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Dotevall, Rolf

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Groups of Companies in Swedish Law

Rolf Dotevall*
Department of Law, School of Business, Economics and Law, University of Gothenburg, Sweden

Abstract

Third party often got the impression that a company group is not only a commercial entity but also a legal personality. According to Swedish law each subsidiary is an independent legal person. Swedish law does not recognize a group interest. This characteristic could lead to tensions when the subsidiary is a mere unit within the structure of a corporate group.

There is an implicit conflict of interest in a group which is created by the group as a business entity and the fact that each company is an independent legal person.

When the board of directors in the parent company gives directives to the subsidiaries for example to transfer its profits each year to a central account it is difficult to see this transfer as nothing else as a transfer within the same business entity. The group stands completely separate from the entity’s own liability and incur no risk beyond the amount of their own contribution.

In Swedish law the directors in the parent company owe traditionally no duties to its subsidiaries. And vice versa the board in a subsidiary owes no duties to the parent company.

Groups of companies are in Swedish law regulated by the companies act and a number of special laws focused on particular areas such as accounting and the preparation of consolidated group accounts, taxation and for example the possibility of group contribution.

Keywords: Group of companies; Minority shareholder; Creditor protection; Piercing the corporate veil; General clause; Distribution; Liquidation

Introduction

Corporate groups are often well-known and are producing and selling products of different kinds under a common public persona. Third party often got the impression that it is one commercial unity. In Swedish law, and in most other jurisdictions, a corporate group is an integrated enterprise which consists of, in a formal sense, independent legal persons.

Major Swedish companies may have several subsidiaries in Sweden and at least one subsidiary in many other countries in the world where they have activities and can be very large.

If the subsidiaries are limited companies each of them have a legal personality, limited liability, transferable shares and a separate management. Each of this characteristic can lead to tensions when the company is a mere unit within the structure of a corporate group. The insertion of a company into a group can call into question the very characteristics that make it a corporation. In some situation when legal disputes should be solved it a question of balancing the “legal form” and “economic reality”.

There is an implicit conflict of interest in a group which is created by the group as a business entity and the fact that each company is an independent legal person. In Swedish law a group interest is not recognized. Is it according to Swedish law not possible to sacrifice the interest of a single company for the well-being of the entire group. However, this standpoint has been modified in the recent discussion in the legal doctrine [1].

When the board of directors in the parent company gives directives to the subsidiaries for example to transfer its profits each year to a central account it is difficult to see this transfer as nothing else as a transfer within the same business entity. The group stands completely separate from the entity’s own liability and incur no risk beyond the amount of their own contribution.

When a separate entity is tied into an integrated enterprise under a common control and often regarded as a common public persona some various tensions between independence and interdependence could arise. In Swedish law the directors in the parent company owe traditionally no duties to its subsidiaries. And vice versa the board in a subsidiary owes no duties to the parent company [1].

Transfer of value from the subsidiary to its parent or other related corporations by way of pricing arrangements for goods or services, or the taking of the subsidiary’s corporate opportunities, may be harder to detect than in a single corporation where conveyances to dominant shareholder will usually be more obvious. For these reasons, corporate groups can present significant dangers for minority shareholders and creditors of a subsidiary.

The purpose with this article is to discuss how the implicit tension in a group of companies are treated in Swedish law.

The Theoretical Framework

Some distinctive features of the Swedish companies act

According to the Swedish Companies Act there are two forms of

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*Corresponding author: Dotevall R, Professor of Private Law, Department of Law, School of Business, Economics and Law, University of Gothenburg, Sweden, Tel: +46 31 786 1527; E-mail: Rolf.Dotevall@law.gu.se

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companies, private and public. Both types of companies are regulated in the same statute, “Aktiebolagslagen” which was promulgated 2015. This statute embraces both company forms with just minor differences. For private companies the required minimum share capital is 50 000 Swedish kronor and for public companies the share capital must be at least 500 000 Swedish kronor. A public company must have at least three board members, but in a private company it is enough with one member. Concerning the regulation of groups there are no differences between private and public companies in Swedish law.

