

A “public company” or “public limited company” is a company limited by shares, being a company the memorandum of which states that it is a public limited company.

A public company incorporated as such is not entitled to commence business or exercise borrowing powers until it has received a certificate of entitlement from the Registrar of Companies. This requirement does not apply to a private company which re-registers as a public company.

Association

Association

An “association” can mean many things. Generally, it is an unincorporated organization of persons who have joined together for a common purpose such as trade or marketing purpose.

Often, an association is a “non-profit” organization, but this is not always the case.

Cooperative Society

Cooperative Society

A “cooperative society” is a society that is regulated pursuant to the Cooperative Societies Law (Cap 114).

A cooperative society is a society whose object is the promotion of the financial interests of its members or a society which was established in order to facilitate the operation of the first type of society.

Club

Club

A “club” is a society registered under the Clubs (Registration) Law (Cap 112).

A club is a society of not less than 20 persons associated together for social intercourse or for purposes of mutual entertainment and convenience or for any other lawful purpose except the acquisition of gain.

Collective Investment Scheme

Collective Investment Scheme

“Collective investment scheme” is the term used to denote an arrangement with respect to property of any description, including money, the purpose or effect of which is to enable persons taking part in the arrangement to participate in or receive profit or income arising from the acquisition holding management or disposal of the property of sums paid out of such profits or income.

Firm

Firm

A “firm” generally is an unincorporated business or as a partnership.

Group

Group

“Group” is the term used to denote a number of companies or other corporate bodies of which one is a holding company and each of the others is a subsidiary of that holding company, or another member of the group.

Investment Company, Investment Trust

Investment Company, Investment Trust

An “investment company” or “investment trust” is a limited company which has given notice in the prescribed form of its intention to carry on business as an investment company and which invests mainly in securities with the aim of spreading investment risk and giving members of the company the benefit of the result of the management of its funds.

Holding Company

Holding Company

A “holding company” is sometimes referred to as a “private company” (see the text, below, relating to “Subsidiary”).

Listed Company

Listed Company

A “listed company” is a public company, the shares of which are publicly traded on the Cyprus Stock Exchange.

Overseas Company

Overseas Company

An “overseas company” is a company incorporated elsewhere than in Cyprus and which has established a place of business in Cyprus.

These companies are required to comply with certain registration requirements set out in the Companies Law (Cap 113).

Partnership

Partnership

Partnerships are registered under the Partnerships and Business Names Law (Cap 116). A partnership is created when two or more persons or entities carry on as co-owners of a business for profit and have not organized as a company.

Each partner in a partnership (other than a limited-liability partnership) is liable for all acts of the other partners performed within the scope of the partnership and the partners do not have limited-liability.

A partnership requires no formal documentation and may be implied based on the acts of the parties.

Provident Society **Provident Society**

A “provident society” is an incorporated association with limited-liability registered under the Provident Society Law (Law 44/1981).

Provident Societies are set up for the payment of money to the beneficiaries in case of termination of occupation, permanent incompetence to work, retirement, or death and financing through periodical contributions by the beneficiaries or by their employers.

Unlike unincorporated associations, they are legal entities and can enter into contract in their own name.

Registered Charity **Registered Charity**

A “registered charity” is a legal entity (whether a Trust, Company or other undertaking) which is registered under the Charities Law (Cap 41) and whose objects are for charitable purposes.

Registered Overseas Company **Registered Overseas Company**

A “registered overseas company” is a company with a place of business in Cyprus that has delivered certain relevant documents to the Registrar in Cyprus.

Society **Society**

A “society” is a business or non-business entity taking the form of a company, association, or club whose individuals have been brought together through a common interest.

Sole Trader **Sole Trader**

A “sole trader” is a person who carries on business under his own name or another business name, and who alone has the sole right to make all decision affecting the business and who owns all the assets of the business.

A sole trader is responsible for paying all taxes and for the debts and obligations of the business without any limit. A sole trader does not carry on his business in a partnership or a company.

Subsidiary **Subsidiary**

A company is a “subsidiary” of another company (its holding company), if the other company holds a majority of the voting rights in it or is a shareholder of it and has a right to appoint or remove a majority of its board of directors.

Trust **Trust**

A “trust” can be created for the benefit of its beneficiaries under Cyprus Law using a trust deed.

A trust is administered by its trustees who hold legal title to its assets subject to the obligations to keep or use the property for the benefit of the beneficiaries of the trust.

Unit Trust Scheme **Unit Trust Scheme**

A “unit trust scheme” is a collective investment scheme under which the property in question is held in trust for the participants.

Ultimate Holding Company **Ultimate Holding Company**

An “ultimate holding company” is the top company in a group. It is sometimes referred to as the “ultimate parent company”.

CHAPTER 12

FINLAND

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Oy, Ab / Oosakeyhtiö, Aktiebolag Private Limited Company

The trade name of a private limited company must include the words and/or *aktiebolag*, or the corresponding abbreviation *oy* and/or *ab*.

In a limited company, there are no general partners, only shareholders whose liability for the debts of the company is limited to the value of their shares. A private limited company must have a minimum share capital of €8,000. The shares must all have the same nominal value if the share capital is divided into several shares.

The share capital and the nominal value of a share of a company may be denominated in the Finnish marks (*markka*) if the memorandum of association of the company has been signed prior to 1 January 2002.

The minimum share capital denominated in euros will be converted into Finnish marks at the fixed conversion rate by the Council of the European Union.

A private limited company may be established by one or more natural or legal persons founders. A person who is legally incompetent or declared bankrupt may not act as a founder.

The formation must be recorded in a memorandum of association, which must be dated and signed by the founders. A limited company must be notified for registration within six months after signing the memorandum of association.

At least half of the founders must be permanent residents or, if the founder is a legal person, have its domicile in the European Economic Area (EEA), unless special permission is obtained from the Ministry of Trade and Industry. The nationality of the founder is thus irrelevant.

A legal person will have its domicile in the EEA when it has been established in accordance with the laws of an EEA member state and when its registered office, central administration, or head office is in an EEA member state.

Abp, Oyj / Publikt Aktiebolag, Julkinen Osakeyhtiö Public Limited Company

Limited companies are divided into private and public companies. The essential difference between these two types of companies is that the securities of a private limited company may not be admitted to the public trade referred to in the Securities Markets Act or to a corresponding procedure.

A public limited company must have a minimum share capital of €80,000. The trade name of a public limited company must include the words *julkinen osakeyhtiö* and/or *publikt aktiebolag*, or the corresponding abbreviation *oyj* and/or *abp*.

Ay, Öb / Avoin Yhtiö, Öppet Bolag General Partnership

A partnership is a common form of business organisation for small entities. Partnerships have no minimum capital requirements.

A general partnership must have at least two partners who also are its founders. The founders may be natural or legal persons. Another general partnership may act as a founder. The partners of a general partnership are liable for the commitments of the partnership with their entire property.

The liability is joint and several, i.e., each partner will be liable for all debts of the partnership. A general partnership may be founded without a cash input, a work input is sufficient.

Kb, Ky / Kommandiittiyhtiö, Kommanditbolag Limited Partnership

A limited partnership requires one or more general partners as well as one or more silent partners. A general partner of a limited partnership is liable for the debts of the partnership according to the same principals as the partners of a general partnership.

The liability of a silent partner for the commitments of a limited partnership is limited to the amount of his capital investment indicated in the partnership agreement.

The general partner need not invest cash or other capital input in the partnership; a work input is sufficient. The silent partner must invest cash or other capital input. There is no minimum investment for a silent partner.

Konserni, Konzern Group

If a limited company exercises a dominant influence over another domestic or foreign organisation, the former will be a parent company and the latter will be a subsidiary organisation. A parent company, together with its subsidiary, forms a group.

A limited company will be deemed to exercise dominant influence over another organisation when it has:

(1) A majority of the voting rights attached to all the shares, memberships, or participants and this majority of voting rights is based on ownership, membership, articles of association, company agreement, or rules corresponding thereto or other contract; or

(2) The right to appoint the majority of the members of the board of directors or other corresponding body of the other organisation.

Such power of appointment and the right of appointment is based on the same facts as the majority of voting rights referred to above.

Osuuskunta, Andelslag Cooperative Society

A cooperative society can be characterized as a commercial association. The founders may be either natural or legal persons. There must be at least five founders of a cooperative society.

However, if the memorandum of the association provides that the majority of its members are to be cooperative societies, three founders are allowed. The number of members, as well as the capital, may vary, and these provisions need not be met in advance. The members of a cooperative society are not personally liable for the commitments of the cooperative society.

Yksityinen Elinkeinonhar-Joittaja, EnskildnÄringsid ole Proprietorship

Sole proprietorships are widely used for individuals, primarily for entrepreneurial business, and they must be registered in the Trade Registry. The owner of the enterprise acts on behalf of his enterprise and concludes its contracts.

A sole proprietor is responsible for paying all debts to the extent of business assets as well as personal assets. Natural persons domiciled in a European Economic Area (EEA) member state, Finnish entities, and duly registered branches of EEA entities are entitled to carry on a legitimate trade or business without prior permission from the government.

A foreign citizen residing outside the European Union (EU) or EEA intending to do business in his own name in Finland requires a permit issued by the Ministry of Trade and Industry.

Sivuliike, Filial
Branch of Foreign Organisation

A branch refers to a part of a foreign company that conducts continuous business or professional activities in Finland in the company's name or on its behalf. All branch offices must be registered in the Trade Register.

A natural person resident in Finland must be appointed as an in-country representative of the branch with authority to accept service of writs and other notices on the foreign company's behalf. The trade name of a branch will contain the trade name of the foreign entrepreneur with a supplement, which indicates that it is a branch.

The foreign company is liable for the capital invested in the branch office as well as all the debts and other obligations of the branch. A trade name may be registered in two or more languages if the expressions in the different languages correspond to each other in their contents.

CHAPTER 13

FRANCE

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AGE / Assemblée Générale Extraordinaire Extraordinary General Meeting

The *Assemblée Générale Extraordinaire* is the extraordinary general meeting of the stockholders (or shareholders) of a corporation.

AGO / Assemblée Générale Ordinaire Annual General Meeting

The *Assemblée Générale Ordinaire* is the annual (ordinary) general meeting of the stockholders (or shareholders) of a corporation.

DAF / Directeur Administratif et Financier Chief Financial (and Administrative) Officer

The *Directeur Administratif et Financier* is the chief financial (and administrative) officer of a corporation, and not necessarily a director.

DG / Directeur Général Director General

The *Directeur Général* is the director general of a corporation. The *Directeur Général* is not necessarily a member of the board of directors.

DRH / Directeur des Ressources Humaines Human Resource Director

The *Directeur des Ressources Humaines* is the human resource director. The *Directeur des Ressources Humaines* is not necessarily a member of the board of directors.

EURL / Entreprise Unipersonnelle à Responsabilité Limitée Limited-Liability Company

The *Entreprise Unipersonnelle à Responsabilité Limitée* is a single shareholder, private, limited-liability corporation.

**GEIE / Groupement européen d'Intérêt Economique
European Economic Interest Grouping**

The *Groupement Européen d'Intérêt Economique* is an economic interest grouping, as the *Groupement d'Intérêt Economique*, but its members may be situated in two or more European Union member states.

**GIE / Groupement d'Intérêt Economique
Economic Interest Grouping**

The *Groupement d'Intérêt Economique* is an economic interest grouping, a joint venture corporate vehicle which has a separate legal personality from that of its members.

**PDG / Président, Directeur-Général
Chief Executive Officer (Approximate)**

The *Président, Directeur-Général* is approximately equivalent to a large corporation's president and chief executive office in the United States and to the chairman and managing director in the United Kingdom.

**RCS / Registre du Commerce et des Sociétés
Companies House**

The *Registre du Commerce et des Sociétés Commercial* is the Companies Register, where information on corporations is usually held at local level.

**SA / Société Anonyme
Joint-Stock Limited-Liability Corporation (PLC)**

The *Société Anonyme* is a joint-stock limited-liability corporation, and is not necessarily stock exchange listed.

**SARL / Société à Responsabilité Limitée
Private Limited-Liability Corporation (LLC)**

The *Société à Responsabilité Limitée* is a multiple shareholder (at least two shareholders), private, limited-liability corporation; it does not have a board of directors.

**SAS / Société par Actions simplifiée
Joint-Stock Limited-Liability Corporation (PLC)**

The *Société par Actions simplifiée* is a type of SA, i.e., a joint-stock, limited-liability corporation, but it is not able to be stock exchange listed.

The form is subject to considerably simplified rules compared to those applicable to the SA.

SCI / Société Civile Immobilière
Real Estate Holding Company

The *Société Civile Immobilière* has no limitation on the liability of its shareholders; it should not be used generally as a trading company.

Action
Share or Stock

The value of a share (*Action*) may be set relatively freely by by-laws and memorandum and articles of association.

Actionnaire
Stockholder or Shareholder

A stockholder or shareholder (*Actionnaire*) has liability limited solely in three types of commercial corporate body.

