

Legal Flash

October 2023

Enactment of a single legal framework governing cross-border conversions, mergers and demergers of capital companies.

Transposition into domestic legislation of the Directive (EU) 2019/2121 on cross-border conversions, mergers and demergers of capital companies, is now enabled through the recently passed Law of the Greek Parliament, 5055/2023 (GG Bulletin A 161 29.9.2023).

The main provisions of the new law pertain, among others, to the following:

Forms of cross-border corporate transformations

The new law aims at systematizing the regime of corporate transformations into a single framework, through the completion of the existing legislative framework (which has until now only concerned cross-border mergers) also with regulations concerning cross-border demergers and conversions of capital companies.

More specifically, a *cross-border demerger* is any demerger (common, partial or spin-off) resulting in the establishment of one (or more) company/-ies, in which one or more domestic and foreign capital companies participate.

Moreover, the provisions of the new law on *cross-border conversion* constitute henceforth an explicit legal regime for the transfer of seat of a company to another member state, unlike the non-regulated process followed until today.

Legal entities entitled to a cross-border corporate transformation

The scope of the new law covers any capital companies, and - mainly - societies anonymes (SAs), limited liability companies (LLCs), private companies (PCs or IKE), limited partnerships by shares (LPs) and European Companies (SEs).

Plan of cross-border merger, demerger and conversion

The new law provides for the obligation of preparing a plan in all three cases of cross-border corporate transformations (merger, demerger and conversion), by also reflecting in detail its minimum content.

Possibility of submitting remarks

The shareholders or partners, creditors and representatives of employees (or the employees themselves) of a domestic company involved in a cross-border corporate transformation, are now entitled to submit remarks to the company, before the date of the General Meeting of Shareholders (or Meeting of Partners) approving the transformation, in relation to the plan of the corporate merger, demerger or conversion.

Report of the management body

The new law 5055/2023 requires the preparation of a report by the management body of the domestic company involved in a cross-border corporate transformation, for the purpose of explaining and justifying the aspects and consequences of the transformation.

The report should be divided into two parts, i.e. one part pertaining to the shareholders or partners, and one part concerning the employees of the company (the possibility of preparing two separate reports in this respect is available as well). Upon fulfillment of specific prerequisites provided in the law, an exemption from the obligation of preparing such a report may be possible.

Longer period of creditors protection

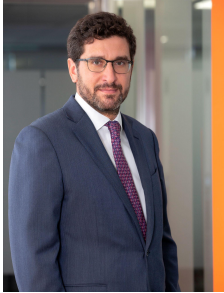
There is now a longer time period (i.e. 3 months from the publication of the cross-border transformation plan), within which the creditors of a domestic company involved in such transformation, are entitled to request from the company appropriate guarantees, to the extent that (a) the creditors provide sufficient evidence that, due to the transformation, the satisfaction of their claims is at stake, and (b) they have never received any sufficient guarantees so far (according to the previous legal regime on corporate mergers, the above time period was 30 calendar days).

Statement on financial status of the company

The new law 5055/2023 provides for an obligation of the managing body of a domestic company involved in a cross-border transformation to prepare a statement in relation to the financial status of the company, so that it will clearly reflect that the company resulting from said transformation (namely the absorbing company in case of a merger, the recipient company in case of a common demerger, or the converted company in case of a conversion) will be in a position to fulfill its obligations towards any creditors.

Let's talk!

For a discussion about how your enterprise could benefit from a cross-border corporate transformation under a tax and corporate perspective, please contact:



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This information is intended only as a general update for interested persons and should not be used as a basis for decision-making.

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