The relation between the board of directors and the general meeting is hierarchic. The general meeting is superior to the board. According to Ch, 8 Sec. 41 Companies Act the board, the managing director and other representatives of the company must comply with instructions from the general meeting or any other company organ where such instructions is not void as being in violation with the companies act, the applicable annual reports legislation or the articles of association.

According to Swedish company law the directors are elected by no more than a simple majority of the votes, a majority shareholder will usually control the board. Thus, by virtue of its influence over the parent’s management, a dominant shareholder of the parent company can control decisions on matters in subsidiary corporations that could have been vetoed by the parent’s minority had the assets remained at the parent level.

Under Swedish law shareholders decide on the distribution of profits. This right is in effect exercised by the parent’s management if the business is conducted and the profits earned by a subsidiary, rather by the parent itself. Retention of profits in the subsidiary can be used to starve out the parent’s minority shareholders; absent a dominant shareholder, the parent’s management could also use it to control the group’s internal financing. Therefore, the decision to structure an enterprise as a corporate group rather than as a single corporation not only is a matter of expediency, but can have major effects on the governance of shareholder’s investment.

Groups of companies are in Swedish law regulated by the companies act and a number of special laws focused on particular areas such as accounting and the preparation of consolidated group accounts, taxation and for example the possibility of group contribution. Another area is antitrust law and the concept of conglomerate mergers. Also in insolvency law and EU insolvency regulation there are provisions which take into account group aspects. In this article, I will have the main focus on the regulation in company law.

The provisions concerning groups of companies is characterized of its preventive function and have as its purpose to protect minority shareholders and creditors. A provision in the articles of association concerning the voting rights of each share or limits in the number of shares a person can own does not affect the definition of a group in Ch. 1 Sec. 11 Companies Act.

Each of this law provisions addresses the fact that, although the units are legally separate entities, they operate in a unified group that is guided by a central management.

The concepts of parent company, subsidiary and group in the Swedish companies act

The definition of a parent company in Ch. 1 Sec. 11 Companies Act is a result of the implementation of art. 1 in the seventh company law directive [2]. This directive requires any undertaking governed by its national law to draw up consolidated accounts and a consolidated annual report if that undertaking is a parent company according to what is defined in the directive.

According to Ch. 1 Sec. 11 (1) Companies Act as the main rule a company is a parent company and other legal person is a subsidiary when the company holds more than one-half of the voting rights of all shares or interests in the legal person.

Even if a Swedish company doesn’t have enough voting rights but own shares or interests in the legal person, and as a consequence of an agreement with other owners of such legal person, the managing more than one-half of the voting rights of all shares or interests in the legal person the company is a parent company. The same will occur if Swedish company owns shares or interests in the legal person and is entitled to appoint or remove more than one-half of the of the members of its board of directors or equivalent management body or owns shares or interests in the legal person and is entitled to exercise a sole controlling influence there over as a consequence of provisions of the legal person’s constitution. It must be emphasized that it is a right to remove or appoint the members of the board [1].

Ch. 1 Sec. 11 (4) Companies Act prescribes that a company is a parent company if own shares or interests in the legal person and is entitled to exercise a sole controlling influence there over as a consequence of an agreement with the legal person or as a consequence of provision of the legal person’s articles of association, partnership agreement or comparable statutes.

The kind of agreements which are mentioned in Ch. 1 Sec. 11 (4) Companies Act cannot be applied on Swedish Companies. It is not allowed in an agreement with the company or in a provision in the articles of association to deprive the board or the managing director the competence to make decisions in the company’s affairs [3]. An agreement with this purpose is only possible in partnerships.

