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Functioning of national business registers and their international cooperation

Abstract

The statistical organizations all use many data from the official (administrative) business registers.

These business registers exist all over the world and have many similarities and even more differences.

The similarities are mainly to be found in the basic content of the registries, the responsibility of the registered entity to keep the data correct and the fact that the registry can be trusted. Because in the end registration is all about the output. The role as an official public registry providing transparency is the essence.

Main differences are to be found in the types of legislation, responsible Ministries, types of organizations managing the registry, legal types of organizations which need to be registered, funding models, dissemination of information and the governmental use of the data.

The business registries around the world cooperate in many ways, both in projects, but also in organizations organizing annual conferences, running working groups on specific topics and publishing an annual 'International Business Registers Report'.

And in Europe, there is also a cooperation of registers through which they exchange data from their registers to the clients of registers in other countries.

Similarities between business registries

Business registries exist all over the world and have many similarities and even more differences.

The core business of official public registries is to provide transparency where people are using corporate structures to organize their business. They give transparency on legal persons and the natural persons behind it.

A very important element around this is that legislation usually declares that the information from the registry can be trusted as proof in legal proceedings.

The main similarities are to be found in the basic content of the registries, they all register companies, such as limited liability companies. The basic content of the registry is also similar, one will find basic data such as name of the organization, its address, identifying number, the legal form, officers (directors and others with proxy), amount of share capital etc.

Furthermore, it is relevant to know that it is the responsibility of the registered entity to keep the data correct. Registries check data but the main responsibility is with the entrepreneurs registering their companies.

Differences between business registries

The differences are visible in many aspects: around the organization of the registry, the content of it, the dissemination of information and the funding of the registry.

Organization

There is a wide array of different types or organizations running the registry. The main examples are Agencies of Ministries, (administrative parts of) courts, Chambers of Commerce, Secretaries of State, financial regulators, statistical offices (involved in the process) and licensed commercial companies. Usually, in each country it is either the Ministry of Justice which is responsible or the (equivalent of the) Ministry of Economic Affairs.

And all of this is based different types of legislation too. A main division in two systems can be seen. Either there is something like a 'Companies Act' that regulates both the establishment of companies, the registration and the functioning of the authority running the registry. The other possibility is that there are separate pieces of legislation for the different aspects as mentioned above.

This difference is usually connected to the question if the registry is also the organization actually establishing companies or that they only register them.

Content of the registry

Whereas business registries will always register (limited liability) companies, it is rather different what else they register. Some of them really only register such companies, others register much more. The broadest possibility to be found is a registry where also associations, foundations, sole traders, partnerships, professionals, parts of government (Ministries, agencies etc) and churches are registered.

At the majority of registries in Europe companies also have to file their annual financial accounts. But in some countries, this has to be done at another part of government.

As described above, it is the obligation of the company to keep its information up to date at the registry. In several countries however, the registry will send out an overview of the registered data annually and ask the company to verify and update where necessary.

Dissemination of information

By law, the information in the business register is public information. As already explained above, the amount of available information varies because of the fact that in different countries different types of organizations have to register. But also, there are differences in the amount of available information per organization.

In more and more countries you can see a trend towards 'open data', where also business register information is made available for free.

On the other hand, there are also countries where there are restrictions for the reuse of the data obtained from the registry.

And finally, there are countries where the data from the registry are only available through (commercial) service providers which have a license from the government to sell the data.

Government use

Many parts of government use business register data in their own processes. Also here, you will find differences whether or not such data are available for free or not for the government.

There is a strong and good development towards 'The Once Only Principle' (TOOP). The basic idea behind this is 'ask once, use many'. Under this development, the government has the obligation to

share all available information with other parts of government (within the boundaries of legislation) and reuse such data to avoid asking the same information twice from citizens and companies.

Funding

The different registries also have rather different funding models.

You will find countries where the registry is fully and directly funded by the government, either fully integrated in the budget of a Ministry or with a separate budget.

A totally different way of funding is when the registered organizations pay the entire costs of the registry by paying fees for initial registration and/or an annual fee to stay on the register.

There is also the possibility that the users of the information pay for the costs of the registry when there are fees to obtain the information from the registry.

In many countries, there is a mixed model of the possibilities described above.

International cooperation between business registries

Registry associations

On an international scale, the business registries work together a lot. To do so, they have organized themselves in a couple of registry organizations, such as the European Commerce Registers' Forum (ECRF), the global Corporate Registers Forum (CRF), the mainly North American International Association of Commercial Administrators (IACA) and the Association of Registrars of Latin America and the Caribbean (ASORLAC).

These associations organize annual conferences and working groups on specific topics. Based on a ECRF initiative, they now also work together to publish an annual International Business Registers Report.

Data exchange – EBR

In Europe, the European Business Register (EBR) has been established in the 90s to facilitate exchange of data between registries for their customers. At the moment, 25 registries participate in this organization. The basic idea is that customers of the registry in country A can log in with their normal details at their home registry and also search for information on companies in countries B, C etc. payment for the use of the information is done in their regular way to their home registry, which in turn will pay the registry from which information is used.

BRIS

Based on the results of a European research project managed by EBR, European legislation has been established to make it mandatory for the business registries to work together, to exchange information and to inform each other better (and digital and multilingual) about cross border mergers and branches abroad. The European Commission runs this Business Register Interconnection System (BRIS) since 2017. It is accessible via the eJustice portal.

GLEIF and the business register world

There is a close cooperation between the GLEIF, the Local Operating Units (LOUs; the organizations which issue the LEIs) and the business register world. When LOUs issue LEIs, they have to verify the reference data of the legal entity requesting an LEI with the data in an official registry. Almost always the local business registry is used for this. Furthermore, there are already 5 (European) business registers active as an LOU and more are expected. For the GLEIF it is important that this cooperation is deepened where possible.