

# Company Information Disclosure and Access in the Member States of European Union

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## **Abstract:**

*As a result of many efforts in the field of official company information services at the turn of the Millennium, old dreams come true. The dreams of economists, businessmen and regulators about doing business more easily, transparently and securely. The dreams of information engineers about developing predefined user-side input that identified with digital-signature and shared automatically on the semantic Web. And last, but not least the dreams of European Union about building an information society. In today's global world, doing business is unthinkable without proper, up-to-date and world wide business information services. One of the organic elements of this data processing services are the information about companies, including the basic official company information come from the trade registers of countries. As the Netherlands Chamber of Commerce emphasizes: "This means that the register is able to provide reliable answers to such questions as: • Does the company with which I wish to do business actually exist? • Is the person I am dealing with actually an authorized signatory? • What has happened to the company I used to do business with a few years ago?"*

Talk about the companies knowledge management, the officially registered company information about business partners can not miss from an integrated knowledge system of the company, especially this time pregnant with worldwide economical crisis.

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- Is the person I am dealing with actually an authorized signatory?
- What has happened to the company I used to do business with a few years ago?<sup>1</sup>"

As a result of many efforts in the field of official company information services at the turn of the Millennium, old dreams come true. The dreams of economists, businessmen and regulators about doing business more easily, transparently and securely. The dreams of information engineers about developing predefined user-side input that identified with digital-signature and shared automatically on the semantic Web. And last, but not least the dreams of European Union about building an information society.

To ensure access to the public, the officially registered company information disclosure was regulated by the very first company law of the Commission of the European Union in 1968: "Disclosure of the documents and particulars ... shall be effected by publication in the national gazette appointed for that purpose by the Member State, either of the full or partial text, or by means of a reference to the document which has been deposited in the file or entered in the register"<sup>2</sup> (For example in case of Austria the national gazette is the Wiener Zeitung and in case of the United Kingdom there are The London Gazette for England and Wales, The Edinburgh Gazette for Scotland and the Belfast Gazette for Northern Ireland.)

Among the member states of the European Union, the most companies are registered in the United Kingdom. About its performance, the Companies House presented these data<sup>3</sup> below in 2006:

- 2.3m limited companies and growing...
- 120 new companies formed every working hour
- >1m companies incorporated electronically
- We process 40 documents per second
- 1.6m documents e-filed last year
- >80% of our filing services and >95% of our search services are available electronically

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<sup>1</sup> The Netherlands Chamber of Commerce = Kamers van Koophandel (2009), website, available at: <http://www.kvk.nl/> (accessed 20 January 2009)

<sup>2</sup> First Council Directive 68/151/EEC of 9 March 1968 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community

<sup>3</sup> James, R. (2007), "Status of XBRL at Companies House" presentation at the 2<sup>nd</sup> XBRL conference of the European Companies Register Forum, Sundsvall, Sweden, January 23-24.

- >300,000 documents downloaded each month
- >4m unique users per month on CH website

It is obvious that coping with such amount of information required a well-organised data processing system, supported by strict regulation that we never have had before. Moreover considering another member state, Hungary, in the number of registered companies ten times fewer than the UK, the disclosure is also unthinkable in traditional paper-based gazettes. In 2008 the Official Gazette of Hungary contained 15.000 submissions for changes per weeks<sup>4</sup> in average, all in all last year almost 800.000 changes were published in almost 300.000 pages (only in PDF files).

The annual survey of European Commerce Registers Forum reports 4 types of data connection with the number of companies<sup>5</sup>:

1. New companies in the certain year
2. Registered companies at the end of the year
3. Company termination in the certain year
4. Submission for changes in the certain year

Because of the most risk-sensitive data, the company termination that a business partner have to hear immediately, we need another advantage of computer processing opportunity: the real-time information.

Considering the quantitative and quality reasons the prior condition to achieve the goals that all of the data have to be kept or entered directly in electronic form. Therefore the European Union settled the due date – 1<sup>st</sup> January 2007 – to close the transition from paper filing to electronic filing in the field of company registration.