I the legal person is a subsidiary following the provision in Ch. 1 Sec. 11 (4) Companies Act is only possible in a jurisdiction which accepts agreements and provisions in the articles of association of this kind. According to sec. 291 and 308 Aktiengesetz law it is possible to conclude a Beherrschungsvertrag which gives a controlling influence over the German Aktiengesellschaft.

The expression “sole controlling influence” means that the parent company just not have control in specific matters in the company’s affairs but a more general influence [1].

Foreign legal entities can be subsidiaries in a group according to the Swedish Companies Act. Ch. 1 Sec. 11 § (3) Companies Act prescribes that it should be a company body with the same function as a board in a Swedish company. An English or an American company is organized according to the one-tier system and has a board of directors. For a German company with a two-tier organization with a supervisory and a management body it could be more complicated. The board should be equivalent with the managing body, Vorstand in a public company AG and the Geschäftsführer in a private GmbH [1].

Relevant for the concept of groups is also indirect ownership of shares or interests. According to I Ch. Sec 11 (2) Companies Act a legal person is a subsidiary of a parent company where another subsidiary of the parent company or the parent company together with one or several other subsidiaries jointly possess more than one-half of the voting rights of all shares or interests in the legal person, owns shares or interests and have a voting agreement with other owners and as a consequence thereof control more than one-half of the voting rights or
owns shares or interests in the company and is entitled to appoint or remove members of the board.

The agreement must give control over more than 50 percent of all votes in the company. It is not enough if the agreement just gives a shareholder a right of veto [4]. A parent company presupposes an agreement which really gives the company a majority of votes on a general meeting [5].

It is necessary according to the Swedish Companies Act that the parent company must be formed according to the statute and registered at the Swedish Companies Registrar. But the subsidiary could be a domestic or foreign legal person of any kind.

This means that only a Swedish Company has the obligation to draw a group annual account. If that is not the situation, there is no duty for the board or the managing director to provide information about the financial situation for the whole group of companies for the shareholders on a general meeting.

**Provisions protecting minority shareholder**

One of the principal problems the minority shareholders in a group of company experience is lack of information about the management. In Swedish law, in companies with not more than ten shareholders or lesser it is according to Ch. 7 Sec. 36 Companies Act possible for each shareholder shall be afforded an opportunity to review accounts and other documents which relate to the company’s operations, to the extent necessary for the shareholder to be able to assess the company’s financial position and results or a particular matter which is to be addressed at the general meeting. The board of directors and the managing director shall also, upon request, assist the shareholder with any investigation necessary for the above-stated purpose and provide and provide necessary copies, where such can be done without unreasonable cost or inconvenience.

This possibility for a minority shareholder has its limitation. A disclosure to the shareholder can be denied if the information regarding the company’s operations would result in a tangible risk of serious harm to the company.

In a company with more than ten shareholders the right to provide information for an individual shareholder is much more limited. According to Ch. 7 Sec. 32 Companies Act the board and managing director shall provide information at the general meeting if it is requested by a shareholder and the board of directors believes that there is no risk significant harm to the company.

Of importance in the discussion about groups is the provision in Ch. 7 Sec. 33 Companies Act which prescribes that if the information which has been requested the duty to disclose shall apply also to the company’s relation to other group companies. Where the company is a parent company, the duty to provide information shall also apply to the group accounts and such circumstance regarding subsidiaries.

Where the board determines that information which has been requested cannot be disclosed to the shareholders without significant harm to the company, the shareholder who requested such information should be notified immediately. The auditor shall within two weeks submit a written statement to the board whether, in the auditor opinion, the information should have resulted in any change to the auditor’s report for the group, or otherwise gives rise to criticism.

Shareholders in Swedish private and public companies are entitled to submit a proposal for an examination through a special examiner. Such an examination may relate to the company’s management and accounts during a specific period of time in the past or certain measures or circumstances within the company. This proposal shall be submitted at a general meeting. Ch. 10 sec. 22 Companies Act prescribes that where the proposal is supported by owners of at least one-tenth of all shares in the company or at least one-third of all shares represented at the general meeting. The County Administration Board, appoint one or more special examiners.