Administrateur
Director

A *Directeur* in French does not usually mean a “director” in English; generally, the term refers only to a manager and not to a board member.

Association à but non lucratif
Non-Profit-Making Association or Society

The activities of an *Association à but non lucratif* may not result in profit for itself or its members.

Conseil d'Administration
Board of Directors

The *Conseil d'Administration* generally exists only in a *Société Anonyme*.

Directeur
Manager or Director

The usual sense of *Directeur* in French is “manager”, but the term can mean “director” in certain contexts, such as in “director general”.

Filiale
Subsidiary

A subsidiary company (*Filiale*) is controlled by its parent company.

Gérant**Chief Executive Officer**

The *Gérant* is usually the sole chief executive officer of a French limited-liability corporation, such as the SARL, which does not have a board of directors.

Siège social**Seat or Registered Office**

The *Siège social* is the seat or registered office of a corporation.

Société**Company or Corporation**

The *Société* is a company or a corporation (but not a “society”).

Société de personnes**Partnership**

The *Société de personnes* concept is comparable to a United States or a United Kingdom partnership.

Société de capitaux**Capital-Based Corporation**

The *Société de capitaux* is a capital-based corporation.

Succursale**Branch**

A branch (*Succursale*) is an extension of the operations of the company of which it is a part.

CHAPTER 14

GERMANY

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AG, Aktiengesellschaft Joint-Stock Company

An *Aktiengesellschaft* possesses full legal personality, and it is owned by the shareholders and managed by a managing board of directors.

As there are no partners, the company itself is the subject of civil liability. Often, the shares are publicly traded on one or more stock exchanges.

AktG, Aktiengesetz Joint-Stock Company Law

The *Aktiengesetz* governs the organization and activities of joint-stock companies.

BGB, Bürgerliches Gesetzbuch Civil Code

The *Bürgerliches Gesetzbuch* is the basic German civil law code, dating from 1900.

GBR, Gesellschaft Bürgerlichen Rechts Civil Law Partnership

A *Gesellschaft Bürgerlichen Rechts* is a basic, non-commercial partnership for any purpose, subject to the provisions of the *Bürgerliches Gesetzbuch*.

GmbH, Gesellschaft Mit Beschränkter Haftung Private Limited Company

A *Gesellschaft mit Beschränkter Haftung* is a company without personally liable partners, and civil liability is reduced to the initial share minimum of DM 50,000.

Power is delegated to an executive director, known as the *Geschäftsführer*.

**GmbHG, Gesellschaft mit Beschränkter Haftung Gesetz
Limited Companies Law**

The *Gesellschaft mit Beschränkter Haftung Gesetz* governs the organization and activities of limited companies.

**HGB, Handelsgesetzbuch
Commercial Code**

The *Handelsgesetzbuch* is the Commercial Code, dating from 1871.

**KG, Kommanditgesellschaft
Limited Partnership**

A *Kommanditgesellschaft* is a limited partnership comprised of one or more general partners (*Komplemetär*) and one or more limited partners (*Kommanditist*). The personal liability of the limited partners is restricted.

All partners share the profits, but the business will usually be managed by the general partners, as only they possess the power of the agency.

**KG AA, Kommanditgesellschaft auf Aktien
Limited Partnership**

A *Kommanditgesellschaft auf Aktien* is a limited partnership which issues shares for the purpose of raising capital.

**OHG, Offene Handelsgesellschaft
General Partnership**

An *Offene Handelsgesellschaft* is a partnership where all partners are general partners who are personally liable to an unlimited degree for the obligations, debts, and acts of the other partners.

Personal liability usually goes along with the power of the agency.

**Prokura
Special Appearance of the Power of Agency**

A *Prokura* grants the full commercial power of representation of a firm or a business.

The authorized signatory or fully authorized officer of the represented firm is called a *Prokurist*

Genossenschaft
Cooperative Society

A *Genossenschaft* is a society is formed by members *Genosse* for a special purpose.

It is an old form of organization and exists in only a few areas of commercial life, mainly wine production.

Tochtergesellschaft
Subsidiary

A company is a subsidiary (*Tochtergesellschaft*) of another company which holds the majority of the voting rights or is the principal shareholder and has the right to appoint or remove the majority of its board of directors.

Stille Gesellschaft
Undisclosed or Dormant Partnership

A *Stille Gesellschaft* is a partnership with one or more undisclosed partners.

Konzern
Syndicate, Group, or Trust

Konzern is a general term to describe any organization or group of people carrying on business or being commercially active.

Handelsvertreter
Trade Representative

A *Handelsvertreter* is the commercial agent for a business.

Handelsregister
Commercial Register

The *Handelsregister* is the registry to which all commercial firms and businessmen must belong.

The registration is accompanied by the applicability of commercial law and commercial usage in commercial relations.

Handelsmakler
Mercantile Broker

A *Handelsmakler* is a mercantile broker.

Kaufmann, Kaufleute
Businessman, Merchant

A *Kaufmann* is a person who carries on business and is expected to behave according to the commercial laws and the traditional, partly unwritten rules of commercial usage.

Haftung
Civil Liability

Haftung is civil responsibility.

Handelsfirma
Trade Name

Handelsfirma is the business name of a merchant.

CHAPTER 15

GUATEMALA

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Comerciante Individual Individual Merchant or Businessman

A *Comerciante Individual* is an individual person with civil capacity according to the Guatemalan Civil Code, who, in his own name and with the aim of making a profit, undertakes activities related to industry, marketing, production, or transformation of goods, and rendering of services.

Persons who undertake the following activities cannot be considered merchants:

- (1) Liberal professions; agricultural activities or similar when they relate to the growing or transformation of goods from their own enterprises; and
- (2) Artisans who do not have a business.

Cia, SC / Sociedad Colectiva General Partnership

A *Sociedad Colectiva* is a company in which the quota holders are jointly, severally, and subsidiarily liable for the company's obligations to the full extent of their personal assets.

The quota holders can however stipulate among themselves that only one or several of them are responsible for a previously determined quota. This stipulation does not have any effect on third parties. The *razon social* or company name is formed by the first name and surname of one of the quota holders, or the last name of two or more of them, and the legend *y Compania, Sociedad Colectiva* which can be abbreviated as *y Cia SC*.

The administration of the company, unless the articles of incorporation provide otherwise, will be the responsibility of all of the quota holders. Resolutions will be passed by the quota holders in a general meeting.

Cia, S En C / Sociedad en Comandita General and Limited Partnership

A *Sociedad en Comandita* is a company formed by one or more partners, called *socios comanditadosor* (general partners), who are jointly, severally and subsidiarily liable for the company's obligations to the full extent of their personal assets, and by one or more partners, called *socios comanditariosor* (limited partners), whose liability is limited to the amount of the partner's contribution to the company.

The company's name, or *razon socialis*, is formed by the name of one of the general partners or by the surname of two or more of them, followed by the legend *y Compania Sociedad en Comanditaor Cia, S en C*.

The administration and legal representation of the company is under the charge of the general partners, unless the articles of incorporation or the by-laws provide otherwise. The limited partners cannot undertake any administrative activities on behalf of the company.

Com / Comerciante Merchant, Businessman

A *Comerciante* is an individual person or legal entity organized according to the Guatemalan Commercial Code, who in his/its own name and with the aim of making a profit, undertakes any of the following activities:

- (1) Industry, marketing, production, or transformation of goods;
- (2) Rendering of services;
- (3) Banking, insurance, or other financial services;
- (4) Stock exchange agency; and
- (5) Other activities related to those mentioned above.

All legal entities organized as corporations according to the Guatemalan Commercial Code are considered merchants, regardless of their purpose, as long as it is legal.

Coo / Coperativa Cooperative

A *Coperativa* is a legal entity organized for the production and marketing of goods which is owned by its members, who share the benefits.

There is a special law which regulates cooperatives.

Ltda, Cia Ltda / Compania De Responsabilidad Limitada Limited-Liability Partnership, Company

A *Compania De Responsabilidad Limitada* is a company in which the liabilities of the company are limited to the amount of its share capital or such amount in excess of the share capital that the articles of incorporation may establish.

The company is formed by two or more partners, up to a maximum of 20, whose liability for the corporate obligations is limited to the amount of their contributions to the company. The capital of the company is divided into quotas, which are not represented by any of kind of certificates and which cannot be called shares.

The firm name can be freely chosen as long as it refers to the company's main activity, or it can be formed by the complete name of one of the partners or the surname of two or more of them. In both cases, the name must have the legend *y compania limitada* or *Ltda* or *Cia Ltda*.

The company cannot be formed and registered until all of its authorized capital has been fully paid. In this kind of company, there may not be industrial or working parties.

SI / Sociedad De Inversión Investment Corporation

A *Sociedad De Inversión* is a corporation formed with the purpose of investing its resources in stock market securities that a special law establishes. It is formed as a public corporation SA. It has a minimum paid-up capital in cash of 50,000 units.

Its authorized capital may be varied without making any amendments to its articles of incorporation. Shares issued by the corporation for value may be repurchased by the corporation without it having to reduce its authorized capital. These shares are called treasury stock, and the corporation's voting and economic rights will be suspended until they are sold again.

The articles of incorporation will establish the terms and conditions for purchasing treasury stock or will give the Board of Directors the power to determine them. Issued stock with suspended voting rights must be repurchased within a period of 30 days.

The articles of incorporation may establish that the administration of the company will be under the charge of a management company, or be decided by the general shareholders or the board of directors.

If its articles of incorporation so permit, an investment corporation may invest its resources in saving accounts, bonds, and other financial instruments of high and immediate liquidity. The corporation must register its public stock in the Securities Register and with the Stock Exchange. Only its non-treasury stock can be quoted on the Stock Exchange. In order for it to be so quoted, it must first be

registered in the Securities Register and with the Stock Exchange, and the company must provide the information required for its stock to be publicly listed and indicate the net worth of its assets per share.

This type of corporation is not required to have a legal reserve and does not have to give pre-emptive rights. It is regulated by the provisions relating to public corporations (SA) in the Commercial Code.

SA / Sociedad Anonima Public Corporation

A *Sociedad Anonima* is a corporation in which the capital is divided and represented by shares. The authorized capital of the corporation, as written or stated in its articles of incorporation, represents the maximum amount of shares that the company is allowed to issue without making any amendment to its articles of incorporation.

This capital can be partially or totally paid at the moment of incorporation, but the initial amount of paid-up capital cannot be less than Q 5,000. The company is formed by two or more shareholders whose liabilities are limited to the amount of shares that each of them has subscribed; these are the shares that they promised to buy, by paying at least 25 per cent of their nominal value, and they represent the subscribed capital of the company. The shares can be paid in cash or in kind.

The shares are represented by certificates that will be used to prove and transfer the shareholders' rights. The definitive stock certificates cannot be issued until the shares are completely paid up. There can be common shares and preferred shares. Preferred stock has priority over other classes of stock when claiming dividends or assets in dissolution; each preferred share is entitled to only one vote, but this right can be limited to some issues by the articles of incorporation.

The corporation may issue founder certificates, giving special privileges to the founders of the company for a period not exceeding 10 years. All the common shares will be of the same value and will give the same rights to the shareholders. Each share will give at least the following rights:

- (1) A right to vote in the general shareholders' meetings one vote per share;
- (2) A right to share in profits when a dividend is declared and in distributions on dissolution; and
- (3) A pre-emptive right, which is the right to subscribe a proportionate share of new stock issues.

The shares can be issued to the bearer stock, in which case the shares are transferred by simple delivery of the stock certificate, or in the name of the shareholder registered stock, in which case they can be transferred by

endorsement and registration in the new shareholder's name in the respective corporate register. In this case, the by-laws of the corporation may grant a right of first refusal to the corporation, which will be exercised by the board of Directors.

The shareholders take decisions in the shareholders' meetings. Actions of the shareholders bind the corporation only when taken in an ordinary or extraordinary meeting properly called after the required notification.

SCA / Sociedad En Comandita Por Acciones Joint-Stock Company or Partnership Limited by Shares

A *Sociedad En Comandita Por Acciones* is a company formed by one or more partners called, socios comanditadores (general partners), who are jointly and severally liable for the company's obligations to the full extent of their personal assets, and by one or more partners, called socios comanditarios (limited partners), whose liability is limited to the amount of shares the shareholder has promised to buy.

The contributions are represented by shares. This kind of company is regulated by the same regulations that the law establishes for public corporations (*Sociedades Anonimas*) and by certain special provisions. The *razon social* (company name) is formed by the name of one of the general partners or by the surname of two or more of them, followed by the legend *y Compania Sociedad en Comandita or Cia, S en CA*.

The administration and legal representation of the company is under the charge of the general partners, unless the articles of incorporation or the by-laws stipulate otherwise.

The limited partners may not undertake any administrative activities for the company. The articles of incorporation must provide that the financial control of the company will be under the charge of two or more accountants or auditors named by the general partners.

Transformacion Conversion

Companies can be converted (*Transformacion*) into any other kind of company following the procedures of the law.

