



# General Assembly

Distr.: Limited  
12 August 2015  
English  
Original: French

**United Nations Commission  
on International Trade Law**  
**Working Group I (MSMEs)**  
**Twenty-fifth session**  
Vienna, 19-23 October 2015

## Observations by the Government of the French Republic

### Note by the Secretariat

The Government of the French Republic has submitted to the Secretariat of the United Nations Commission on International Trade Law (UNCITRAL) the following observations in order to provide the Working Group with additional information for its deliberations. The text of the observations is reproduced as an annex to this note in the form in which it was received by the Secretariat, with formatting changes.

### Contents

Annex	<i>Paragraphs</i>	<i>Page</i>
Observations by the Government of the French Republic . . . . .	1-33	2
1. The need for an effective scheme to protect individual entrepreneurs. . . . .	2-21	2
1.1. The importance of individual entrepreneurs. . . . .	2-8	2
1.2. Inadequate protection provided by schemes for individual entrepreneurs. . . . .	9-15	3
1.3. Individual Entrepreneur with Limited Liability (EIRL) scheme . . . . .	16-21	4
2. How the EIRL scheme operates. . . . .	22-33	4
2.1. Scope of application. . . . .	22	4
2.2. Formation of allocated assets . . . . .	23-28	5
2.3. Composition of allocated assets . . . . .	29-30	6
2.4. Consequences of allocation declaration . . . . .	31	6
2.5. Development of allocated assets . . . . .	32-33	6
3. Rules governing the EIRL scheme . . . . .		7



## Annex

### Observations by the Government of the French Republic

1. The present document complements document A/CN.9/WG.I/WP.87, prepared at the request of the Working Group, and is submitted in preparation for future work on simplified business registration.

#### 1. The need for an effective scheme to protect individual entrepreneurs

##### 1.1. The importance of individual entrepreneurs

2. Today in France over 1.5 million business heads, representing almost half of all existing enterprises, are self-employed. Seventy per cent of enterprises set up in 2014 were done so on a self-employment basis, reflecting the appeal of this status for entrepreneurs.

3. The entry into force of the tax and social security regime for *auto-entrepreneurs* [simplified form of self-employment], aimed exclusively at the self-employed, has contributed substantially to the increase in this *modus operandi*.

4. Thus, in 2014, of the 550,000 new enterprises established, 390,000 were in the form of sole proprietorships [*entreprises individuelles*], including 280,000 under the *auto-entrepreneur* regime. New enterprises in the form of companies account for less than one third of the total number of new enterprises.

5. Figures also show that while individual entrepreneurs account for more than half of all enterprises, they are, in fact, small enterprises, 75 per cent of which have no employees. The share of such enterprises in added value, understood as turnover less all intermediate consumption expenditure on delivering the services or products sold, is around 20 per cent.

6. In fact, individuals seeking to establish and develop a business, whether of a commercial, agricultural, artisanal or professional nature, alone or with employees, mostly choose the self-employment option owing to its great simplicity.

7. However, while self-employment today remains the preferred *modus operandi* of small entrepreneurs, the latter and their families are at risk if the business fails: the entrepreneur is liable for professional commitments from the totality of his assets, whether those assets are allocated to the enterprise or not, owing to the lack of distinction between the assets of the enterprise and the personal assets of the entrepreneur.

8. Very small enterprises are often vulnerable. In 2009, 61,595 business failures were recorded. The sole proprietorship constitutes a form of enterprise that is exposed to the risk of bankruptcy, making it vulnerable if a client defaults on payment or if it is a subcontractor of larger entities that are themselves in difficulty. Failures of sole proprietorships account for 15,500 failures, or around one failure in four. Ninety per cent of these latter cases involve craftspeople or retailers (13,710 failures in 2009).

## 1.2. Inadequate protection provided by schemes for individual entrepreneurs

9. Prior to the “Individual Entrepreneur with Limited Liability” (EIRL) scheme, there were two main schemes for limiting the liability of an individual entrepreneur. It is worth recalling such schemes here, as, by showing their limitations, they highlight the inadequacy of certain responses to the needs of small entrepreneurs:

- (i) Formation of a Single-Member Private Limited Liability Company (EURL);
- (ii) Declaration of unseizability allowing the individual entrepreneur to render exempt from seizure certain property from his personal assets.