“All documents and particulars ... which are filed as from 1 January 2007 at the latest, whether by paper means or by electronic means, must be kept in the file, or entered in the register, in electronic form. To this end, Member States shall ensure that all such documents and particulars which are filed by paper means as from 1 January 2007 at the latest are converted by the register to electronic form. ... A copy of the whole or any part of the documents or particulars ... must be obtainable on application. As from 1 January 2007 at the latest, applications may be submitted to the register by paper means or by electronic means as the applicant chooses. .. no later than 1 January 2007, copies ... must be obtainable from the register by paper means or by electronic means as the applicant chooses.)”<sup>6</sup>.

At the time of publishing this Directive in 2003, there was only 15 members of the Union and serious legal and technical conditions still did not exist or hardly implemented. The

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<sup>4</sup> See in the Annexes

<sup>5</sup> See in the Annexes

<sup>6</sup> Directive 2003/58/EC of the European Parliament and of the Council of 15 July 2003 amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies

requirement of input authorised, but protected business and personal data in user side, meant the implementation of digital signature. In the field of digital signature some of the national communications authorities were well before a secure and workable service just on the way of decision of technology, providers and creation of the legal texts.

As a benefit from the electronic registration process, the data is available in structured form, entered into a database and provided through the Internet. Fortunately the tool to use a data exchange form developed for the Internet was given: the standard of Extensible Markup Language (XML) that represent the content in structured both in human and machine readable form

At this point the dream of World Wide Web Consortium about the semantic web and the dream of the European Union about the information society meet.

The idea of semantic web was launched in the very first conference of the World Wide Web in 1994 by Tim Berners-Lee<sup>7</sup> who is considered as the father of the Internet. “The Semantic Web will bring structure to the meaningful content of Web pages, creating an environment where software agents roaming from page to page can readily carry out sophisticated tasks for users.”<sup>8</sup> However, this idea only became widely known when the quoted article was issued in the Scientific American Magazine in May 2001. One of the most well known products of the World Wide Web Consortium originally made for semantic web, is the XML (Extensible Markup Language). XML, similarly to HTML (Hypertext Markup Language), comes as an extract of an old standard, SGML (Standard Generalized Markup Language, ISO 8879:1986) made by the information engineers of IBM. “SGML was originally designed to enable the sharing of machine-readable documents ...”<sup>9</sup> In fact the descendant of SGML – the XML and its versions such as XBRL (eXtensible Business Reporting Language) or CrXML (Commerce Registers eXtensible Markup Language) – fulfil the original mission of SGML on the Internet.

To understand how the semantic Web works, based on the model of starting a new business in the picture we can just try to imagine that instead of sending data to each other, the other method is using software agents (robots) to collect data.

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<sup>7</sup> Shadbolt, N.; Hall, W.; Berners-Lee, T. (2006), The Semantic Web revisited. *IEEE Intelligent Systems*, 2006, 21 (3), 96-101.

<sup>8</sup> Berners-Lee, T., Hendler, J. and Lassila, O. (2001), “The Semantic Web: A new form of Web content that is meaningful to computers will unleash a revolution of new possibilities” *Scientific American Magazine*, May 17, 2001.

<sup>9</sup> Standard Generalized Markup Language (2009), Wikipedia webpage, available at: <http://en.wikipedia.org/wiki/SGML> (accessed 20 January 2009).