After the conversion, the new company keeps the obligations of the old company, provided that the creditors agree.

Sociedad Gestora **Management Corporation**

A *Sociedad Gestora* is a corporation that, for a management fee, administers the funds of investment corporations.

Liquidacion **Liquidation**

Once the corporation is dissolved, it will enter the stage of liquidation (*Liquidacion*). The company will keep its legal existence until the liquidation is concluded, and it will have to add after its name the words en liquidacion (in liquidation).

The period of the liquidation cannot exceed one year. The liquidation will be conducted in accordance with the articles of incorporation and the law. The partners will appoint the persons in charge of the liquidation when the declaration of dissolution is made.

The persons in charge of the liquidation also can be appointed by a judge in the event that there is no majority to elect them. The order of payments will be as follows:

- (1) Expenses of the liquidation;
- (2) Debts of the company in order of priority;
- (3) Distribution of remaining contributions; and
- (4) Net profits.

Sociedad Civil **Civil Association**

A *Sociedad Civil* is a group of people who have joined together for a certain non-lucrative purpose which can have a political, cultural, religious, or professional object. For those purposes, the association forms a separate legal entity which is distinct from its members.

A civil association will have legal personality and will be represented by the person or group of people that the law or its by-laws establish. Such associations must be approved by the respective government authority.

Sociedad Mercantil **Commercial Company, Corporation**

A *Sociedad Mercantil* is a legal entity organized according to the Guatemalan Commercial Code, and it is registered in the Mercantile Registry. The corporate entity is distinct from its quota holders or shareholders.

For its creation, it is necessary for the founders to have legal capacity and legal representation according to the Civil Code. The articles of incorporation and by-laws must be made in a public deed. The corporation will be regulated by its articles of incorporation and by-laws as contained in the public deed and by the provisions of the Commercial Code. In all non-share corporations, any amendments to the articles of incorporation, and the by-laws must be approved by all of the shareholders.

Foreign individuals or foreign corporations can participate as quota holders or shareholders of Guatemalan corporations, unless there is a law that expressly prohibits this. The contributions to the corporation can be made in cash or in kind, by the contribution of patents, trade marks, and similar rights.

Such contributions can be transferred directly to the corporation; there is no need for a separate contract. The law establishes that five per cent of the net income of every corporation must be retained not distributed annually as a legal reserve to cover possible liabilities of the corporation.

When the reserve reaches 15 per cent, it can be capitalized. However, the corporation must continue to reserve the required five per cent each year.

Fundacion **Foundation**

A *Fundacion* is a civil entity whose assets are dedicated to charitable purposes.

It can be created by public deed or last will and, in both cases, it must be authorized by the respective government authority. The Public Ministry will check that the funds of the foundation are used in accordance with its purpose.

Fiduciario **Trust Company**

A *Fiduciario* is a bank or credit institution specially authorised by the Monetary Board of Guatemala. Trust companies are engaged as trustees or fiduciaries by individuals or businesses to deal with the administration of funds, property, rights, estates, custodial arrangements, estate transfer and registration, fiduciary investment, and management functions.

The trustee holds legal title to the property in trust for the benefit of another person and is required to carry out specific duties with regard to the property for

the beneficiary's benefit. The trust can be made by contract or by last will in a public deed.

Disolucion Total

Total Dissolution

A *Disolucion Total* is the end of the legal existence of a corporation or partnership:

- (1) On the expiry of its period of existence as stated in its articles of incorporation;
- (2) Due to the impossibility of continuing with its main activity or because it has achieved its ends;
- (3) By a resolution of the partners or shareholders taken in an extraordinary general meeting;
- (4) Due to capital losses that represent more than 60 per cent of its paid-up capital; by law; or
- (5) Due to the accumulation of all the shares or contributions in the hands of one of the shareholders or partners.

The declaration of dissolution has to be stated in a public deed and published three times within 15 days in the official newspaper and in other major newspapers. As from the date of the declaration of dissolution, the directors cannot undertake any activities in the name of the company.

Fusion

Merger

A merger (*Fusion*) can be effected in two ways, namely:

- (1) By consolidation, when two or more corporations are united with a new corporation being formed and the old one being dissolved; or
- (2) By merger, where one of the corporations continues to exist and absorbs the other corporation, which ceases to have an independent existence.

The new corporation takes title to all property, rights, powers, and privileges of the old corporations. If the creditors agree, the corporation will be subject to the liabilities and obligations of the old corporations.

If the creditors do not agree, the old corporations will have to pay the debts to their creditors before they merge.

CHAPTER 16

HUNGARY

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Bt / Betéti Társaság Limited-Liability Partnership

A limited-liability partnership is a company incorporated under the Hungarian Companies Act and comprised of at least one or more general partners and at least one or more limited partners.

The general partners manage the business and share in the profits, and they are not liable for the company's liabilities beyond their capital contribution. Limited partners may not be involved in managing the business and may not be representatives of the company.

Kft / Korlátolt Felelősségű Társaság Limited-Liability Company

A limited-liability company is a company incorporated under the Hungarian Companies Act, having the liability of each member limited by the respective member's contribution to the company's capital.

The members manage the company's operation through managing directors appointed from among the members or any third parties. The company may be established by one member as well.

Kkt / Közkereseti Társaság Unlimited Partnership

An unlimited partnership is a company incorporated under the Hungarian Companies Act and comprised of at least two general partners.

The general partners manage the business, provide the necessary financial contributions for the company's operation, and share in the profits, and they are personally, jointly, and severally liable for the company's liabilities.

Pjt / Polgári Jogi Társaság **Civil Partnership**

A civil partnership is a partnership created by two or more persons or entities which cooperate and carry on business activities, and which entity is not organized as a company. Such partnership requires no formal documentation.

In the event legal entities wish to carry out business activities for profit within the frame of such a partnership, the execution of formal corporate documentation is required. The partners must provide the contribution necessary for the operation of the partnership. However, the partnership may be formed without capital.

The partners become joint owners of the partners' contributions and the partnership's assets. Each partner manages the business activities of the partnership. The partners are jointly and severally liable for the partnership's liabilities.

Rt / Részvénytársaság **Company Limited by Shares**

A company limited by shares is a company incorporated under the Hungarian Companies Act, having the liability of its members limited by the respective member's contribution with respect to the nominal value or issuance value of its shares.

The members manage the company's operation through a board of directors or through a general manager appointed from among the members of any third parties. The company may be established by one member, as well.

Zártkörűen működő társaság **Closely Held Company**

The shares of a closely held company (*Zártkörűen működő társaság*) are not publicly traded and typically the voting shares are held by a single shareholder or a small group of shareholders.

In Hungary, most companies limited by shares are closely held companies.

Képviseleti Iroda **Representation Office**

A representation office (*Képviseleti Iroda*) is an operational unit of a foreign legal entity registered into the corporate register of the respective jurisdiction.

The representation office does not carry out business activities, as it mainly keeps contact with the clients of the foreign entity, provides information to the clients, and intermediates contracts.

Üzletrésztulajdonos **Quotaholder**

The investors in a limited-liability company are called quotaholders (*Üzletrésztulajdonos*).

Üzletrész **Quota**

The investors in a limited-liability company contribute cash or in-kind contributions to the capital of the company and, in return, receive an ownership interest called a quota (*Üzletrész*), entitling the respective member to voting rights and a share of the profits in proportion to the ratio of the capital contribution to the total registered capital of the company.

The quota is not embodied in a physical form as the shares of a limited-liability company.

Nyilvánosan működő társaság **Public Company**

The shares of a public company (*Nyilvánosan működő társaság*) are listed or traded, partly or entirely, on a stock exchange.

Tozsdén jegyzett társaság **Listed Company**

A listed company (*Tozsdén jegyzett társaság*) is a public company whose shares are publicly traded on a stock exchange.

Fióktelep **Branch Office**

A branch office (*Fióktelep*) is an operational unit of a foreign legal entity registered into the corporate register of the respective jurisdiction.

The branch office carries on business activities for profit and does not have a separate legal entity.

CHAPTER 17

ISRAEL

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BM / B'aam Limited-Liability Company

A limited-liability company, is a company whose liability is restricted to the company's share capital.

The shareholders have no personal liability beyond the sum they have invested or have undertaken to invest.

B'peruk Under Liquidation

Liquidation is initiated under a formal procedure to terminate legal entities such as companies (private and public) and partnerships, usually, due to insolvency or tax planning.

Liquidation can be initiated by the legal entity itself or by its creditors. Such a company may be under receivership (*b'kinus n'khasim*).

HP / Hevra Pratit Private Company

A private company is a company that is not a public company.

HZ / Hevra Tsiburit Public Company

A public company is a company, the shares of which are listed for trading on a stock exchange or which were offered to the public by prospectus, within its meaning in the Securities Law, and which are held by the public.

Hevra Memshaltit Government Company

A government company is a company in which more than 50 per cent of the votes in the general meeting are held by the state, or by the state and a government company together, or by a subsidiary government company, or in

which the state or the state and a government company together or a subsidiary government company have the power to appoint half of the directors.

**Hevra Ironit
Municipal Company**

A municipal company is a company in which more than 50 per cent of the votes in the general meeting are held by a municipality, or by a municipality and the state together, or by another municipality company or by a subsidiary municipality company, or in which a municipality or a municipality company and the state together or another municipality company or a subsidiary municipality company have the power to appoint half of the directors.

**AGS / Agudah Shitufit
Cooperative Society**

A cooperative society is an association of a group of individuals based on a common economical interest, in order to improve their line of business and manufactory system.

The society is based on the principals of equality and mutual liability.

**AR / Amutah Reshumah
Non-Profit Organization**

A non-profit association is an entity established for the achievement of public objectives, and it does not distribute profit to its shareholders.

**Hevrat Em
Holding Company**

A holding company is a company which controls other companies (see text, below).

**Hevra Bat
Subsidiary**

A subsidiary is a company controlled by another company (the Antitrust Law definition). The Antitrust Law does not supply a definition for "control", and the term may have different meanings in different situations and enactments.

For example, a company may be considered a subsidiary if another company holds more than 50 per cent of its issued capital, or if another company holds more than 50 per cent of the votes in its general meeting, or if another company holds an irrevocable power to appoint the majority of the subsidiary's directors.

Ma'am / Mas Erech Musaf
Value-Added Tax

Value-added tax is applicable to transactions in goods and services within Israel.

CHAPTER 18

ITALY

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Ag Imm / Agenzia Immobiliare Real Estate Agency

A real estate agency (*Agenzia Immobiliare*) is an entity that can be either a sole agency enterprise or a company acting as agent in the transfer and/or lease of real property.

The consideration, due from both the buyer and the seller, is based on a percentage of the price agreed.

Ass / Associazione Association

An association (*Associazione*) is an unincorporated organization of persons who have joined together for a common purpose, typically non-profit.

Members acting in the name of the association are jointly and unlimitedly liable for the association's obligations.

Ass Prof / Associazione Professionale Professional Association

A professional association (*Associazione Professionale*) is an association of professionals in which members acting in the name of the professional association are jointly and unlimitedly liable for its obligations.

Ass Ric / Associazione Riconosciuta Legally Recognized Association

A legally recognized association (*Associazione Riconosciuta*) is an association which is an autonomous legal entity.

The consequences of such status are limited-liability of the association for its obligations and governmental control on the acts put into being by the association.

**Coop / Cooperativa
Cooperative**

A cooperative (*Cooperativa*) is an enterprise having a mutual support purpose, whose partners may have limited or unlimited-liability, depending upon the structure chosen. See text, below.

**Coop ARL / Cooperativa a Responsabilità Limitata
Limited-Liability Cooperative**

A limited-liability cooperative (*Cooperativa a Responsabilità Limitata*) is an enterprise having a mutual support purpose whose partners have chosen the structure of a limited-liability company.

**Coop PA / Cooperativa per Azioni
Joint-Stock Cooperative**

A joint-stock cooperative (*Cooperativa per Azioni*) is an enterprise having a mutual support purpose whose partners have chosen the structure of a joint-stock company.

**GEIE / Gruppo Europeo di Interesse Economico
European Economic Interest Group**

A European economic interest group (*Gruppo Europeo di Interesse Economico*) is an entity having the purpose to facilitate the transnational cooperation of its own members for the development of their economic activities.

A European economic interest group can be established among physical persons, companies and/or other European Community institutions acting in the field of rendering professional services. The members are jointly and fully liable with the GEIE for the latter's obligations.

**SAPA / Società in Accomandita per Azioni
Limited Partnership by Shares**

A limited partnership by shares (*Società in Accomandita per Azioni*) is a company which has the same structure as a limited partnership, but whose investments are represented by share certificates.

**SAS / Società in Accomandita Semplice
Limited Partnership**

A limited partnership (*Società in Accomandita Semplice*) is a company with two types of partners.

General partners are jointly liable for the debt of the partnership. The liability of special partners is limited to their contribution.

