

**Explanatory meeting with Croatia and Turkey  
19-20 June 2006**

**Directive on the Single Member  
Private Limited Liability Company**

**(12th company law directive)**

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# Scope and general provisions

➔ **Scope:** types of companies listed in Art. 1, i.e. “limited liability companies”

➔ **Key principle (Art. 2):**

A limited liability company may have a single member

- either upon its formation
- or when all its shares come to be held by a single person

➔ **Options left to Member States**

- Art. 2: Member States may, pending coordination of laws relating to groups, lay down **special provisions** where:
  - (a) a natural person is the sole member of several companies;
  - (b) a single-member company or any other legal person is the sole member of a company.
- Art. 7: A Member State **need not allow the formation of single-member companies** if its legislation provides that an individual entrepreneur may set up an undertaking the liability of which is limited to a sum devoted to a stated activity, on condition that safeguards are laid down for such undertakings which are equivalent to those imposed by the Directive.

# Obligations on the sole member

- The sole member shall exercise the powers of the general meeting of the company and his/her decision shall be recorded in minutes or drawn up in writing (Art. 4).
- Contracts between the sole member and his company as represented by him shall be recorded in minutes or drawn up in writing. But Member States need not apply this obligation to current operations concluded under normal conditions (Art. 5).

- Twelfth Council Company Law Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies

O.J. L 395, 30.12.1989, p.40