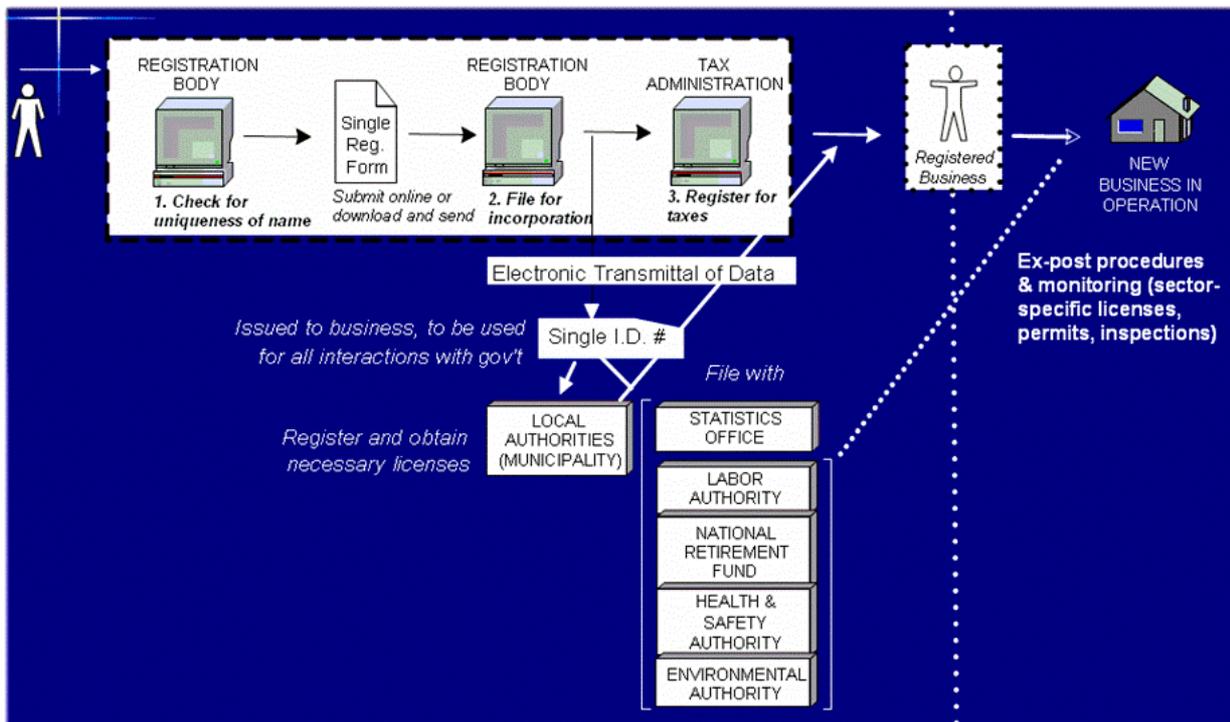
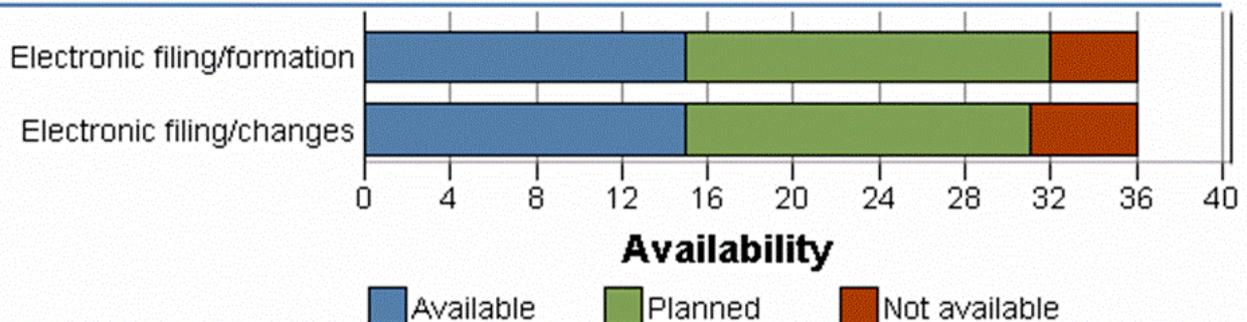


Figure 1.: Model of starting a new business, 2008<sup>10</sup>

In 2007 15 member states implemented the Directive 2003/58/EC of the European Union. Among them 7 member states used XBRL standard.

