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***THE NETHERLANDS: THE EUROPEAN COOPERATIVE SOCIETY:
A MIX OF A COOPERATIVE AND A PUBLIC LIMITED COMPANY***

*AN EURO-AMERICAN LAWYERS GROUP BRIEFING ARTICLE
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On 18 August 2006 a new legal form will be added to the existing European Economic Interest Grouping (EEIG) and the European Company (SE): the European cooperative society (SCE). The introduction of the European cooperative society is the result of the Directive (EG) No. 1435/2003 of the Council of the European Union of 22 July 2003.

The completion of the internal market has led to a growing need for new, supranational cooperation structures, which are acknowledged in all member states.

The purpose of the creation of the European cooperative society (*Societas Cooperativa Europea*, referred to below as: SCE) is to create a specific legal form for supranational and cross-border cooperation between cooperatives. The SCE provides a new, European dimension for the – until then mainly nationally oriented – possibilities for the use of a cooperative as a legal entity.

The new legal entity has its own, supranational statute, and can be incorporated by both natural persons and corporations that operate under the legislation of different member states. In addition to that, an SCE can be created by a cross-border merger between cooperatives in at least two member states, and by the conversion of a national cooperative with an establishment or a subsidiary in a different member state. In addition to the positive effects on the freedom of establishment and the forces of the internal market, there will also be new opportunities for cross-border cooperation for internationally oriented Dutch companies, such as the Rabobank and Friesland Foods.

As a legal entity, the SCE has elements of both the Dutch cooperative, and the public limited company. Like a cooperative, the SCE's main objective is meeting the demands of its members and/or the development of their economic and social activities. In addition to that however, the SCE is a company with a capital divided into shares, which in the Netherlands is a characteristic of the public and private limited company. The Dutch cooperative does not have a capital divided into shares. The cooperative namely, is based on the association, one difference being that, unlike the association, the cooperative is allowed to pay out profit to its members.



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A consequence of these characteristics is that the SCE is a legal form to which both national regulations concerning cooperatives, and those concerning public limited companies may apply. For that reason the name, European cooperative society, is very fitting.

For Dutch cooperatives with many members in other member states the SCE is a very attractive legal form; it will be easier to enter into a cross-border merger with foreign cooperatives in a EU-framework. For that purpose namely, a joint incorporation of an SCE will be sufficient. The incorporation of the SCE shows the growing need for a specific legal form for international forms of cooperation between cooperatives. The SCE stimulates the further cooperation between enterprises within the Community.

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