A special investigation, which is quite common in Sweden, has the purpose to provide shareholders information and may form the basis for a court claim, and sometimes prove an efficient way to detecting if there has been any misconduct.

Minority shareholder in a subsidiary company may receive protection under certain principles of law. In Swedish law is the most important principle in these circumstances the principle of equal treatment which is legislated in Ch. 4 Sec. 1 Companies Act. A complement to this principle is the general clause in Ch. 7 Sec. 47 and Ch. 8. Sec. 41 Companies Act.

Swedish law does not recognise that a controlling shareholder has a stronger fiduciary duty towards other shareholders or their company. The general clause in Ch. 7 Sec. 47 Companies Act provides that if a shareholder who the votes which may be exercised at a general meeting procure the passing of a resolution which is oppressive or unfairly prejudicial to minority shareholders, the court will set it aside.

The right to buy-out a residual minority exists also in Swedish Law. According to Ch. 22 Sec. 1 Companies Act a shareholder who holds more than nine-tenths of the shares in a company shall be entitled to buy-out the remaining shares of the other shareholders of the company. Any persons whose shares may be bought out shall be entitled to compel the majority shareholder to purchase his shares.

The right to buy shares belonging to a minority, or minority’s right to be bought, must be distinguished from the rights to expel shareholders for serious violation of the duties according to the Companies Act and the articles of association. Ch. 25 Sec. 21 Companies Act gives the holder of one-tenth of all shares, if a majority shareholder has intentionally participated in a violation of the companies act, the applicable annual reports legislation or the company’s articles of association, order that the company go into liquidation. This claim can be successful if it is a long duration of abuse.

Less obviously, group structures may also affect the interests of minority shareholders of a parent corporation. Veto rights that such shareholders have with respect to corporate actions requiring supermajority approval can effectively be undermined by setting up a holding structure where the assets are owned and the business activities are conducted by subsidiaries while the parent corporation merely acts as a holding company. The parent’s voting rights in the subsidiaries are exercised by, or under the directions of, the parent’s management.

In Swedish law is, as I already mentioned, each company in a group a separate entity and traditionally no group interest exists. This legal stance gives results in a contradiction in between the situation when a group is regarded as a business entity but still in a legal sense every legal person in the group is viewed upon as a single company. This contradiction can result in a conflict of interest in the relation between the parent company and a shareholder minority in the subsidiary.

An important provision for the protection of a minority shareholder is the so called general clause in Ch. 7 Sec. 47 and Ch. 8 Sec. 41 Companies Act. The board of directors or the shareholder
meeting may not adopt any resolution or perform legal acts or any other measures which are likely to provide an undue advantage to a shareholder or another person to the disadvantage of the company or any other shareholder.

Of importance to protect a minority shareholder is also the provisions in Ch. 8 sec. 23 and 34 Companies Act which prohibit a director or managing director to participate in a matter regarding an agreement between them and the company. This prohibition is extended to cover also an agreement between the company and a legal person which the director or managing director is entitled to represent. This provision is not applicable where the party contracting with the company is an undertaking in the same group or in a group of undertakings of a corresponding nature. This could be the case when a foreign company owns a majority of the shares in a Swedish company.

A director or a managing director is also, according to the provisions which I just mentioned, prohibited to participate in an agreement between the company and third party if there is a material interest which may conflict with the interest of the company.

The general clause and the regulation of conflict of interests could be applied on fair transactions between companies in the same group. However, the provisions seem to have had little effect on the abuse of power from a majority shareholder. The case law is sparse.

A crucial question in the jurisdiction without a developed regulation for groups is in which situations a group interest should be superior for a legal entity belonging to the group. In which extend could a paternal company have influence on a subsidiary?