Year	Registrar
Available	Denmark, Estonia, Great Britain, Hungary, Ireland, Italy, Jersey, Macedonia, Malta, Norway, Slovak Republic, Spain, Sweden, <b>Australia, Canada, India, Malaysia, New Zealand, Singapore</b>
2008	Austria, Bulgaria, Croatia, France, Iceland, Latvia, Moldova, Slovenia, <b>Pakistan</b>
2009	Czech Republic, Finland, Germany, Gibraltar, Isle of Man, Luxembourg, Romania, The Netherlands, Serbia, Ukraine, <b>Hong Kong, South Africa</b>
2010	Belgium, Greece, Latvia, Switzerland
Other	Lichtenstein



<sup>10</sup> Reforming Business Registration Regulatory Procedures at the National Level / Andrei Mikhnev, World Bank Group. 11th European Commerce Registers` Forum Belgrade, 2008

Figure 2. Implementation of EU Directive 2003/58/EC<sup>11</sup>

Basically 2 types of information groups are available in the official registers:

1. Basic data of companies according to the type of company (name, address, owners, capital, etc.)
2. Financial statements (also called Annual Account or Report – asset, profitability, etc.)

The handlers or providers of these data or document are different in members states: Court of Justice, Chambers of Commerce or other registration office, Tax offices (esp. in case of Annual Account), ITC database providers, SME organizations. Moreover, besides the national level there are regional and local levels of services (the record-holder is Italy with its 300 local offices). In addition the European Union has its own service, the European Business Register (based on 2 projects: BRITE - Business Register Interoperability Throughout Europe and MUSING - Multi-industry, Semantic-based next generation business Intelligence), that provide access to the joined members. Although at this stage of the EBR, the EBR members<sup>12</sup> are not equal to the European Union members and the services haven't got a common starting point. Each of the providers provide services via different access points.

Therefore the cost of information is very mixed. The Directive of European Union in 2003 just contained the frame of the pricing: „... The price of obtaining a copy of the whole or any part of the documents or particulars ... whether by paper means or by electronic means, shall not exceed the administrative cost thereof ...”<sup>13</sup>

The European Commerce Registers Forum reported the pricing policy of registration and access by member states – what kind of services is free or paid<sup>14</sup>. But in some cases a certain service is free and also paid at the same time. It means, the questionnaire is not sophisticated enough. We neither can know free for who – for the authorized users or for all partners nor free for what – real time information include?

After all it is not impossible to pay 4 times for company information

1. Registration / update and annual report fees
2. Access fees of business partners' basic company data
3. In value added information prices (non official, but more or less based on official) – as providers have to pay for it, as well
4. Fees of some certain procedures (public procurement, credit decision, etc)

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<sup>11</sup> 2007 Survey : European Commerce Registers Forum / Prep. by The Swedish Companies Registration Office, June, 2008.

<sup>12</sup> See in the Annexes

<sup>13</sup> Directive 2003/58/EC of the European Parliament and of the Council of 15 July 2003 amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies

<sup>14</sup> See in the Annexes

In 2008 the European Union in the name of its slogan “Reducing administrative burdens” launched two official documents that deal with the costs of registration – before and after that the economic crisis hit Europe:

In the end of July the Small Business Act was published: „... introducing one-stop shops for company registration and reducing the time and costs required to start a business ...”<sup>15</sup> and then in the end of November the much less tolerant European Economic Recovery Plan was published: „... **starting up** a business anywhere in the EU can be done within three days at zero costs”<sup>16</sup>

## Conclusion

To sum up my presentation I would like to emphasise the fields of success, opportunities and barrier toward the semantic Web that supplied official company information:

- Success in the field of e-Government
- Success in the input solution of semantic web (structured forms, esp. XML, XBRL)
-  Opportunity for success in the output solution of semantic web – no technical barriers, but removing of over-downloading users (daytime over 1000 at night over 5000 downloading in case of the Czech ‘Ares’ service) or using
- Opportunity for success in cutting global cost– less parallel channels (e.g. SME solutions, EBR, ...)
- **Opportunity for success in companies’ own integrated knowledge systems**
- Barriers to free access: business interest (government income, providers)
- Barriers to integrated services: data protection rules (esp. in case of personal data)

## General references:

- European Commission (2009), Your Europe, your business opportunity website, available at: [http://ec.europa.eu/youreurope/business/index\\_en.htm](http://ec.europa.eu/youreurope/business/index_en.htm) (accessed 30 April 2009).
- World Bank Group (2009), Doing business project website, available at: <http://www.doingbusiness.org/> (accessed 30 April 2009).
- Official Company Registers (2009), RBA Information Services website, available at: <http://www.rba.co.uk/sources/registers.htm> (accessed 30 April 2009).
- Preliminary Study on Mutual Recognition of eSignatures for eGovernment applications (2009), IDABC, European Commission's Community Programme website, available at: <http://ec.europa.eu/idabc/en/chapter/6000> (accessed 23 April 2009).

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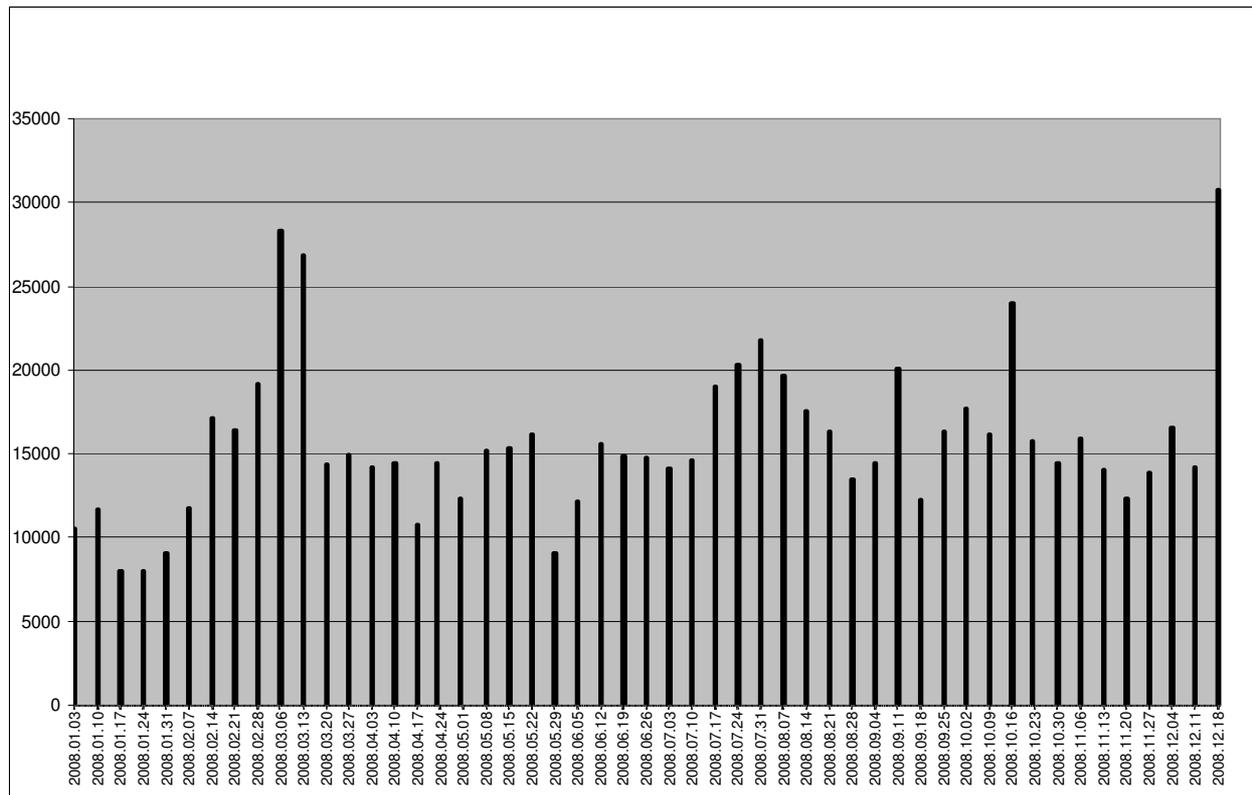
<sup>15</sup> COM(2008) 394 final, Brussels, 25.6.2008