Sicav / Società di Investimento a Capitale Variabile
Investment Company with Variable Capital Stock

An investment company with variable capital stock (*Società di Investimento a Capitale Variabile*) is a joint-stock company whose sole purpose can be investment of funds, collected by the continuous offer to the public of its own shares, in the stock exchange market.

The company is characterized by the variability of its capital stock which is always equal to the net asset value of the company.

Sim / Società di Intermediazione Mobiliare
Securities Brokerage Firm

A securities brokerage firm (*Società di Intermediazione Mobiliare*) is a company mandatorily incorporated as a joint-stock company or a limited partnership by shares, performing the activity of a professional broker at the stock exchange market.

Securities brokerage firms are regulated by special laws, and their activities are subject to the authorization and control of special authorities.

SNC / Società in Nome Collettivo
General Partnership

A general partnership (*Società in Nome Collettivo*) is a company where all partners are jointly liable for the debts of the partnership without limitation.

SOA / Società Organismo Attestazione
Certifying Company

A certifying company (*Società Organismo di Attestazione*) is a joint-stock company whose sole purpose is the evaluation of other enterprises in order to certify that said entities qualify for public works. Certifying companies are regulated by special laws, and their activities are subject to the authorization and control of other special authorities.

Soc / Società
Company

“Company” (*Società*) is the general term used for companies.

SPA / Società per Azioni
Joint-Stock Company

A joint-stock company (*Società per Azioni*) is a company whose stock is represented by share certificates. It is a legal entity separate from its shareholders whose responsibility is limited to their respective shares and liable for its obligations with its own assets only.

In order to form an SPA, a minimum of two shareholders and Euro 100.000 are required. Actual payment can initially be limited to 30 per cent of such amount.

SRL / Società a Responsabilità Limitata Limited-Liability Company

A limited-liability company (*Società a Responsabilità Limitata*) is a company whose stock is not represented by share certificates, but is divided by virtual quotas. It is a legal entity separate from its quota holders whose responsibility is limited to their respective quotas and liable for its obligations with its own assets only.

The minimum capital to be subscribed is Euro 10.000. The company can be formed by one or more quota holders.

SS / Società Semplice Informal Partnership

An informal partnership (*Società Semplice*) is the only company not allowed to carry out activities of a commercial nature.

All partners who act for the partnership and, unless otherwise agreed, all other partners, are jointly and unlimitedly liable with the partnership for any debts of the latter.

STP / Società tra Professionisti Company among professionals

A company among professionals (*Società tra Professionisti*) is a company where the partners are lawyers: the company has the sole purpose of presenting and assisting clients in court. The partners are jointly liable for the debts of the company without limitation.

Trust Trust

Italian law does not yet regulate the formation of a trust, but the Hague Convention of 1 July 1985, to which Italy is signatory, recognizes the validity of trusts regulated by foreign laws.

Società Collegata
Affiliated Company

A *Società Collegata* is a company is affiliated with another company if the latter is in a position to greatly influence the former.

Società Capogruppo o Controllante
Parent Company

A *Società Capogruppo o Controllante* is a company that has one or more subsidiaries and/or affiliated companies.

Sede Legale
Legal Seat of Company or Other Entity

The *Sede Legale* is the premises where a company or other entity has its formal address normally coinciding with the company's headquarters.

The *Sede Legale* is the place where correspondence, summons or other legal documents are to be addressed. For this reason, the legal seat has to be mentioned on the stationery and other documents of the companies that are mandatorily recorded with the Register of Enterprises.

Gruppo
Group

Gruppo is a general term, practically unknown to the law, used to indicate an agglomerate of companies parent and subsidiaries.

Sede Amministrativa
Head Administrative Office of Company or Other Entity

The *Sede Amministrativa* is the premises where a company or other entity has its administrative department.

The *Sede Amministrativa* is normally mentioned only if located in a place different from that of the legal seat.

Fondazione
Foundation

A *Fondazione* is an entity set up in order to use funds and/or things assigned to the foundation by its founding members for the purpose established by the founding members.

The main difference between a foundation and an association is that a foundation is characterized by its assets. An association is characterized by its members.

Filiale**Branch**

A *Filiale* is the local office of a company different from its legal seat.

Ditta Individuale**Sole Enterprise**

A *Ditta Individuale* is a one-person firm, carrying out economic activity under his own name with unlimited responsibility.

Consorzio**Syndicate**

A *Consorzio* is an entity created with an agreement by which entrepreneurs set up a joint organization for the development of given phases of their enterprises.

The syndicate is liable for its obligations only with its assets.

Associazione Temporanea Di Imprese**Joint Venture**

An *Associazione Temporanea Di Imprese* is an agreement by which a certain number of enterprises grant to one of their members the power to represent them *vis-à-vis* the owner for the joint performance of work.

Società Controllata**Subsidiary**

A *Società Controllata* is a company in which another company holds a majority of the voting rights in it, is in a position to exercise a dominant influence in the ordinary shareholders' meeting, or may influence the decisions of said company due to particular agreements.

CHAPTER 19

MEXICO

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Mercantile Companies

Mercantile Companies

Mercantile companies are all those incorporated under any of the following forms, with a minimum of two partners or shareholders, as the case may be, whose main characteristic is the commercial speculation and which are regulated by the mercantile legislation in force.

Sociedad en Nombre Colectivo

General Partnership

A general partnership is a mercantile company existing under a corporate name and in which all the partners are alternatively, unlimitedly and jointly and severally liable for the corporate obligations.

The corporate name shall be formed with the name of one or more partners, and if not all the names are included therein, the words “and company” or other equivalent words must be added to the name.

S en C / Sociedad end Comandita Simple

Limited Partnership

A limited partnership is a mercantile company existing under a corporate name and is comprised of one or several limited partners which are alternatively, unlimitedly and jointly and severally liable for the corporate obligations, and one or several limited partners which are only bound to pay their contributions.

The words “limited partnership” or the abbreviation “S en C” must be added to the corporate name.

S de RL / Sociedad de Responsabilidad

Limited-Liability Company

A limited-liability company is a mercantile company incorporated among members who are only bound to pay their contributions, without the equity interest being represented by credit instruments, to the order or in bearer form, since their circulation is restricted pursuant to the General Law of Mercantile Companies.

It exists under a corporate name, followed by the words “limited-liability company” or their abbreviation, “S de RL”.

Limited-liability companies may not have more than 50 members, and their capital stock must be represented by equity interest.

**SA / Sociedad Anónima
Joint-Stock Company**

A joint-stock company is a mercantile company existing under a corporate name and exclusively comprised of the shareholders whose obligation is limited to the payment of their shares.

The corporate name may be freely formed, and it must be followed by the words “joint-stock company” or their abbreviation, “SA”.

**S en C por A / Sociedad en Comandita por Acciones
Company Limited by Shares**

A company limited by shares is a mercantile company comprised of one or several limited partners who are alternatively, unlimitedly and jointly and severally liable for the corporate obligations and of one or several limited partners who are only bound to pay their shares.

It may exist under a corporate name, followed by the words “company limited by shares” or their abbreviation, S en C por A”.

**S de CV / Sociedad de Capital Variable
Variable Capital Company**

A variable capital company is a form which mercantile companies may choose, by virtue of which the capital stock shall be susceptible of increases due to subsequent contributions of the partners or the admission of new partners, and of decreases of such capital due to partial or total withdrawal of contributions, without it being necessary to amend the articles of association under which the company was incorporated.

The words “variable capital”, or their abbreviation, de CV must follow the corporate name (e.g., SA de CV).

**S C / Sociedad Cooperativa
Cooperative**

A cooperative is a form of corporate organization formed by individuals based on common interest and on principles of solidarity, own effort and mutual help, with the purpose of satisfying individual and joint needs, through the making of economic activities of production, distribution and use of goods and services.

A cooperative is a variable capital company.

Non-Profit Organization and Partnership
Non-Profit Organization and Partnership

A Non-profit organization and partnership is regulated by the Civil Code, and its main characteristic is the lack of commercial speculation.

AC / Asociación Civil
Non-Profit Organization

A non-profit association is an assembly of several individuals, permanently, to attain a common purpose which is not prohibited by the law and which has not a prevailing economic character.

SC / Sociedad Civil
Partnership

A partnership is an assembly of partners which bind themselves to combine their funds or their efforts to attain a common purpose, of prevailing economic character, but which shall not constitute a commercial speculation (e.g., an assembly of professionals for the rendering of professional services, such as a law firm or an accountant firm).

Sociedad Controladora
Holding Company

A holding company is a company whose corporate purpose is to be the holder of shares or equity interests, as well as the majority interest in the capital stock of other companies, whether civil or mercantile.

Sociedad Subsidiaria
Subsidiary

A subsidiary is a company is a subsidiary of a holding company if the latter is the holder of the majority of the capital stock of the former.

Socio capitalista
Silent Partner

A silent partner is a partner whose contribution consists of cash or kind, provided that the assets contributed are susceptible of patrimonial valuation.

Socio Industrial
Working Partner

A working partner is a partner whose contribution consists of services.

Fusión**Merger**

A merger is the complete take-over by an existing or newly incorporated company named surviving company, of the net worth of another company or companies, called “merged companies”, which are extinguished.

Escisión**Spin-Off**

A spin-off is an act when a company, called a “disappearing company”, decides to be extinguished and divides all or part of its assets, liabilities, and capital stock into two or more parts, which are contributed in block to other newly incorporated companies, named resulting companies, or when the disappearing company, without it being extinguished, contributes in block some of its assets, liabilities, and capital stock to other newly incorporated company or companies.

Disolución**Winding-Up**

Winding-up refers to the status of the company which losses its legal capacity to attain the purpose for which it was incorporated and which subsists only for the termination of the links of the company with third parties, with the partners and with the partners among themselves.

Liquidación**Liquidation**

A liquidation is the transaction necessary to terminate the pending business by a company, to collect what is owed to it, to pay what is owed by it, and to divide the net worth resulting therefrom among the partners.

Fideicomiso**Trust**

A trust is an act by virtue of which the settlor earmarks certain assets to a determined lawful end, by entrusting the attainment of this purpose to a trust institution, which in all events is a banking institution, and which beneficiary may be an individual or a legal entity which has the legal capacity necessary to receive the benefits involved in the trust.

Obligación-Emisión**Debenture**

Debentures are instruments which the companies may issue and which represent the individual participation of their holders in a collective credit in charge of the issuing company.

CHAPTER 20

THE NETHERLANDS

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AA / Administratieconsulent Accountant Administration Consultant

An *Administratieconsulent Accountant* is a member of Nederlandse Orde van Accountants-Administratieconsulenten NOVAA Dutch Association of Accountants/Administration Consultants. External book keeping, i.e., bookkeeping for clients, preparing provisional balance sheets and financial statements, and completing tax returns.

After passing an additional examination, an *Administratieconsulent Accountant* may use the title *certificerend accountant* (certifying accountant) and is permitted to audit financial statements.

Ava / Algemene vergadering van aandeelhouders General Meeting

A shareholders' meetings must be held at least once a year. Normally, this meeting is in the statutory seat, except when the holders of the entire issued capital are resident in another place.

Resolutions outside a meeting may be taken in writing, if done unanimously.

Btw / Omzetbelasting Value-Added Tax

Value-added tax (*Omzetbelasting*) is generally payable, at a rate of 19 per cent, although a reduced rate of six per cent is applied to essential goods and services.

A number of exemptions exist, especially in relation to not-for-profit organisations, financial businesses, and exports outside the European Union. Import duty is payable on goods coming from outside the European Union.

BV / Besloten vennootschap met beperkte aansprakelijkheid Closed Company

Dutch companies are BV or NV limited-liability companies. The forms are similar. BVs only have registered shares and these are not freely negotiable.

Statutes contain blocking clauses. BV shares cannot be listed. BVs and NVs may be converted into each other.

BW / Burgerlijk Wetboek Civil Code

The Civil Code provides the basis for civil law.

CV / Commanditaire vennootschap Limited Partnership

A limited partnership has two types of partners, i.e., managing partners who may be held liable for all debts and limited partners who are liable only to the extent of their contribution.

A CV may be either open, in which case a partner's participation is fully transferable, or closed, where a limited partner is prohibited from selling his participation to anyone else. The CV does not have to file accounts with the Trade Register.

EESV / Europees Economisch Samenwerkingsverband European Economic Interest Grouping

The *Europees Economisch Samenwerkingsverband* is a structure for cross-frontier collaboration between groupings of companies, firms, or individuals from different member states of the European Union.

The basic enabling law is a European Community Regulation. The Regulation has been implemented in The Netherlands by the Act of 28 June 1989, conferring legal personality on any EESV which is registered as having its official address in The Netherlands.

The purpose of an EESV is to facilitate or develop the economic activities of its members and to improve or increase the results of these activities; its purpose is not to make profits for itself, and any profit made must be for its members. An EESV may not exercise management functions in respect of its members or hold shares in its members.

An EESV is not permitted to be a director of a company, to have more than 500 employees, to issue shares or bonds, or to be a member of another EESV.