10. (i) Use of the EURL form of company, introduced in 1985, has remained limited, despite successive reforms that have greatly simplified the formation and operation of such companies. Such reforms include the abolition of a minimum capital for multi-member and single-member limited liability companies (Economic Initiative Act of 1 August 2003); the introduction of model statutes (Small and Medium-Sized Enterprises Act of 2 August 2005); the lightening of the occupational legal publication regime, and the automatic implementation by default of model statutes (Economic Modernization Act of 4 August 2008).

11. However, after 25 years in operation, the EURL scheme has been largely unused by entrepreneurs. In 2008, EURLs accounted for only 6.2 per cent of all enterprises.

12. There may be a number of reasons for this relative lack of success:

(a) Many entrepreneurs believe that the obligations arising from EURL status (maintaining a record of decisions, accounting and financial management) are an obstacle to initiative;

(b) Psychological barriers remain for some entrepreneurs who are not seeking to create a legal personality separate from themselves for their entrepreneurial activities;

(c) In fact, the changeover to company status is for many only contemplated once an enterprise has reached a sufficient level of growth, when the individual entrepreneur seeks to develop his business together with other partners, or when development and the attendant fiscal and accounting implications require the formation of a legal person.

13. (ii) The declaration of unseizability enables the self-employed person to declare as exempt from seizure his rights on the immovable property which constitutes his principal place of residence (Economic Initiative Act of 1 August 2003) and, more generally, his rights on any land or building not allocated to business use (since the Economic Modernization Act of 4 August 2008).

14. However, this measure has had limited success. It appears to concern only a small number of entrepreneurs. Thus, by late 2009, only a cumulative total of around 10,000 declarations of unseizability had been registered since the scheme's inception in 2003.

15. This is due to the partial nature of the protection afforded, which relates only to immovable assets and not to savings or movable assets, which may in some instances be more significant. Such protection is therefore useful only if the

entrepreneur owns immovable property; this is not always the case, especially at the start-up phase for new enterprises.

### **1.3. Individual Entrepreneur with Limited Liability (EIRL) scheme**

16. Creating allocated assets consists, for a natural person, in allocating assets to his professional activity that are segregated from his personal assets, but without creating a legal person that is separate from the natural person.

17. The concept of allocated assets challenges the civil law principle, hitherto uncontested on account of the unity of legal personality, of the unity of assets, as it may be understood from article 2284 of the Civil Code, which provides that “[w]hoever has bound himself personally, must fulfil his commitment from all his movable and immovable property, present and future”. Likewise, article 2285 provides that “[t]he property of a debtor is the common pledge of his creditors; and the proceeds of its sale shall be distributed among them pro rata, unless there are lawful causes of preference among the creditors”.

18. According to the unity of assets principle, to one person corresponds one set of assets, the basis of assessment for the creditors’ general right of pledge. Therefore, all the debtor’s assets serve to cover the contracted obligations, subject to the availability of securities. It is irrelevant whether the debts are of a personal nature or arose in the context of the professional activity.

19. In France, the EIRL Act of 15 June 2010 therefore constituted a departure based on two principles:

(a) Freedom of choice for the entrepreneur, who is not forced to set up a company to protect his assets and family;

(b) Encouragement for entrepreneurship by preventing the bankruptcy of a business from automatically leading to personal and family ruin.

20. It is notable that such a legal status already existed in many countries, both developed and developing. Those countries include: Liechtenstein since 1926 (under the title *Einzelunternehmung mit beschränkter Haftung*), Costa Rica since 1964, Panama since 1966, El Salvador since 1970, Chile since 2003, Peru since 2005, Dominican Republic since 2009, Brazil since 2012 (under the titles *Empresa individual de responsabilidad limitada* in Spanish, and *Empresa individual de responsabilidade limitada* in Portuguese), and Portugal since 1986 (under the title *Estabelecimento mercantile individual de responsabilidade limitada*).