<sup>16</sup> COM(2008) 800 final, Brussels, 26.11.2008

- 2007 Survey : European Commerce Registers Forum / Prep. by The Swedish Companies Registration Office, June, 2008, available at: <http://www.ecrforum.org/userfiles/files/survey2007.pdf> (accessed 23 April 2009)

# Annexes

## Hungarian Official Company Gazette, 2008– Disclosure per weeks



Source: Based on the homepage of Hungarian Official Company Gazette, <http://www.cegkozlony.hu/>

New and registered companies in 2007

New companies, 2007						Registered companies, 2007				
	Sole tr.	Gen.Partner	Priv. LLC	Publ. LLC	Other	Sole tr.	Gen.Partner	Priv.LLC	Publ.LLC	Other
<b>BE</b>	0	0	0	0	0	630281	0	508046	2325	238294
<b>BG</b>	14852	158	34911	0	0	749352	25732	250699	0	0
<b>DE</b>	0	0	0	0	0	181155	251811	973790	17450	16000
<b>DK</b>	33794	3952	25819	2936	14685	278584	26528	157436	42617	93685
<b>EE</b>	774	20	11516	86	118	19601	393	86480	5614	1927
<b>ES</b>	87	100	146641	2025	610	0	0	1831720	314538	80328
<b>FI</b>	16017	1038	13947	1	3045	156815	13386	187846	210	122825
<b>FR</b>	89163	4438	163227	333	126555	993635	61812	1638958	119178	1603159
<b>GB</b>	0	0	<b>437000</b>	1000	14100	0	0	<b>2632850</b>	12300	56000
<b>GR</b>	2831	2914	3438	0	0	51899	24638	37900	0	0
<b>HU</b>	253	<b>7737</b>	<b>28104</b>	342	416	3606	<b>219681</b>	<b>256734</b>	4543	18108
<b>IE</b>	0	0	17140	172	1370	0	0	157350	1630	18000
<b>IT</b>	271392	29095	77587	971	56980	3464912	619805	1063285	52844	922426
<b>LT</b>	1393	9	6536	6	1587	64029	829	66424	598	35413
<b>LU</b>	193	21	6357	3705	586	8690	411	37328	50073	3671
<b>LV</b>	1872	39	11970	47	18	35230	227	138708	1868	261
<b>MT</b>	0	54	2685	26	0	0	30	30800	136	0
<b>NL</b>	101272	1948	58933	376	19844	570069	155793	718562	4468	28893
<b>RO</b>	41060	16	102817	841	155	439993	32665	1187065	32584	8328
<b>SE</b>	25380	8342	27994	0	3608	584300	121653	326052	0	73776
<b>SI</b>	0	4600	130	36	426	0	47800	3100	987	7113
<b>SK</b>	60	48	15612	374	39	6171	1612	125115	7034	3181

