

Streamlining Cross-Border Transactions: The latest amendments in EU's Company Law

By Emiliós Charalambous and Maria Aristidou, Senior Associates at Elias Neocleous & Co. LLC



With the European Union's leadership promoting a coherent, centralized and effective economic to the rest of the world through the concepts and principles behind the Digital Single Market Strategy, the effective digitalisation of administrative processes for companies across the EU has become a top priority. After all, it is paramount to have an efficient system for the EU stay an attractive destination for businesses.

In March 2024, a provisional deal was struck with the council and the European Parliament to further expand and upgrade the use of digital tools and processes in company law. This aimed to make company data more easily available, enhance trust and transparency among companies across member states, improve connectivity between public administrations and reduce red tape for companies and other stakeholders in cross-border situations. As per Paul Van Tigchelt, the Belgian deputy prime minister at the time, "The digital transformation should reach all areas of economic activity."



The initial proposal ended up becoming a directive which amended Directives 2009/102/EC and (EU) 2017/1132 and was adopted by the Council on the 16th of December 2024, thus finalizing the relevant decision-making procedure.

Overview of the new rules:

While numerous amendments have taken place to remodify the relevant directives regarding further expansion and upgrading the use of digital tools and processes in company law, the below were the most notable.

Sharing of company data through BRIS

The new rules streamline the sharing of company data, including the disclosure of limited partners' details through the Business Registers Interconnection System (BRIS). While BRIS itself is not a new addition, enhancing its reliability is expected to reduce the overall administrative burden on companies. This in turn should facilitate access to finance, support the creation of businesses, and improve the efficiency of company registers by making data more accessible and reliable.

Specific indicators have been noted to justify the performance of the system, such as, and amongst others:

- The number of requests for company data through the "Find a company" page of BRIS on the European e-Justice Portal;
- The number of legal entities with an EUID number;
- The number of requests for company data from the Beneficial Ownership Registers Interconnection (BORIS) and the Insolvency Register Interconnection (IRI).

The Digital EU Power of Attorney

The Directive creates a multilingual digital template, the Digital EU Power of Attorney. It will be a standard multilingual model based on a common European template, allowing companies to use it in cross-border situations. While the content will follow national legal requirements, the power of attorney will exist only in digital form, authenticated through EU trust services under Regulation (EU) No 910/2014. For added security, the digital power of attorney will be filed in the company's register, enabling third parties—such as lawyers, notaries, financial institutions, or authorities—to verify its validity.

The digital EU power of attorney aims to simplify cross-border business procedures and reduce formalities such as apostilles and translations.

Once-only principle

The introduction and inclusion of the once-only principle, which ensures that companies do not need to submit the same information to business registers multiple times, helps eliminate unnecessary formalities in relation to the use of company information in cross-border transactions. This streamlining not only simplifies the use of company information but also makes setting up of subsidiaries and branches in other Member States less time-consuming and more cost-effective. As such, the overall administrative burden for companies and other stakeholders in cross border transactions is reduced and the process of expanding across the EU becomes easier for Small and Medium Enterprises (SMEs).

The EU company certificate

In addition to the digital EU power of attorney, the directive introduces the EU company certificate, which aims to provide companies with a harmonised, reliable document to prove their legal incorporation across EU Member States. Issued and certified by national business registers, this certificate will include essential information such as the company name, registered office, and legal representatives, making it easier for companies to use in cross-border administrative procedures, court proceedings, and dealings with EU institutions.

The certificate will be available electronically in all EU languages and authenticated using EU trust services under Regulation (EU) No 910/2014. Third parties, such as authorities and institutions, will have access to this certificate for verification purposes. Member States may charge a fee for obtaining it, but each company will be entitled to receive its EU Company Certificate free of charge at least once a year.

Authorities and registers across Member States will be required to recognise and accept the EU Company Certificate, helping to promote trust, transparency, and streamline cross-border business operations within the single market.

Moving forward

The directive came into force in early January 2025, giving Member states 30 months to implement the necessary provisions for compliance. It will take full effect 42 months after its entry into force.

Overall, despite their recent implementation, the latest amendments show an active effort and potential in digitalising the business operations of the EU and encompassing digital tools and processes in company law.

With the recent changes in the Cyprus Companies Law, CAP 113, under L.26(I)/2024 for harmonization with Directive(EU) 2019/2121 of the European Parliament and the Council relating to cross-border conversions, cross-border mergers and cross-border divisions, the amendments are a welcome addition which have the potential to allow for more effective deals and transactions amongst companies located across the jurisdiction of different Member States.