21. In France, since the EIRL status came into operation in 2011, more than 30,000 EIRLs have been registered.

## **2. How the EIRL scheme operates**

### **2.1. Scope of application**

22. The status of individual entrepreneur with limited liability is open to any natural person engaged on their own behalf in a business activity of a commercial, craft, professional or agricultural nature. *Auto-entrepreneurs* who are individual entrepreneurs are therefore eligible for the scheme. The place of filing of the allocation declaration may differ depending on the activity carried out by the EIRL.

## 2.2. Formation of allocated assets

23. The regulations seek to combine simplicity with third-party protection, either at the time the allocated assets are formed or during the lifetime of the activity.

24. The allocated assets shall be formed pursuant to the filing of an allocation declaration containing:

(a) A description of the nature, quality, quantity and value of the property, rights, obligations or securities allocated to the professional activity;

(b) A reference to the object of the professional activity to which the assets are allocated;

(c) Where applicable, documents certifying the completion of additional formalities required in the case of allocation of immovable property, jointly-owned or undivided property, or valuable property.

25. The allocation declaration must be filed:

(a) Either with the occupational legal publications register with which the individual entrepreneur is required to register (i.e. the commercial and companies register for traders and the trades register for craftspeople);

(b) Or with the occupational legal publications register chosen by the individual entrepreneur in the case of dual registration (this applies to craftspeople registered with the trades register who may also have to register with the register of companies if they also carry out commercial transactions), in which case, a note will be inserted on the other register;

(c) Or, for natural persons not required to register with an occupational legal publications register (i.e. members of the liberal professions and *auto-entrepreneurs* exempt from registration) and for farmers (as there is not yet an agricultural register), with a register held at the registry of the court ruling on commercial matters with jurisdiction over their principal place of business. The regulations prescribe a special register at the registry of the commercial court, which is also responsible for holding the commercial and companies register. The publishing conditions of this register shall be set out in a Council of State decree.

26. Allocation does not constitute a contribution as it does not entail transfer of title in consideration of company shares. Nevertheless, certain formalities relating to contributions to a company have been included in the regulations in order to protect third parties. Thus, the allocation of immovable property must be notarized and published in the mortgage registry, while the allocation of jointly-owned or undivided property requires the express consent of spouses or undivided co-owners and proof that they have been informed about the rights of creditors on the allocated assets.

27. Lastly, the allocation of property exceeding an amount fixed by decree (30,000 euros) must be valued by an expert along the lines of a valuation by a valuer of contributions in the case of a contribution in kind to a company. However, it has been agreed, in the interest of simplicity and cost savings, to allow the valuation to be made not only by an external auditor, but also by a public accountant, management and accounting association or notary (the latter may only value immovable property).

28. Failure to observe these formalities when forming allocated assets or during the lifetime of the activity shall result in the unenforceability of the property allocation.

### **2.3. Composition of allocated assets**

29. The composition of assets must comply with certain rules of allocation that are both objective and subjective:

(a) The property, rights, obligations or securities needed to carry out the professional activity must be allocated. The concept of necessary property is somewhat restrictive: in essence it pertains to property that is work-related in nature (e.g. business or goodwill);

(b) The property, rights, obligations or securities used to carry out the professional activity may also be allocated if the entrepreneur so decides, to enable the entrepreneur to provide a broader basis for assessment for his business assets (this may include mixed property).

30. The assets comprise property and liabilities. The allocation of debts attached to property follows the rules mentioned in the preceding paragraphs: where debt is attached to necessary property, it must be allocated, whereas when it is attached to property that is used, the entrepreneur is free to decide whether or not to allocate it.

### **2.4. Consequences of allocation declaration**

31. The allocation declaration effects the segregation of assets and thereby reduces the basis for assessment for the right of pledge of the EIRL's business creditors and the other creditors against whom the declaration is enforceable: the entrepreneur's liability is thus limited both with regard to his business creditors, whose rights have arisen in the context of the professional activity to which the assets are allocated and whose sole general right of pledge are the allocated assets, and with regard to the other creditors, whose sole general right of pledge are the unallocated assets. However, these other creditors retain, in the event that the unallocated assets are insufficient, a right of pledge on the profits made by the EIRL during the financial year ended. This is a consideration granted to personal creditors who, unlike in the case of incorporation, do not get back shares in the corporate assets of their debtor.