HR / Hoge Raad Trade Register

Only NVs, BVs, cooperative associations, and mutual guarantee companies must supply information about their accounts. All companies must register with the Trade Register, giving particulars of the nature of their business, statutory

directors, supervisory directors, and company officers with power of representation and the paid up capital of the company.

Every business must be registered with its local Trade Register. Particulars to be registered include name, activities, number of staff, authorised persons managing partners, and the number and nationality of the limited partners. A professional partnership is not a business in this sense, and thus does not have to be registered.

JV

Joint Venture

Joint venture forms can be special forms (such as the EESV/EEIG) or general forms. A BV or NV or any partnership may be used. The forms most often used are a BV or a VOF.

NV / Naamloze vennootschap Limited-Liability Company

An NV can have bearer and registered shares. NV shares are freely negotiable in principle, but they may be blocked in some way.

NV shares can be listed. NV accounts must be audited by a public accountant, and NVs are generally under an obligation to publish their full annual accounts.

RA / Register-Accountant Chartered Accountant

A chartered accountant is a member of the Nederlandse Instituut van Register-accountants (NIVRA), or the Dutch Institute of Registered Accountants, affiliated to the International Accounting Standards Committee.

Audits, financial statements, usually in conjunction with tax work, financial advisory work, and general management advisory work are undertaken by chartered accountants.

SV / Sociale Verzekeringen Social Security

Governmental social security is deducted from salary or wages to finance state pensions, widows' and orphans' pensions, basic disability pensions, extraordinary disability expenses, and children's allowances.

Social security is payable according to industry, and all industries are allocated to a relevant industry organisation (*bedrijfsvereniging*), which makes provision for unemployment benefits, sickness benefits, sickness expenses funds, and additional disability pensions.

The total rate of social security, part of which is deducted from salary or wages and part of which is charged to employers, is approximately 20 per cent of gross salary.

VOF / Vennootschap onder Firma Ordinary Partnership

A VOF is not a legal entity distinct from its members, but it may enter into contracts, hold property and sue and be sued in its own name. Partners are jointly and severally liable.

VPB / Vennootschapsbelasting Corporate Income Tax

The rules according to which the annual profit of a company is to be calculated are not specified by law, but the profit must be calculated according to sound business practices. A number of exemptions exist, the most important being the participation exemption.

Corporate tax rates are 30 per cent on the first NLG 50,000 profit and 35 per cent on the excess. Only separate legal entities are subject to corporation tax; other entities are subject to income tax rates for 2001 up to 52 per cent.

Zegel Company Seal

The use of a company seal (*Zegel*) is not obligatory in The Netherlands.

A document can be authenticated by preparing a notarial deed or having it notarially legalised or by registering the document with the tax authorities.

Zetel Corporate Seat

The corporate seat (*Zetel*) of a Dutch company must be in The Netherlands. The company's office address may be anywhere.

Filiaal Branch

A *Filiaal* is the establishment of a business enterprise in whatever form which carries on the business of the enterprise.

If a foreign company extends its business into The Netherlands, the tax authorities will consider it to be a permanent establishment which is liable to be taxed. As a branch has no separate legal personality, the enterprise as a whole is liable on all contracts properly concluded by the branch.

An overseas company having an established place of business in The Netherlands is thereby subject to the jurisdiction of the courts in The Netherlands.

Belastingadviseur Tax Advisor

A *Belastingadviseur NOB* is a member of the Dutch Order of Tax Advisers (*Nederlandse Orde van Belastingadviseurs NOB*), a private organisation, at academic level.

Belastingverdragen Double-Taxation Agreements

Belastingverdragen are agreements that exist between The Netherlands and approximately 85 countries.

All of the agreements have the effect of avoiding double taxation of income, profits and, in some cases, wealth.

Beursnotering Securities Exchange Listing

A Securities Exchange Listing is possible for an NV, but not for a BV.

Boekhouding Bookkeeping

Boekhouding are accounting records which provide a fair insight into the assets and liabilities of the business, and they should be kept for a period of seven years.

Boekjaar Financial Year

The *Boekjaar* is the accounting period for corporate tax. It may be any period of 12 months which the articles of association may state; otherwise, the calendar year is the accounting year.

Commissaris Supervisory Director

Many companies have a supervisory board, even if it is not required by law. It is only required for large companies, unless fully exempted. The supervisory board is a corporate body. It has collective duties and responsibilities.

It may consist of the single member. The supervisory board is charged with a general supervision of the management board and its business policy, as well as

the general course of business of the company and its enterprise, giving advice to the management board in all matters and performing other specific duties and powers as defined by law and in the statutes.

Commissioonnair Group

A *Commissioonnair* is usually built out of independent legal persons; in The Netherlands, these are usually BVs, which are held by one holding company, also indicated as “top holding”. As an independent company, the top holding leads the group, while the subsidiaries must partly relinquish their independence to the top holding.

Dutch company law recognizes various rules specifically written for group relations which can be found spread throughout the legislation, such as in the framework of capital protection, consolidated accounts, the definition of participations, subsidiaries, dependent company, group and group company, the Work’s Council Act, the SER Merger Code, buying in of shares, in the definition of large companies, the rules with regard to annual accounts, the rules with regard to buying out shareholders, and the rules with regard to bringing in kind on issued shares and finally in connection with a so-called dispute arrangement.

Cooperatie Cooperative Association

A cooperative (*Cooperatie*) is an association which has been formed by notarial deed as cooperation. A cooperation can only come into being by notarial deed. Such entities can be end users or consumer cooperatives, but much more important are those cooperatives aimed at businesses which are active in agriculture.

The cooperative is not exclusively aimed at economic traffic with its members. It also can trade products from others than members and work up products of others than members. The number of cooperatives has been reduced, while their joint market share has grown.

The basic form for the cooperative is the association. The cooperative is a cooperation aimed at material advantage for its participants, but it also has aspects of a company.

Directeur Managing Director

The *Directeur* is a member of the management board of a BV or NV, who is charged with the management and the representation of the company.

At least one director is obligatory. Where there are more than one, there is joint and several liability for evident mismanagement.

Dividenden

Dividends

Dividends (Dividenden) received by resident companies which qualify for participation exemption are exempt from corporation income tax.

Dividends received by private individuals or non-resident companies are taxed at a rate of 25 per cent. However, tax treaties may provide for reduced percentages.

Doeloverschrijding

Objects and Deviating Therefrom

Capacity to contract may be limited under the articles of association, but the *ultra vires* rule is rarely invoked. Activities beyond the scope of the objects of the company are not null and void *per se*.

Following the introduction of the First European Community Company Law Directive, the Civil Code has been amended and now provides that no company can plead that an act performed in its name was *ultra vires* unless it can prove the other party knew that this was the case or could not reasonably have been ignorant of this fact.

The other party, however, has no right to invoke the *ultra vires* doctrine as regards its obligations towards the company. It is not sufficient for the company to prove the other party's knowledge by claiming that the other party should have checked the trade register.

Courts will interfere only when the challenged action could not possibly be in the interests of the corporation. The company may only declare void a transaction which could not conceivably be within the scope of its objects.

35 Per Cent Sregeling

35 Per Cent Arrangement

A 35 per cent deduction on taxable income for a period of five years may be requested in respect of foreign staff sent to a Dutch group company.

Federatiebelastingconsulent

Federation Tax Consultant

A *Federatiebelastingconsulent* is a member of the Dutch Federation of Tax Consultants, below the level of the *Belastingadviseur* NOB.

Aftrekbarekosten **Expenses**

Aftrekbarekosten are allowable expenses and special reliefs.

All expenses normally incurred in the generation of income are allowable unless expressly excluded by law.

Fiscale Eenheid **Fiscal Unity**

Fiscale Eenheid relates to the taxation of groups of companies. If a Dutch limited company owns at least 99 per cent of the stock of another Dutch limited company, it may apply to be treated as a *Fiscale Eenheid*.

A request for a fiscal unity status is made to the Tax Inspector, who grants it together with a set of standard conditions designed to avoid misuse of the regulation. A consolidated tax return is then required to be filed.

The main advantage of this status is that, if one company of the fiscal unity incurs a loss, that loss may be offset against profits of other companies of the fiscal unity instead of against taxable profits of other years of the same company.

Fiscale Vestigingsplaats **Tax Residence**

Fiscale Vestigingsplaats relates to residence for tax purposes, *inter alia*, determined by factors such as the central management and the location of the activities of the company.

Fusie **Merger**

Fusie is the legal concept whereby a certain company absorbs other companies which can only be achieved through an agreement between the merging companies.

It also may relate to the acquisition of a controlling number of shares in one or more companies or the acquisition of all assets or a constituent part thereof without or with the corresponding liabilities, for shares in the acquiror company and/or for other securities, and/or for a cash payment. Respectively, these are called a share merger and a business merger.

Groepsaansprakelijkheid **Group Liability**

In regard to the liability of a parent company for insolvent subsidiaries, generally, the parent is not liable. However, liability may be assumed voluntarily. Major

creditors (e.g., banks) normally ask parent and subsidiary to complete joint agreements, making them jointly liable where the business of the subsidiary is partly financed by the parent.

Any transaction that cannot be considered a transaction at arm's length makes the parent company vulnerable. Therefore, there are many cases in which a de facto liability does exist. Case law has held that, if a parent company acts tortiously by transferring assets from the subsidiary to the parent company without title or for less than the market value, thereby making it impossible for the subsidiary to fulfil its obligations, the parent company may become severally liable with the subsidiary.

Kadaster

Mortgage Registry

Only mortgages on real property are required to be registered at the Mortgage Registry, always located at the same place as the regional Land Registry.

There is one, sometimes with a branch office, in each province.

Kantoor

Office

The location of the *Kantoor* is determined by the principal place of business.

Kapitaalsbelasting

Capital Tax

A capital tax of 0.9 per cent is payable upon paying up of capital.

Stock Exchange transaction tax has been abolished. Real estate tax is payable on a municipal basis.

Kapitaal-Winsten en-Verliezen

Capital Gains and Losses

Capital gains are taxed as trading income, except where participation exemption applies.

Maatschap

Professional Partnership

A *Maatschap* may be used only for the purpose of carrying on a profession. It may not be used for the insurance business, which must take the form of a NV, a mutual guarantee company (*Onderlinge Waarborg-Maatschappij*), or a branch of a foreign insurance company.

Only an individual partner's interest in the property of the partnership may be attached to satisfy his personal, non-partnership debts, and not the interests of the other partners.

Minimum Capital

Minimum Capital

Minimum Capital relates to the minimum number or value of shares taken up on incorporation of a BV.

Notaris

Notary

A *Notaris* is a member of the Royal Notarial Brotherhood (*Koninklijke Notariele Broederschap*).

A *Notaris* is a specialist in the formation of all forms of business enterprise, real property conveyancing and probate. He may be contacted directly by the public, but he is not permitted to act as advocate.

Overdrachtsbelasting

Transfer Tax

Transfer tax is payable at a rate of six per cent on transfers of real property.

Faciliteiten

Tax Reliefs

The most important special relief is the participation exemption. Participation exemption is applicable if:

- (1) The company owns a certain stock as part of its business not merely as an investment;
- (2) The participation is subject to corporation tax;
- (3) The participation is at least five per cent (participation also may arise in the event of less than five per cent stock, e.g., a stockbroker with one share in the European Option Exchange); and
- (4) Participation comes from other European Union countries and is at least 25 per cent of the share capital.

Income from the participation and capital gains and losses are free from corporation tax. For foreign participations, interest for financing the acquisition of the participation and other expenses regarding the participation are not deductible. Some anti-abuse regulations are applicable.

Stichting

Foundation

A *Stichting* is a legal person without members, and it is primarily used for charitable purposes, respectively, for the organisation of various social activities. It also is used for joint venture constructions and for dependency relationships and in the framework of a concern or group.

It must be formed for a specific purpose, and the objects of the foundation may not contain distributions to founders or those who are part of its organs or to others unless, insofar as these others are concerned, the distributions have an idealistic or social purport. This distinguishes the foundation from the cooperative.

Verslaglegging

Accounting

Under Title 9 of Book 2 of the Civil Code, the implementation of the Fourth and Seventh European Community Company Law Directives, detailed accounting records must be kept for seven years. After approval at the annual meeting, the accounts must be filed within eight days with the Registrar at the Trade Register.

If the annual meeting has not approved the accounts, the statutory management nevertheless must file them within two months after they have been made. This gives rise to a maximum filing time of 13 months.

The accounts which are filed with the Trade Register are available to the public. General accounting principles apply. Deviation from these principles may only be made with good reason specified by law.

Statuten-Wijziging

Amendment of Statutes

Statuten-Wijziging relates to the amendment of a company's share capital or any other part of its statutes.

Paid-Up Capital

Paid-up capital must be at least 25 per cent of each share.

Additionally, the minimum amount to be paid up must be at least NLG 100,000 for an NV and NLG 40,000 for a BV.

Alleenverkoper

Distributor

An Alleenverkoper is a distributor who buys goods from his principal in his own name and for his own account and resells these goods to third parties in his own name and for his own account.