Source: Survey 2007, European Commerce Registers Forum

Company termination and submiss. of changes in 2007

<b>Company termination, 2007</b>						<b>Submiss. for changes, 2007</b>				
	Sole trader	General partnership	Private LLC	Public LLC	Other	Sole trader	General partnership	Private LLC	Public LLC	Other
<b>BE</b>	0	0	0	0	286594	0	0	0	0	496592
<b>BG</b>	59250	1648	6558	6558	0	12330	2201	181653	181653	0
<b>DK</b>	22186	3007	5756	1589	4250	11608	945	20063	1347	10435
<b>EE</b>	1815	7	1971	218	45	343	42	4903	40276	599
<b>ES</b>	0	0	30809	4186	2657	0	0	692305	168334	31397
<b>FI</b>	9077	1113	6000	5	2261	13149	1856	47441	912	25013
<b>FR</b>	90892	2442	85342	5491	32136	81570	0	0	0	0
<b>GB</b>	0	0	<b>240000</b>	600	2000	0	0	<b>3400000</b>	0	0
<b>HU</b>	173	<b>6596</b>	<b>6575</b>	164	1103	311	<b>74490</b>	<b>135110</b>	7243	9139
<b>IE</b>	0	0	8180	80	480	0	0	296962	6156	39056
<b>IT</b>	302373	41066	37419	1588	57886	0	0	0	0	0
<b>LT</b>	3753	47	985	66	562	19975	334	87980	1753	13269
<b>LU</b>	58	15	1059	2043	111	52	69	20418	30526	2642
<b>LV</b>	794	9	9373	246	78	0	0	0	0	0
<b>MT</b>	0	15	590	11	0	0	50	11000	180	0
<b>NL</b>	46704	1156	23773	247	12238	0	0	0	0	0
<b>RO</b>	20315	2607	25918	1278	127	15421	889	251535	18517	1694
<b>SE</b>	19559	10536	13319	0	813	37540	36016	233519	0	28144
<b>SI</b>	0	1936	550	54	392	0	17610	548	3056	2142
<b>SK</b>	62	48	2092	211	66	50	252	33015	4699	749

## Company registration fees in 2007

	AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	GB	GR	HU	IE	IT	LT	LU	LV	MT	NL	NO	RO	SE	SI	SK
<b>Company formation</b>	Y	No	Y	Y	Y	No	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	No	Y	Y	Y	No	Y
<b>Changes in registration</b>	Y	Y	Y	Y	Y	No	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	No	No	Y	Y	Y	No	Y
<b>Fees for reg. AA</b>	Y	No	No	Y	No	No	No	Y	No	Y	No	No	Y	Y	Y	No	Y	No	No	No	No	Y	No	No	Y
<b>Annual fees</b>	No	No	Y	No	Y	Y	No	No	Y	No	No	No	Y	Y	No	No	No	No	No						
<b>Information Fees</b>	Y	No	Y	No	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	No	Y
<b>Other fees</b>	No	No	Y	No	No	Y	No	Y	No	Y	Y	Y	No	No	No	No	No	Y	Y	Y	No	Y	Y	Y	Y

Source: Survey 2007, European Commerce Registers Forum

## Access fees of companies in 2007

	AT	BE	BG	CZ	DE	DK	EE	ES	FI	FR	GB	GR	HU	IE	IT	LT	LU	LV	MT	NL	NO	RO	SE	SI	SK
<b>Free services</b>	No	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	No	Y	Y	Y	Y	Y	Y	Y	Y	No	Y
<b>Company Search</b>	<b>Free</b>	No	Y	No	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	No	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
	<b>Paid</b>	Y	No	Y	No	No	No	No	No	Y	No	No	No	No	Y	Y	No	No	No	No	No	Y	No	No	No
<b>Person search</b>	<b>Free</b>	No	Y	No	Y	No	No	No	No	No	Y	No	Y	No	Y	No	No	Y	Y						
	<b>Paid</b>	Y	No	Y	No	Y	Y	Y	Y	Y	No	Y	No	Y	Y	Y	Y	No	No	Y	No	Y	Y	No	No
<b>Down-loading AA</b>	<b>Free</b>	No	Y	No																					
	<b>Paid</b>	Y	Y	No	No	Y	Y	Y	Y	Y	Y	Y	No	Y	Y	Y	Y	No	Y	Y	No	Y	Y	Y	Y

Source: Survey 2007, European Commerce Registers Forum