### **2.5. Development of allocated assets**

32. All assets are subject to change in accordance with the developing professional activity of the entrepreneur. In the interest of simplicity, there is no requirement to file an allocation declaration each time a new allocation is made. If, however, property is allocated during the lifetime of the professional activity, certain formalities need to be completed.

33. The law provides that third parties must be notified of the composition and value of the assets allocated through the filing of annual accounts, which the EIRL, unlike other individual entrepreneurs, is obliged to do. The annual accounts are filed with the registry where the allocation declaration was filed. This formality ensures that third parties are properly notified insofar as the accounts are prepared pursuant to the financial obligations applicable to traders. Thus, the balance sheet of the EIRL shows the assets and liabilities of the allocated fund, and thus its development

from one year to the next. A decree sets out the simplified accounting obligations for *auto-entrepreneurs*, intended to reconcile the accounting simplicity inherent in the *auto-entrepreneur* regime with proper notification of third parties of the development of the allocated assets.

### 3. Rules governing the EIRL scheme

#### **Article L. 526-6 of the Commercial Code**

Any individual entrepreneur may allocate separate assets to his professional activity as distinct from his personal assets, without creating a legal person.

These assets shall comprise all property, rights, obligations or securities held by the individual entrepreneur and that are necessary to carry out his professional activity. It may also include property, rights, obligations or securities held by the individual entrepreneur, used for carrying out his professional activity and which he decides to allocate to his professional activity. The same property, right, obligation or security may only be part of a single allocation of assets.

As an exception to the preceding paragraph, individual entrepreneurs carrying out an agricultural activity as set out in article L. 311-1 of the Rural and Maritime Fisheries Code have the option of not allocating the land used for their farm to their professional activity. This option applies to all land owned by the farmers.

In order to carry out the professional activity to which the assets are allocated, individual entrepreneurs shall use a name incorporating their name, immediately preceded or followed by the words “Individual Entrepreneur with Limited Liability” or the initials “EIRL”.

#### **Article L. 526-7 of the Commercial Code**

The allocated assets shall be formed pursuant to a declaration filed:

1. Either with the occupational legal publications register with which the individual entrepreneur is required to register;
2. Or with the occupational legal publications register chosen by the individual entrepreneur in the case of dual registration, in which case a note will be inserted on the other register;
3. Or, for natural persons not required to register with an occupational legal publications register, with a register held at the registry of the court ruling on commercial matters with jurisdiction over their principal place of business;
4. Or, for farmers, with the relevant chamber of agriculture.

When the individual entrepreneur is transferred to another registry or attached to another registry during the course of the activity, his allocation declaration, the other declarations provided for under this section, any entries made in the register and all the public records filed are transferred by the former body maintaining the register to the newly competent body. In this case, the newly competent body shall be exempted from the verifications referred to in article L. 526-8 and a note regarding the transfer shall be entered on the first register. The transfer shall be effected digitally and shall not give rise to any charges or fees.

#### **Article L. 526-8 of the Commercial Code**

Bodies charged with keeping the registers mentioned in article L. 526-7 shall only accept the filing of a declaration referred to in that same article after verifying that it includes:

1. A description of the property, rights, obligations or securities allocated to the professional activity, in terms of nature, quality, quantity and value;
2. Reference to the object of the professional activity to which the assets are allocated. A change to the object shall give rise to a note entered in the register where the declaration provided for under article L. 527-7 was filed;
3. Where necessary, the documents certifying the completion of formalities referred to in articles L. 526-9 to L. 526-11.

Without prejudice to compliance with the valuation and allocation rules provided for under this section, if the individual entrepreneur was exercising his professional activity prior to filing the declaration, he may submit as a description the balance sheet of his last financial year, provided that the said balance sheet was closed at least four months prior to the date of filing of the declaration. In this case, all the elements contained in the balance sheet comprise the description, and the transactions effected since the date of the last financial year for which the accounts have been closed are included in the first financial year of the individual entrepreneur with limited liability.