Statuten
Statutes

Statuten are statutes or deeds of incorporation and by-laws.

Agent Commercial
Agent

An agent is self-employed, and the relationship between agent and principal is not of an incidental nature. The agent does not act on his own behalf, but for the account of and in the name of his principal.

The agent mediates in the conclusion of contracts between the principal and third parties and/or concludes contracts himself for the account of and in the name of his principal.

Subsidies
Incentives

Subsidies refers to incentive schemes. A large number of incentives are available in different forms, such as by way of grants for costs, investment grants, or premiums and financial support.

Enterprises and individuals who may be eligible to receive such incentives include companies of all sizes, not-for-profit organisations, governmental and semi-governmental bodies, and individual employees and unemployed persons.

Trust
Trust

The Netherlands does not recognize the concept of trust, but it does recognise foreign trusts under certain conditions.

A foreign trust may own shares in a Netherlands company. In The Netherlands, a foundation would normally be used instead of a trust.

Advocaat
Advocate

An *Advocaat* is a member of the Netherlands Order of Advocates (*Nederlandse Orde van Advocaten*).

An *Advocaat* provides advice and the preparation of contracts, enjoys a monopoly of advocacy in the District Court, Court of Appeal, and Supreme Court, and he may appear before any court in The Netherlands.

Procureur

Procurator

A *Procureur* is a member of a local section of the *Nederlandse Orde van Advocaten* who may appear only before the District Court where he is admitted.

An advocate is practically always also a *Procureur* and a *Procureur* is practically always an advocate. A *Procureur* acts as a legal agent for *Advocaten* and for *Procureurs* from other districts.

Vereniging

Association

A *Vereniging* is a legal person with members and an organisation for a specific purpose, i.e., the participating in legal activities as a single entity.

It can be formed expressly or it can arise because of the fact that a cooperation of persons begins to participate as an entity in legal activities. It can be formed by notarial deed, and then it has full legal capacity.

The association not formed by notarial deed cannot acquire real property and cannot be an heir, and the managing board of the informal association is jointly liable for debts resulting from a legal act which become claimable from the association during their management. The managers are only liable insofar as the opponent can make clear that the association will not fulfil the obligation.

Aandelenuitgifte

Share Issuance

The issue of shares is regulated by the company statutes. If the company wishes to issue more than its authorised capital, the statutes must be amended, a process that requires approximately two months.

Aansprakelijkheid

Liability

VOF or *Maatschap* partners have full liability. CV managing partners have full liability; limited partners are liable only to the extent of their participation.

However, if a limited partner involves himself in the management of the partnership, he automatically becomes a managing partner and fully liable as such.

Other partnership officers are liable only for tortious acts. CV managing partners may be held fully liable, but a limited partner will be liable only to the extent that he caused the error.

Verliesverrekening
Loss Set-Off

Tax losses may be offset against taxable profits in the three preceding and all following years.

Pre-Contractuele-Fase
Pre-Contractual Phase

The pre-contractual phase is the stage in which, although a contract has not yet been executed, the parties may be under an obligation to pay damages upon withdrawal or may be under the obligation to continue to negotiate in good faith.

CHAPTER 21

NEW ZEALAND

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Assn

Association

Generally, an association is an organisation of persons who have joined together to pursue a common purpose which may be profitable or non profitable.

Co

Company

A company is any group of persons who carry on an activity for profit. If the word is followed by the term “Limited” or “Ltd”, it means the liability of the company is limited within the meaning of the Companies Act 1993 (see the, below, relating to “Ltd” or “Limited”).

If the word is used without either term, it means that the business is being operated without the protection of limited-liability.

Corp

Corporation

In New Zealand, the word “corporation” has no legal significance, and it is simply used as part of a trade name, brand name, or company name.

Any business entity, whether incorporated or unincorporated, can use the word corporation as part of its name.

In Liq

In Liquidation

The words “In Liquidation” following the company name signify that the company is in liquidation, meaning that a liquidator has been appointed to manage the company’s affairs. Liquidators are usually appointed when the company is insolvent and can no longer pay its debts as they fall due.

Under the Companies Act 1993, the court also has a wide discretion to appoint a liquidator in other circumstances where it is just and equitable to do so.

Liquidators can be appointed by special resolution of the shareholders, the board of the company on the occurrence of an event specified in the constitution, or by order of the court on the application of an entitled person such as a director, shareholder, or contingent or prospective creditor.

In Rec

In Receivership

The words “In Receivership” following the company name signify that the company is in receivership meaning that a receiver has been appointed to manage the company’s affairs.

A receiver can be appointed by virtue of a deed or agreement or by order of the court under the Receiverships Act 1993. Receivers are usually appointed when a company is in financial difficulty.

Inc

Incorporated

“Incorporated” indicates that the company has been incorporated under the Companies Act 1993 (see the text, below, relating to “Ltd” or “Limited”) or, in the case of a society, under the Incorporated Societies Act 1908, for “Incorporated Society”.

Ltd, Limited

Limited-Liability Company

The words “limited-liability company” indicate that the company has been incorporated under the Companies Act 1993. The same words are used whether a company is limited by shares, a company limited by guarantee, or an unlimited company.

The liability of the shareholders of a limited company in each case is limited to:

- (1) Any amount unpaid on shares;
- (2) Any liability provided for in the constitution;
- (3) Any liability the shareholder might have as a director; or
- (4) Any liability to repay a distribution made when the company was insolvent.

Soe

State-Owned Enterprise

A state-owned enterprise is a company formed under the State-Owned Enterprises Act 1986 and whose shares are held by a Minister of the Crown, such as Air New Zealand or Television New Zealand.

The State-Owned Enterprises Act was passed with the intention of improving the performance of Government trading activities by running state enterprises as businesses.

T/A

Trading as

“Trading as” indicates the use of a trading name or brand name, such as John Smith t/a ACME Plumbing.

Group

Group

A group is a number of limited companies of which one is a holding company and each of the others is a subsidiary of that holding company or another member of the group.

Sole Trader

Sole Trader

A sole trader is a person who carries on business under his own name or under a trade or brand name who is the sole owner of that business.

A sole trader has the exclusive right to make decisions about the day to day running of the business and the acquisition or disposition of assets and has sole responsibility for the payment of all taxes and other debts.

Subsidiary

Subsidiary

A company is a subsidiary of another company if the other company:

- (1) Controls the composition of the board of the company;
- (2) Is in a position to exercise or control more than one half of the company's voting rights;
- (3) Holds more than one half of the companies shares; or
- (4) Is entitled to more than one-half of every dividend paid on shares issued by the company.

Trust

Trust

A trust is a legal entity created by deed or statute for the benefit of a beneficiary or beneficiaries.

Trustees have legal ownership of the trust property, but they are under a legal obligation to deal with the property for the benefit of the beneficiaries.

Society

Society

A society is an association of persons, firms, or companies whose members have come together for a common purpose.

If that purpose is charitable, the society can incorporate under the Charitable Trusts Act 1957 (see the text, below, relating to “registered charity”).

Unit Trust Scheme

Unit Trust Scheme

A unit trust scheme is a collective investment scheme where property is held in trust for the participants in the scheme.

Partnership

Partnership

A partnership is two or more persons carrying on a business for profit. Each of the partners is a co-owner of the business and is liable for all acts of the other partners performed in the usual course of the partnership’s business.

The rules for determining the existence of a partnership, the relations of partners to persons dealing with them, and the relations of the partners to one another are set out in the Partnerships Act 1908.

Registered Charity

Registered Charity

A registered charity is a charity incorporated under the Charitable Trusts Act 1957 which exists exclusively or principally for charitable purposes.

Holding Company

Holding Company

A company is a holding company of another company if it:

- (1) Controls the composition of the board of the other company;
- (2) Is in a position to exercise or control more than one half of the other company’s voting rights;
- (3) Holds more than one-half of the other companies shares; or

(4) Is entitled to more than one half of every dividend paid on shares issued by the other company.

Firm

Firm

Generally, a “firm” is an unincorporated business or partnership.

Incorporated Society

Incorporated Society

An incorporated society is a society incorporated under the Incorporated Societies Act 1908. An incorporated society must consist of not less than 15 persons who are associated for a lawful purpose other than pecuniary gain.

Every incorporated society must have a set of rules which provide for, *inter alia*:

- (1) The name of the society;
- (2) The objects for which the society is established;
- (3) The mode in which persons become or cease to be members;
- (4) The appointment of officers of the society; and
- (5) The mode in which the rules of the society may be altered, added to, or rescinded.

CHAPTER 22

PERU

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Sucursal Branch

Procedures for organizing a branch (*Sucursal*) are similar to the procedures applicable to organizing corporations. Registration of branches requires:

- (1) The parent company's by-laws and articles of incorporation;
- (2) An official certificate of good standing of the parent company;
- (3) The parent company's shareholders' agreement, with a board resolution resolving to establish the branch in Peru;
- (4) Information as to the assigned capital, business activities, and domicile;
- (5) A national legal representative; and
- (6) The term of duration, whether definite or indefinite.

This documentation must be validated by the Peruvian Consulate and authenticated by the Peruvian Ministry of Foreign Affairs prior to preparation of the by-laws.

A branch is an extension of the parent company. The parent company is liable for the debts of a branch. A branch can be subject to bankruptcy proceedings.

Sociedad Comercial De Responsabilidad Limitada Limited-liability Company

A limited-liability company (*Sociedad Comercial De Responsabilidad Limitada*) is organized by a minimum of two and a maximum of 20 quota holders. This type of company releases no shares.

The capital is represented by quotas and the partners are denominated quota holders. The setting-up procedures are the same as for corporations. Quota holders are not personally liable for the corporation's liabilities.

Transfer of the partners' interest to third parties is subject to approval by the existing quota holders and must be formalized through a public deed and registered in the public registry. Death, illness, bankruptcy, retirement, or resignation of any partner does not cause the dissolution of the entity.

Sociedad Anónima Cerrada Closely Held Corporation

Closely held corporations are regulated by the General Corporation Law. In a closely held corporation (*Sociedad Anónima Cerrada*), shareholders also are in charge of the management of the company. These can be incorporated only with partners. A minimum of two shareholders is required to incorporate a closely held corporation

The shareholders are liable for the par value of the shares they hold. This corporation can operate without a board of directors. In such cases, all the attributions of the Directors are assumed by the chief executive officers. The board of directors can hold meetings without the physical presence of its members by written, electronic, or other means which allow the decisions to be recorded.

A preferential acquisition of shares is awarded to all shareholders. The by-laws may provide that a shareholders' meeting must consent to any transfer of shares. The death of any shareholder does not cause the dissolution of the corporation; instead, the shares are passed to his inheritor, and this interest can be purchased during a certain period of time established in the by-laws. Shareholders agreements are valid and enforceable under Peruvian legislation.

Sociedad Anónima Corporation

The corporation (*Sociedad Anónima*) is the most common form of creating a business enterprise in Peru. A minimum of two shareholders is required. Non-resident shareholders must appoint a proxy to sign off the by-laws on their behalf.

Funds in foreign currency for the initial contribution should be deposited in a local bank. The by-laws must be converted into a public deed and then registered in the public registry. Stockholders are liable only for the par value of the shares they hold.

There are no limitations to the transfer of shares. Nevertheless, the by-laws may provide existing shareholders the right of first refusal. The death, illness, bankruptcy, retirement or resignation of any shareholder does not cause the dissolution of the corporation.

CHAPTER 23

SPAIN

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S Coop / Cooperativa Cooperative

A *Cooperativa* is intended as a type of association for partners who fulfill the requirements for admission and provide money and/or their personal effort.

Its purpose is not strictly to obtain a profit, although this is possible. Basically, governance is submitted to democratic approval of resolutions. The current regulation is subject to regional specialities.

SA / Sociedad Anónima Stock Corporation

A *Sociedad Anónima* provides for the liability of the shareholders limited to the funds or goods provided to the company. It is the only type of company that can go public and issue obligations. Contributions can be in either money or goods, but not personal work. It is intended for a large number of shareholders, although there is no minimum.

This legal form is mandatory for certain activities and businesses. It is possible to incorporate sole shareholder companies.

SC / Sociedad Comanditaria Partnership with Unlimited-Liability

The *Sociedad Comanditaria* is a very unusual form of partnership where the partners' liability is not limited. Partners can contribute money, goods, or personal work.

General partners have unlimited-liability, and they direct the company. Special partners have limited-liability, and they do not direct the company.

SCA / Sociedad Comanditaria por Acciones
General and Limited Partnership

The *Sociedad Comanditaria por Acciones* is an unusual form of partnership, with two kinds of partners.

General partners have unlimited-liability. Special partners have limited-liability.

SL, SRL / Sociedad Limitada
Limited Partnership

In a *Sociedad Limitada*, the liability of the partners is limited to the funds or goods provided to the company. Such a company cannot go public or issue obligations.

Contributions can be in either money or goods, but not personal work. Such a company is intended for a reduced number of partners, although there is no maximum. There are legal limits on the sale of the participation. It is possible to incorporate sole shareholder companies. It is normally used in family enterprises.