To solve the conflict between the interest of a specific company in the group and the interest of the whole group have been advocated that the French Rozenblum-doctrine could be a model for solving conflicts of this kind [6].

The Rozenblum-doctrine has been in focus for several years and is probably quite well-known among company lawyers. A disadvantage for a minority shareholder or creditor in a subsidiary could be a breach of duty of a director in a subsidiary or a paternal company. The doctrine states that the whole group should have a balanced and firmly established structure. The disadvantages for a minority shareholder should follow a general group policy. This policy should in a longer perspective the advantages and disadvantages should be balanced out.

It is said that the Rozenblum-doctrine contains principles for a legal recognition of a group management and gives the board in the paternal company enough discretion to fulfill the policy for the group and allocate to each individual entity to accomplish its individual role in the group.

There are no specific rules in Swedish law concerning transactions between companies in the same group. This means that a transaction of this kind can deviate from the market value. However, this difference could not be so extensive and doesn’t have a purely commercial nature for the company. Such transaction could be regarded as an unlawful value transfer and the recipient could be obliged to return what he or she has received. A transaction which is not in accordance with the market price could be regarded as an undue advantage for the parent company and a disadvantage for the subsidiary. If that is the case a director, managing director or an auditor who has caused a damage to the company could be liable if he or she has been negligent according to ch. 29 sec. 1 Companies Act. A shareholder shall according to ch. 29 sec. 3 Companies Act compensate a damage as a consequence of participating through gross negligence a violation of the Companies Act, applicable annual reports or company’s articles.

Provisions protecting creditors

Another problem which arise in a corporate group is the protection of the creditors in a subsidiary. A company’s debts are its own, so how may a parent company be held liable for the debts of an undercapitalized subsidiary that it has used as a mere instrumentality?

This is a conflict which is obvious in the protection of the creditors to a subsidiary. If the group could be regarded as a seamless economic entity should the liability of its separate entity be compartmentalized and separate or collapse to match the economic reality?

It is possible that group liability to be voluntarily assumed. It could take place on the base of a revocable declaration. The voluntary assumption of group liability through a system of cross-guarantees is familiar in Sweden. Under such a system, the parent and all the subsidiaries in the group may assume liability for each other’s and the whole group indebtedness. Such cross guarantees may have a prejudicial effect on the subsidiaries themselves, and on their minority shareholders.

The same factors that make a group structure so attractive for a parent company can cause concern to other stakeholders. While activities for a subsidiary is conducted in the interest of the whole group or the paternal company. For the creditors of a subsidiary it is particular risky if the company is involved in speculative activities and the subsidiary is poorly capitalized.

In Swedish law the company law contains provisions which may be of relevance to creditors of subsidiaries. Also, some provisions in the Swedish insolvency Act may be used for impugning certain transactions between a subsidiary and a parent company. Where a subsidiary company is insolvent s creditor or an official receiver is empowered to make an application to the court to set aside a transaction as undervalued or in another way gives the parent company a favour.

In the case in which the transaction at an undervalue is with person connected with the company, as a parent company, at a time in the period of, as a main rule, three months from the bankruptcy decision shall according to Ch. 4 Insolvency Act be revoked.A cornerstone in Swedish law in the protection of the creditors to the parent and subsidiary company is the requirement to draw up a consolidated account statement for the whole group of companies. Of importance is also the provisions in Ch. 29 Companies Act prescribing that a director, managing director, auditor and shareholder shall compensate a creditor who has been negligently caused damage as a consequence of a violation of the Companies Act, the applicable annual reports legislation or the articles of association.

Of importance for the protection of creditors and, of course, also minority shareholders are also protected by Ch. 17 Sec. 1 Companies Act restitution obligation in the event of an unlawful value transfer from the subsidiary to the parent company.