#### **Article L. 526-9 of the Commercial Code**

The allocation of an immovable property or part thereof shall be received by notarial deed and published in the mortgage registry or, in the departments of Bas-Rhin, Haut-Rhin and Moselle, in the land registry where the property is located. Where the individual entrepreneur allocates only a portion of one or more immovable properties, he shall identify this in a description of the division of property.

The drafting of the notarial deed and the completion of the land registration formalities shall give rise to the payment to notaries of fees for which the ceiling is determined by decree.

Where the allocation of an immovable property or portion thereof occurs after the formation of the allocated assets, a supplementary declaration shall be filed in the register where the declaration stipulated under article L. 526-7 was filed. Article L. 526-8 shall apply, with the exception of 1 and 2.

Non-compliance with the rules set out in this article shall result in the allocation being ineffective against third parties.

#### **Article L. 526-10 of the Commercial Code**

Any part of the allocated assets other than liquid assets with a declared value higher than a total sum fixed by decree shall be valued based on a report appended to the declaration and drawn up, under their responsibility by an external auditor, a public accountant, an association for accounting and management or a notary appointed by the individual entrepreneur. Valuation by a notary may only relate to immovable property.

Where property referred to in the first paragraph is allocated after the formation of allocated assets, it shall be valued in the same way and shall give rise to the filing of a supplementary declaration in the register where the declaration set out under article L. 526-7 was filed. Article L. 526-8 shall apply, with the exception of 1 and 2.

Where the declared value is higher than that proposed by the external auditor, public accountant, association for accounting and management or notary, the individual entrepreneur shall be responsible, for a period of five years in respect of third parties for all of its allocated and unallocated assets up to the difference between the value proposed by the external auditor, public accountant, association for accounting and management or notary and the declared value.

Where an external auditor, public accountant, association for accounting and management or notary has not been used, the individual entrepreneur shall be responsible for a period of five years in respect of third parties for all its allocated and unallocated assets, up to the difference between the actual value of the property at the time of allocation and the declared value.

#### **Article L. 526-11 of the Commercial Code**

Where all or some of the allocated property is jointly owned or undivided, the individual entrepreneur shall provide proof that the spouse or undivided co-owners have consented to the allocation and that they have been informed of the rights of creditors as set out in 1 of article L. 526-12 on the allocated assets. The same jointly-owned or undivided property or the same part of a jointly-owned or undivided immovable property may only be allocated to a single set of allocated assets.

Where the allocation of jointly-owned or undivided property or part thereof occurs after the formation of the allocated assets, a supplementary declaration shall be filed in the register where the declaration stipulated under article L. 526-7 was filed. Article L. 526-8 shall apply, with the exception of 1 and 2.

Non-compliance with the rules set out in this article shall result in the allocation being ineffective against third parties.

#### **Article L. 526-12 of the Commercial Code**

The allocation declaration referred to in article L. 526-7 shall be enforceable by operation of law against creditors whose rights arose after it was filed.

It is enforceable against creditors whose rights arose prior to its filing provided that the individual entrepreneur with limited liability mentions this in the allocation declaration and notifies the creditors as set out in conditions fixed by regulation.

In this case, the creditors concerned may lodge an objection to the declaration being effective against them within a period fixed by regulation. A court order shall reject the objection or order either the repayment of the debts or the formation of guarantees if the individual entrepreneur offers them and if they are judged adequate.

Failing repayment of the claims or formation of the guarantees ordered, the declaration shall not be enforceable against the creditors whose objection has been accepted.

Objections made by a creditor shall not have the effect of preventing the formation of the allocated assets.

As an exception to articles 2284 and 2285 of the Civil Code:

1. Creditors against whom the allocation declaration is effective and whose rights arose during the exercising of professional activity to which the assets are allocated shall have as sole general right of pledge the allocated assets;
2. The other creditors against whom the declaration is effective shall have as sole right of general pledge the unallocated assets.

However, the individual entrepreneur with limited liability shall be responsible from all of his assets and rights in the case of fraud or in the event of a serious breach of the rules set out in the second paragraph of article L. 526-6 or of the obligations set out in article L. 526-13.