Src / Sociedad Regular Colectiva
Sole Shareholder Partnership

In a *Sociedad Regular Colectiva*, the partners' liability is not limited. The partners can provide money, goods, or personal work.

It is not possible to incorporate sole shareholder companies. There are two kinds of partners, i.e., "capital partners" and "working partners" who, unless otherwise provided, are not liable for the company's debts and who have different rights and obligations. No minimum equity is required. All partners must allow the sale of another's participation.

Asociación
Association

An *Asociación* is the union of two or more people, with or without the intention of obtaining a profit. All the companies are associations, but not all associations are companies.

AIE / Agrupación de Interés Económico
Economic Interest Grouping

The *Agrupación de Interés Económico* is intended to assist the common needs of the partners. This is a vehicle which is normally used in joint ventures. It has juridical personality. Its purpose is to develop an auxiliary activity of its members.

CHAPTER 24

SWEDEN

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Ab / Aktiebolag Company Limited by Shares

An *Aktiebolag* is a company incorporated under the Companies Act (*Aktiebolagslagen*); it is an entity distinct from its shareholders. The liability of the shareholders is limited.

An *Aktiebolag* must maintain a certain amount of equity capital. If its assets fall below this level, its board of directors must file for bankruptcy or be liable for claims for damages. After the Swedish accession to the European Union, there are two types of *Aktiebolag*, i.e., public and private.

A public *Aktiebolag*, the memorandum of which states that it is a public company, must have an authorized share capital of not less than SEK 500,000 (approximately £35,970). A public company may or may not be a listed company.

A private *Aktiebolag* is a company limited by shares that is not a public company. It must have an authorized share capital of not less than SEK 100,000 (approximately £7,194). An *Aktiebolag* is a legal entity.

Hb / Handelsbolag General Partnership

A *Handelsbolag* is a partnership where two or several partners agree to jointly carry on an activity for profit. Each partner in a general partnership is personally liable for all acts of all other partners performed within the scope of the partnership.

A general partnership must be registered in the Commercial Register in order to become a legal entity.

Kb / Kommanditbolag Limited-Liability Partnership, Limited Partnership, Commandite Company

A *Kommanditbolag* is a type of partnership that provides limited-liability protection to all the partners. The partnership is comprised of one or more general partners (*komplementär*) and one or more limited partners (*kommanditdelägare*).

The general partners manage the business and share in the profits and are personally liable. Limited partners share in the profits, but they may not take part in the running of the business, and they are not liable beyond their partnership capital contribution.

A limited partner is expressly forbidden to make arrangements on behalf of the *Kommanditbolag*. The *Kommanditbolag* must be registered in the Commercial Register to be a legal entity.

Börsnoterat Företag, Noterat Företag Listed Company

A *Börsnoterat Företag, Noterat Företag* is a public company whose shares are publicly traded on the Stock Exchange.

Dotterbolag Subsidiary

A company is a subsidiary (*Dotterbolag*) of another company if the other company holds a majority of the voting rights in it or is a shareholder of it, and it has a right to appoint or remove a majority of its board of directors.

Ekonomisk Förening Economic Association

An *Ekonomisk Förening* is an association instituted to act for the economic profit of its members.

It must be registered in the Commercial Register to be a legal entity.

Enkelt Bolag General Partnership

An *Enkelt Bolag* is the same as a *handelsbolag*, with the exception that it is not registered in the Commercial Register; therefore, it is not a legal entity.

Enskild Firma Sole Trader, Private Firm

An *Enskild Firma* is a person who carries on business under his own name or another business name and who alone has the sole right to make all decisions affecting the business and who owns all the assets of the business.

A sole trader is responsible for paying all taxes and for the debts and obligations of the business without any limit. An *enskild firma* is not a legal entity as such.

Stiftelse**Foundation, Trust**

A *Stiftelse* is a legal entity created for the benefit of a certain purpose stated in its formation document. It must have the word *stiftelse* appearing in its name, and it is to be administered by one or several natural persons or one separate legal entity.

A *Stiftelse* which is carrying on activities for profit must be registered in the Commercial Register.

Koncern**Group of Companies**

Koncern is a term used to denote a number of companies, of which one is a holding company and each of the others is a subsidiary of that holding company or another member of the group.

Ideell Förening**Non-Profit Association, Unincorporated Company**

The *Ideell Förening* is not regulated by legislation, but through case law, and it is considered to be a legal entity, under the condition that statutes have been established and a committee has been elected.

There is no general obligation to register, unless the association is to carry on an activity for profit, in which case it must be registered in the Commercial Register.

Firma**Firm, Business**

Firma is the denomination under which a business proprietor carries on activity for profit. It is used as a synonym of company (*Bolag*), although *firma* would normally imply that it is a formally registered company.

The term also is used in Swedish, as it is in English, to sign for a firm.

Bolag**Company**

Bolag can be used as a very general term to mean any group of persons who carry on an activity for profit.

Association

Association

Association can mean many things. Generally, it is an unincorporated organization of persons who have joined together for a common purpose, such as a trade or marketing.

It is often a not a for-profit organization, but this is not always the case.

CHAPTER 25

SWITZERLAND

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AG (German) / Aktiengesellschaft, SA (French) / Società Anonima, SA (Italian) / Società Anonima Joint Stock Company

The joint stock company is a legal entity of its own. There is a minimum capital of CHF 100,000, of which at least 50 per cent must be paid in at the time of incorporation.

Only the corporate assets are liable for the debts of the company, the shareholders are not personally liable. The voting and other rights of the shareholders depend on the numbers of shares they own. The company may issue nominal shares or bearer shares.

GmbH (German) / Gesellschaft mit beschränkter Haftung, Srl (French) / Société à responsabilité limitée, Sagl (Italian) / Società a garanzia limitata Limited-Liability Company

As the joint stock company, the limited liability company is a legal entity of its own. The company's capital may amount to not less than CHF 20,000 nor more CHF 2-million. The contributions of the partners may be of different amounts at the time of incorporation.

At the time of incorporation, a member must pay in at least 50 per cent of his contribution. The limited-liability company is less flexible than the joint stock company. The partners in the company are registered in the Commercial Register, and the transfer of a participation requires a notarial deed.

Einfache Gesellschaft (German), La société simple (French), La società semplice (Italian)

The simple partnership is a contractual relationship between two or more persons to attain a joint purpose with joint endeavors or means. However, the simple partnership is not allowed to conduct a commercial enterprise.

The members are jointly and severally liable for all debts of the partnership. Each partner must make a contribution, either in cash, kind, claims or labor. The legal form of the simple partnership is subsidiary, meaning that there is a simple partnership when the prerequisites of an other form of companies are not fulfilled.

Kollektivgesellschaft (German), Société au nom collectif (French), Società in nome collettivo (Italian)

Partnership Firm
Partnership Firm

The partnership firm is an association of two or more individuals under a joint firm name, to carry on commercial, trading, manufacturing, or other businesses without limiting their liabilities towards the creditors or the association. The partners are bound to enter the association into the Commercial Register.

Contrary to the simple partnership, the partnership firm has a firm's name and is, in certain respects, treated as a juridical entity, so it can, for example, be sued or sue in court, whereas a simple partnership can not. In addition, it is entered into the Commercial Register whereas a simple partnership is not. What remains is, however, the unlimited liability of the partners towards third parties.

Kommanditgesellschaft (German), Société en commandite (French), Società in accomandita semplice (Italian)
Limited Partnership

A limited partnership is an association of two or more persons under a joint firm name to carry on commercially a trading, manufacturing or other business on the terms that at least one of the partners is fully personally liable for all the debts and obligations of the firm.

The liability of the other one or more partner(s) can be limited to a fixed contribution. These partners are required to register the firm in the Commercial Register.

OR / Obligationenrecht (German), CO / Code des Obligations (French), Codice delle Obbligazioni (Italian)
Swiss Code of Obligations

The Swiss Code of Obligations contains the legal rules as to general part of contractual law, tort law, the specific part of contractual law for different types of contracts, the law relating to the Commercial Register, and the law of securities.

It also contains the company law for various types of companies. A further part of the Code of Obligations deals with the Commercial Register, with firm names, and with commercial accountancy. Finally, the last part of the Code of Obligations deals with security law.

**ZGB / Zivilgesetzbuch (German), Code Civil (French),<R>Codice Civile (Italian)
Swiss Civil Code**

The Swiss Civil Code contains the legal regulation to private law, such as the law of persons and personality, family law, inheritance law, and property law.

**Bank (German), Banque (French), Banca (Italian)
Bank**

An entity independent of its legal form (it can be a partnership or a corporation) doing banking business and having obtained a specific license from the banking authority to carry out such business. Banks are thoroughly supervised by the Swiss Banking Commission.

**Effekthändler (German), Courtier de bourse (French), Commissionario di borsa (Italian)
Stock Dealer**

A stock dealer is a company (independent of its legal form) enabled to perform asset management and similar activities for third parties. It needs a license from the Banking Commission and is thoroughly supervised by such commission.

The expression “stock dealer” is somewhat confusing because the legislation does not only concern stock dealing but also asset management, financial engineering, and similar activities.

**Vermögensverwalter (German), Administrateur de biens (French), Amministratore di patrimoni (Italian)
Asset Manager**

A simple asset manager is a person who (independent of its legal entity) manages the assets of a third party without having the possibility to open accounts for such third parties (contrary to the stock dealer).

There is no need for a license by the Banking Commission, but the asset manager, in fact, can only operate through bank accounts, i.e., the clients open an account with a bank or a stock dealer and the simple asset manager gives advice or instructions on how to invest such assets.

CHAPTER 26

THAILAND

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Assoc Association

A contract of association is a contract whereby several persons agree to unite for a common undertaking other than that of sharing profits.

BOI Board of Investment

Under the Investment Promotion Act, the Board of Investment may approve the promotion of investment project in the agriculture, animal husbandry, fishery, mineral exploration and mining, manufacturing, and service sectors when it considers that the products, commodities or services are:

- (1) Unavailable or insufficiently available in Thailand;
- (2) Important and beneficial to the country's economic and social development;
- (3) Economically and technologically appropriate; and
- (4) Have adequate preventive measures against damage to the environment.

The benefits granted are those privileges in relation to tax and duty reduction or exemption, land ownership, bringing in expatriates into the Kingdom, work permit, and permanent residence.

CCC Civil and Commercial Code

The Civil and Commercial Code is Thailand's basic legislation. The Code consists of six chapters, i.e., General Principles, Obligations, Specific Contracts, Property, Family, and Succession.

Co

Company

A “company” is any limited company or public limited company including a juristic person established by specific law with the object of undertaking business.

Co, Ltd, Corp Ltd

Limited Company or Limited Corporation

A “limited company” is that kind of company which is formed with a capital divided into equal shares, the liability of the shareholders being limited to the amount, if any, unpaid on the shares respectively held by them.

Under Thai law, a limited company is an incorporated entity where all the shareholders of the company have limited-liability. In a limited company, any seven or more persons may, by subscribing their names to a memorandum and otherwise complying with the provisions of the Civil and Commercial Code, promote and form a limited company.

H

Trading Halt

“H” is a sign which temporarily prohibits the purchase or sale of listed securities and each such prohibition may not exceed one trading session.

Ltd

Limited

By forming a limited-liability company, individual members are liable for that company’s debts only to the value of their shares.

NP

Notice Pending

“NP” is a sign which notifies investors that the listed company has a message or information to be explained or reported to the Exchange.

NR

Notice Received

“NR” is a sign which notifies investors that the listed company has explained or reported the message or information to the Exchange.

Part Ltd

Limited Partnership

A limited partnership is that kind of partnership in which there are:

(1) One or more partners whose liability is limited to such amount as they may respectively undertake to contribute to the partnership; and

(2) One or more partners who are jointly and unlimitedly liable for all the obligations of the partnership.

Plc

Public Limited Company

A public limited company is one established for the purposes of offering shares for sale to the public, and the liability of the shareholders will be limited up to the amount to be paid on shares.

The purposes of the company must be indicated in the memorandum of association of the company.

SP

Suspension

“SP” is a sign which temporarily the purchase or sale of the listed securities and each such prohibition exceeds one trading session.

DS

Designated Securities

“DS” is a sign which notifies investors that the trading of listed securities through the securities trading system has been made at a price or in a volume at a certain period of time which deviates from the normal condition of the securities trading without reasonable grounds and where the Exchange has conducted a preliminary examination and found a practice which may lead to the commission of offences under the laws on securities and stock exchange.

Affiliated Company

Affiliated Company

An “affiliated company” is a parent company, subsidiary company and, *mutatis mutandis*, an company of a subsidiary company affiliated.

Associated Company

Associated Company

An “associated company” is a company of which shares in an amount exceeding 20 per cent, but not exceeding 50 per cent, of its paid-up capital are held directly or indirectly by a listed company.

Connected Person**Connected Person**

A “connected person” is the management, major shareholders, and related persons and close relatives of the management or major shareholders.