A value transfer from a subsidiary to the paternal company is illegal according to Ch. 17 Sec. 3 Companies Act where, after the transfer, there is insufficient coverage for the company’s restricted equity. The calculation shall be based on the most recently adopted balance sheet taking into consideration changes in restricted shareholders’ equity which have occurred subsequent to the balance sheet.

A value transfer is also illegal according to Ch. 17 Sec 1 (4) Companies Act if the company’s assets are reduced as a consequence of a business event which is not of a purely commercial nature for the company.
In Swedish Company law Ch. 17 Sec. 6 Companies Act prescribes that the recipient of an unlawful value transfer what he or she has received. The company must prove that he or she knew or should have realised that the value was in violation of the Companies Act.

Where any deficiency arisen in conjunction with such restitution any persons who participated in the decision regarding the value transfer shall be according to Ch. 17 Sec. 7 Companies Act liable therefore. This shall also apply to persons who participated in the execution of the decision or in the preparation or adoption of an incorrect balance sheet which constituted the basis for the decision regarding value transfer. If a board member, managing director and auditor has participated the requirement is negligence. If a shareholder, for example a paternal company, has participated the requirement is gross negligence.

In Swedish case law, there are cases where the supreme court has disregarded the separate legal of a legal entity, piercing the corporate veil, and have made the parent company liable for the debts of a subsidiary.

In Sweden, the courts will sometimes lift the corporate veil with the consequence that a parent undertaking will be responsible for the subsidiary’s debts.

In Swedish case law the veil will be lifted where the assets and affairs of the parent and subsidiary have been commingled. And for the reasons, for example because the subsidiary is being used to perpetrate a fraud.

The concept of shadow director is not completely unfamiliar in Swedish law.

**Transfer of assets to the paternal company**

If a subsidiary company transfer assets to the paternal company the creditors are, as I have mentioned, protected by Ch. 17 Sec. 1 (4) Companies Act. This provision prescribes that a business event can be regarded as an unlawful value transfer if the company’s assets are reduced as a consequence and the transaction is not of a purely commercial nature for the company. The reduce of the company’s assets should be factual and not only related to the book value [7].

The assessment if the transaction has a purely commercial purpose should be done in an objective manner [8]. This means that the intention with the transaction is not a determining factor.

With an objective approach, the value difference is a factor which take the centre stage. But an extensive value difference is not the only decisive factor if a transaction is an unlawful value transfer. An important factor is the relation between the parties in the transaction. If it is a transaction between a subsidiary and a paternal company a smaller value difference is accepted then if it is a transaction with a third party.

It is not possible to indicate in general terms how large value difference could be. In all circumstances, the value difference must be apparent.

The interpretation of the notion “a purely commercial nature” should be done extensive. A transaction within the objects clause in the articles of association is regarded to be of a commercial nature [9].

As I have mentioned the general clause in Ch. 7 Sec. 47 and Ch. 8 Sec. 41 Companies Act as important provisions in the protection of a minority shareholder. In the case NJA 2000 s. 404 the Swedish Supreme court conclude that a transaction between one subsidiary to another subsidiary which gives the majority shareholder an advantage could be a breach of duty. All the assets in on subsidiary was transferred to another subsidiary for the book value. The transfer caused the minority shareholder a damage because the share lost its value. The Supreme Court concluded that the transfer gave the majority shareholder an undue advantage. The main reason was that the transaction was not in accordance with the object clause in the articles of that reason that the company after the transfer of the assets could not continue its business activities. The directors in the parent company were liable for the damage [10].

**Piercing the corporate veil**

An important principle in company law is that a shareholder is only liable for what he or she has contributed as share capital. But this principle has some important exceptions. One reason is that a limited company can be used to minimize the risk for the shareholders to be liable for the company’s debts.

The piercing of the corporate veil has its background in a theory of abuse of the limited company and the limited liability for the company’s debts. In other word a limited company is used deliberately for other purposes than it was intended for.

