

Ius Comparatum – Global Studies in Comparative Law

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# Groups of Companies

A Comparative Law Overview



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# National Report on France



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**Abstract** France has been a leading jurisdiction in Europe in the regulation of groups thanks to the recognition of the concept of the interest of the group by the French Supreme Court (Cour de cassation) recognized the interest of the group in the famous Rozenblum case in 1985. This dynamic approach is also recognized in France in the area of insolvency law. The French approach is different from the German Konzernrecht although the latter only applies to public limited liability companies. Contrary to some other Member States of the European Union (EU), which also recognize the interest of the group, France has not adopted a comprehensive legislation on groups, although there are specific provisions to take into account the reality of the group. This means that the protection of minority shareholders is dealt with by general company law rules and cases. Recently, the French legislator has turned its attention to international corporate social responsibility and imposing duties on French parent companies.

Groups of companies present special challenges due to conflicts of interest. There is a need to balance the management of the group as a single economic entity with the existence of separate legal entities with minority shareholders, creditors, employees. . . Groups of companies suffer from a tension between reality and legal appearance.

France did not regulate groups of companies in the 1960s when major company law reforms were enacted in and outside Europe. The great 1966 French Commercial Companies Act included some provision on groups but mostly related to transparency of participations and related party transactions (*conventions réglementées*).<sup>1</sup> One reason for this lack of legislative action was that the French

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<sup>1</sup>“*Regards sur l'évolution du droit des sociétés depuis la loi du 24 juillet 1966.*” (The Evolution of French Company Law since the July 24 1966 Act), I. Urbain-Parleani & Pierre-Henri Conac (eds.), 354 pp., Dalloz, March 2018.

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