Connected Transaction**Connected Transaction**

A “connected transaction” is:

- (1) Any decision to enter into any transaction between a listed company or any of its subsidiaries and a connected person;
- (2) Any decision to enter into any transaction between a listed company or any of its subsidiaries and another company the major shareholding of which are or are propose to be the management, or are controlling shareholders, of the listed company or the subsidiary; or
- (3) Any decision to enter into any transaction as specified by the Exchange.

Controlling Shareholder**Controlling Shareholder**

A “controlling shareholder” is a person or group of persons holding securities amounting to more than 25 per cent of the total amount of shares with voting rights of a company or a person or group of persons being in a position to exert power or influence in the management or the change of the board of directors of a company.

Listed Company**Listed Company**

A “listed company” is a company issuing listed securities or a listed company under the Regulation of the Exchange *Re: Rules, Conditions, and Procedures Governing Listing and Delisting of Securities*.

Major Shareholders**Major Shareholders**

“Major shareholders” are shareholders who, directly or indirectly, hold shares in an amount exceeding 10 per cent of the paid-up capital of a listed company.

Such shareholdings also include shareholdings by related persons.

Parent Company

Parent Company

A “parent company” is a company that, directly or indirectly, holds shares in a listed company in an amount exceeding 50 per cent of the paid-up capital of listed company.

Related Persons

Related Persons

“Related persons” are persons or partnerships under section 258(1)–(7) of the Securities and Exchange Act BE 2535.

Section 258 provides that securities of a business held by the following persons or partnerships will be regarded as securities held by the person referred to in section 246 and section 247:

- (1) The spouse of such person;
- (2) A minor child of such person;
- (3) An ordinary partnership in which such person or the person under (1) or (2), above, is a partner;
- (4) A limited partnership in which such person or the person under (1) or (2), above, is an unlimited-liability partner or a limited-liability partner who collectively holds contribution in an amount exceeding 30 per cent of the total contribution of the limited partnership;
- (5) A limited company or a public limited company in which such person or the person under (1) or (2), above, or the partnership under (3) or (4), above, collectively holds shares in an amount exceeding 30 per cent of the total shares sold of that company;
- (6) A limited company or a public limited companies in which such person or the person under (1) or (2), above, or the partnership under (3) or (4), above, or the company under (5), above, collectively holds shares in an amount exceeding 30 per cent of the total shares sold of that company; or
- (7) A juristic person over which the persons under section 246 and section 247 have the power of management as representatives.

Subsidiary Company

Subsidiary Company

A “subsidiary company” is a company in which a listed company, directly or indirectly, holds shares in an amount exceeding 50 per cent of paid-up capital of such company.

CHAPTER 27

UNITED KINGDOM AND CHANNEL ISLANDS

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PART I – BUSINESS SYMBOLS AND ABBREVIATIONS

Symbol or Abbreviation	Translation (English)	Summary of Characteristics
Co	Company	While the word in full is usually used to mean a company limited by shares, it can be used to refer to a company limited by guarantee. The term “Co” without “Ltd” or “Limited” may denote a business operated without the protection of limited liability. Sometimes used (incorrectly) as a very general term to mean any group of persons who carry on an activity for profit.
Limited, Ltd, Co Ltd, or Limited Company	Private Company Limited by Shares or Company Limited by Guarantee	A private company limited by shares is a company having the liability of each member limited to the amount (if any) unpaid on the shares held by such member. A company limited by guarantee is a company having the liability of its members limited to such amount as the members may undertake

		to contribute to the assets of the company in the event of it being wound up.
LLP, LP	Limited Liability Partnership, Limited Partnership	A type of partnership that provides limited liability protection to some of its partners; it is a partnership comprised of one or more general partners and one or more limited partners. The general partners manage the business, share in the profits, and are personally liable for partnership liabilities, whereas limited partners share in the profits but must not take part in the running of the business and are not liable beyond their partnership capital contribution. Partners may also be equity partners or salaried partners, but this merely reflects the way in which profits of the business are shared, it does not affect a partner's legal status as a general partner or limited partner.
“Plc” or “PLC”	Public Company or Public Limited Company	A company limited by shares, which states in its constitution that it is a Public Company and which has an authorised share capital of not less than £50,000, of which at least one quarter must be paid up. A Public Company may or may not be a Listed Company or an Ofex Company. A Public Company incorporated as such is not allowed to commence business or exercise borrowing powers until it obtains a certificate of entitlement from the Registrar of Companies. This last requirement does not apply to a Private Company which re-registers as a Public Company.

PART II – OTHER BUSINESS TERMINOLOGY

Translation (English)

Summary of Characteristics

Association

Generally means an unincorporated organisation of persons who have joined together for a common purpose such as a trade or marketing purpose. Often a “not for profit” organisation, but not always.

Building Society

A mutual association incorporated under the Building Societies Act 1986. Its principal purpose is that of raising, primarily by the subscription of its members, the stock or fund for making to them advances secured on land for their residential use. Building Societies have no fixed authorised share capital.

Close Company

A company limited by shares, which is controlled by 5 or fewer participators or by any number of participators who are directors. A participator is essentially a person owning or having the right to acquire shares in the company.

Collective Investment Scheme

A term used to denote an arrangement with respect to property of any description, including money, the purpose or effect of which is to enable persons taking part in the arrangement to participate in or receive profit or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income.

Firm

Generally an unincorporated business or Partnership.

Friendly Society	A company registered with the Registrar of Friendly Societies as a Friendly Society. Friendly Societies have a long history of making mutual provisions for their members against such contingencies as unemployment, sickness and retirement. This is generally the type of structure used for the establishment of “not for profit” housing associations.
Group	A term used to denote a number of limited companies of which one is a holding company and each of the others is a subsidiary of that holding company, or another member of the group.
Holding Company	Sometimes also known as a Parent Company, a Holding Company is one which holds a majority of the voting rights of another (its subsidiary) or is a shareholder and has a right to appoint or remove a majority of the subsidiary’s directors.
Industrial and Provident Society	An incorporated association with limited liability registered under the Industrial and Provident Societies Act 1965. Industrial and Provident Societies are set up for the benefit of society generally, or to enable their members to profit by trading with the society. Unlike other unincorporated societies, they are legal entities and can enter into contracts in their own name.
Investment Company	A company whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived therefrom, with the aim of spreading investment risk and giving members of the company the benefit of the result of the management of its funds.
Listed Company	A Public Company the shares in which are publicly traded on the London Stock Exchange, or the Alternative Investment Market of the London Stock Exchange.
OFEX Company	A company the shares in which are publicly traded on the OFEX Market, which is a market for unlisted and unquoted securities.
Old Public Company	A company limited by shares or by guarantee, having a share capital, which existed before 22 nd December 1980, but which could not be defined as a Private Company at that date and has not been re-registered

as a Public Company since that date. Very few exist.

Overseas Company

A company incorporated elsewhere than in the UK and which has established a place of business in the UK.

Partnership

A legal entity is created when two or more persons or entities carry on as co-owners of a business for profit, which is not organised as a company. Each partner in a Partnership is liable for all acts of the other partners performed within the scope of the Partnership. A Partnership requires no formal documentation and may be implied based on the acts of the parties.

Registered Charity

A legal entity (whether a Trust or Company limited by guarantee) which is registered with the Charities Commission and whose objects are for charitable purposes.

Registered Overseas Company

An overseas company that has delivered certain relevant documents to the Registrar of Companies.

Society

A legal entity taking the form of a company, association or club whose individuals have been brought together through a common interest.

Sole Trader

A person who carries on business under his own name or another business name, and who alone has the sole right to make all decisions affecting the business and who owns all the assets of the business. A Sole Trader is responsible for paying all taxes and for the debts and obligations of the business without any limit.

Subsidiary

A company is a subsidiary of another company, (its holding company) if the other company holds a majority of the voting rights in it or is a shareholder of it and has a right to appoint or remove a majority of its directors.

Trust

A trust may be created for the benefit of its beneficiaries under UK law using a valid trust deed. A Trust is administered by its trustees who hold legal title to its assets, subject to the obligation to keep or use the property for the benefit of the beneficiaries of the Trust.

Ultimate Holding Company

The top company in a group. Sometimes also referred to as the Ultimate Parent Company.

Unit Trust Scheme A collective investment scheme under which the property in question is held on trust for the participants.

Unlimited Company A company whose members or shareholders have no limit to their potential liability in respect of the liabilities of such company.

PART III – WALES

The following Welsh terms may be used by companies which have their registered office in Wales.

Term	Translation (English)
Cwmni	Company
Cyfyngedig	Limited
Cwmni Cyfyngedig	Limited Company
Anghy-fyngedig	Unlimited
Cwmni Cyfyngedig Cyhoeddus	Public Limited Company

CHAPTER 28

UNITED STATES

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Assn

Association

“Association” can mean many things. Generally, it is an unincorporated organization of persons who have joined together for a common purpose, such as trade or marketing.

Close Corp

Closely Held Corporation

A closely held corporation’s voting shares are held by a single shareholder or small group of shareholders.

This type of corporation is used to achieve the limited-liability protection offered by the corporate form when the operational flexibility of a partnership is desired. This structure is not always available as a choice of entity since strict statutory rules limit its use.

Co

Company

“Company” is a very general term, meaning any group of persons who carry on an activity for profit.

A company can be a corporation, a partnership, or an association.

Corp

Corporation

A “corporation” is a legal entity created under state law. The corporate entity is distinct from its shareholders. It remains unaffected by changes in its individual membership.

Property is vested in the corporation, not in the shareholders. The liability of the shareholders is limited to the sums voluntarily contributed.

A corporation has the capacity of perpetual existence, the power to be sued or sue in the corporate name, the ability to acquire or transfer property and do other

acts in the corporate name, and the ability to purchase and to hold real estate, to have a common seal, and to make by-laws for internal government. It may be organized for profit or non-profit.

D/B/A

Doing Business as

“Doing business as” indicates use of a fictitious or non-legal brand name to conduct, manage, or carry on business, such as ABC Corp, d/b/a XYZ of New York.

Inc

Incorporated

“Inc” is one of several acceptable indicia of a corporation (see the text, above, relating to “Corp”).

LLC

Limited-Liability Company

A limited-liability company is an entity providing pass-through tax benefits of a partnership and the limited-liability protection of a corporation.

The form was adopted in the United States as a choice of entity in the mid-1980s.

LLP

Limited-Liability Partnership

A limited-liability partnership is a type of partnership which provides limited-liability protection to all the partners. In most states, limited-liability partnership status is limited to professionals.

Liability protection does not extend to liability resulting from one’s own acts or to the general contractual liabilities of the entity.

LP

Limited Partnership

A limited partnership is a type of partnership comprised of one or more general partners and one or more limited partners. The general partners manage the business and share in the profits and are personally liable for partnership liabilities.

Limited partners share in the profits, but they take no part in running the business and are not liable beyond their partnership capital contributions.

Ltd**Limited**

“Limited” is historically one of several acceptable indicia of a corporation (see the text, above, relating to “Corp”; compare LLC, LLP, and LP).

PA**Professional Association**

A professional association denotes an association of professionals.

PC**Professional Corporation**

A professional corporation is a corporation organized by individuals rendering personal services who require a special license or other legal authorization.

Prop**Proprietorship**

A proprietorship is an unincorporated business owned by a person who owns all assets of the business.

The proprietor is personally liable for all liabilities of the business.

Ptrshp**Partnership**

A partnership is created when two or more persons or entities carry on as co-owners a business for profit and which is not organized as a corporation. Unless otherwise indicated, a partnership is a general partnership.

Each partner in a general partnership is personally liable for all acts of all other partners performed within the scope of the partnership. A partnership requires no formal documents and may be implied based on the acts of the parties. The benefit of a partnership form of doing business in the United States has been its ability to provide a single layer of taxation.

Unlike the corporation, the partnership entity itself is not taxed; rather, the items of profit and loss flow through to the individual members. In many cases, since the adoption of LLC legislation in the United States in the 1980s, partnerships have been supplanted by LLCs as a choice of entity.

REIT

Real Estate Investment Trust

A real estate investment trust is a company that invests in and manages real estate. Most of a REIT's income is distributed to its shareholders.

S Corp

Subchapter S Corporation

Subchapter S corporations are closely held corporations that meet stringent statutory qualifications and have elected to be taxed under Subchapter S of the United States Internal Revenue Code.

The S provisions combine tax advantages of the partnership form with the liability protection of the corporate form. As in a partnership, most items of profit and loss pass through to the shareholders, while the liability protection characteristic of a corporation also is provided to the shareholders.

When available, the S corporation was often a preferred choice of entity before enactment of LLC legislation in the United States in the mid-1980s.

Trust

Trust

A trust is an entity created for the benefit of beneficiaries under state law and a valid trust instrument. A fiduciary holds legal title subject to the obligation to keep or use the property for the benefit of another.

The beneficiaries hold the equitable title to the property. Although not traditionally a business vehicle, trusts are sometimes used for special business purposes.