There are several rules according to which shareholders could be responsible for the company’s debts and for the damage they have caused the company or third party.

As I already mentioned Ch. 17 Sec. 6 Companies Act prescribes an obligation to restitute in the event of an unlawful value transfer. In the case a deficiency arises any persons who participated in the decision shall according to Ch. 17 Sec. 7 Companies Act shall be liable therefor.

If a shareholder has the function of a shadow director he or she shall compensate damage, according to Ch. 28 Sec. 3 Companies Act, which is caused as a consequence of participation, intentionally or through gross negligence, in any violation of the Companies Act, the applicable annual reports legislation or the company’s articles of association.

In Swedish case law, there are examples where the courts has concluded that the independence of the company as a legal person and the shareholders will not be upheld.

While some of the examples of veil lifting in the case law involve straightforward shareholder limitation of liability issue few examples involve corporate group structures [10]. The veil has been lifted when the company has been in reality not carrying on its own business but the parent’s business. In other words, the group have acted as it was one economic unit and the façade have concealed the true facts. It is clear that the corporate form to avoid liability or obligation.

The discussion has now been focused on the environmental liability. The EU directive on environmental liability with regard to the prevention and remedying of environmental damage [11]. In art. 2.6 of the directive that an “operator” means any natural or legal, private or public person who operates or controls the business activity or to whom significant power over the practical functioning of such an activity has been delegated, “including the holder of a permit or authorisation for such an activity or person registering or notifying such an activity”.

In Swedish law has concluded that there is a more obvious risk that the veil will be lifted in when it is a question of environmental liability than in other liability cases.

**Discussion**

In Swedish law, and in most other jurisdictions, a corporate
group is an integrated enterprise which consists of, in a formal sense, independent legal persons. In Swedish law the directors in the parent company owe traditionally no duties to its subsidiaries. And vice versa the board in a subsidiary owes no duties to the parent company.

In the Swedish Companies Act there are several provisions giving minority shareholder a right to be informed. There is also a possibility to submit a proposal for a special examiner.

The general clause in Ch. 7 Sec. 47 and Ch. 8 Sec. 41 Companies Act is of importance in the protection of a minority shareholder. According to these provisions, which have the same formulation, the shareholders in the general meeting or the directors may not adopt any resolution or perform legal acts or any other measures which are likely to provide an undue advantage to a shareholder or another person to the disadvantage of the company or any other shareholder. This is the most obvious expression of the duty of loyalty in Swedish company law. There are few cases where the general clause is applied.

Ch. 25 Sec. 21 Companies Act gives the holder of one-tenth of all shares, if a majority shareholder has intentionally participated in a violation of the companies act, the applicable annual reports legislation or the company’s articles of association, order that the company go into liquidation. This claim can be successful if it is a long duration of abuse. This provision appears seldom in case law.

A cornerstone of the protection of the creditors is the restriction of value transfer to the shareholders in Ch. 17 Companies Act. In the event of an unlawful value transfer there is a restitution obligation in Ch. 17 Sec. 6 Companies Act. This provision is supplemented with deficient coverage liability in the event of unlawful value transfer.

In Swedish law the piercing of the corporate veil is recognised according to the principles developed in, for example English and German company law. However, the Swedish case law is sparse.

Conclusions

- A group of companies consists of independent legal persons.
- There are several provisions in the Swedish Companies Act giving minority shareholder a right to be informed.
- A minority of ten percent of the shareholders can request a special examiner who can in a written report give information on specific issues in the company’s affairs. The report is not public and should be addressed to the shareholders meeting.
- A general clause in the Swedish Companies Act is of crucial importance for the protection of minority shareholders.
- In a long duration of abuse one tenth of the shareholders can demand that the company should be liquidated.
- The creditors are mainly protected by the provisions in the Companies Act restricting the value transfers to the shareholders.
- In Swedish law piercing the corporate veil is recognized in some cases.

References