Where the unallocated assets are insufficient, the general right of pledge of creditors mentioned in 2 of this paragraph may be exercised on the profits made by the individual entrepreneur with limited liability over the financial year ended.

#### **Article L. 526-13 of the Commercial Code**

The professional activity to which the assets are allocated shall be determined by self-balancing accounting, performed in conditions defined in articles L. 123-12 to L. 123-23 and L. 123-25 to L. 123-27.

As an exception to article L. 123-28 and to the first paragraph of this article, simplified accounting obligations shall apply to the professional activity of persons coming under the taxation systems defined in articles 50-0, 64 and 102 ter of the General Tax Code.

The individual entrepreneur with limited liability shall be required to open one or more bank accounts in a credit institution, exclusively dedicated to the activity to which the assets have been allocated.

#### **Article L. 526-14 of the Commercial Code**

The annual accounts of the individual entrepreneur with limited liability or, where applicable, the document or documents arising from simplified accounting obligations as set out under the second paragraph of article L. 526-13 shall be filed each year in the register where the declaration set out under article L. 526-7 was filed, and appended thereto. They shall be transmitted, for appending thereto, to the register set out under 3 of article L. 526-7 where the declaration is filed with the trades register in the case set out under 1 of the same article and, where applicable, with the commercial and companies register in the case provided for under 2 of the same article. From the date of filing, they shall constitute an update to the formation and value of the allocated assets.

In the case of non-compliance with the obligation referred to in the first paragraph, the presiding judge of the court, ruling by way of summary proceedings may, at the request of any interested party or the Office of the Public Prosecutor and subject to a coercive progressive fine, enjoin the individual entrepreneur with limited liability to file his annual accounts or, where applicable, the document or documents arising

from the simplified accounting obligations set out under the second paragraph of article L. 526-13.

#### **Article L. 526-15 of the Commercial Code**

In the event of a waiver by the individual entrepreneur with limited liability or the death of the individual entrepreneur, the allocation declaration shall cease to be effective. However, in the event of cessation of the professional activity to which the assets are allocated and concurrent with the waiver or in the event of death, the creditors referred to in 1 and 2 of article L. 526-12 shall retain as sole general right of pledge that right which was theirs at the time of cessation or death.

In the case of a waiver, the individual entrepreneur shall have a note entered in the register where the declaration provided for under article L. 526-7 was filed. In the event of death, an heir, legal successor or any other person authorized for this purpose shall have the note entered in the register.

#### **Article L. 526-16 of the Commercial Code**

As an exception to article L. 526-15, the allocation shall not cease where one of the deceased individual entrepreneur's heirs or legal successors expresses his intention to continue the professional activity to which the assets were allocated, subject to compliance with the inheritance provisions. The person having expressed his intention to continue the professional activity shall have a note entered in the register where the declaration referred to in article L. 526-7 is filed within three months from the date of death.

The taking over of the allocated assets, where applicable after the partition and sale of some allocated assets for inheritance purposes, is subject to the filing of a takeover declaration in the register where the declaration referred to in article L. 526-7 was filed.

#### **Article L. 526-17 of the Commercial Code**

I. — The individual entrepreneur with limited liability may assign against payment, transfer inter vivos free of charge or contribute to the company all of his allocated assets and transfer title thereof under the terms set out in II and III of this article without liquidating the assets.

II. — Assignments against payment or transfers inter vivos free of charge of the allocated assets to a natural person shall entail their takeover with allocation retained to the assets of the assignee or donee. Such assignment or transfer shall lead to the assignor or donor filing a declaration of transfer in the register where the declaration referred to in article L. 526-7 was filed and shall be published. The takeover shall not be enforceable against third parties until these formalities have been completed.

The assignment or contribution of allocated assets to a legal person shall entail the transfer of title to the assignee's or the company's assets but the allocation thereof shall not be retained. It shall give rise to the publication of a notice. Transfer of title shall not be effective against third parties until this formality has been completed.

III. — The declaration or notice mentioned in II shall be accompanied by a description of the property, rights, obligations or securities comprising the allocated assets.

Articles L. 141-1 to L. 141-22 shall not apply to the assignment or contribution to a company of a business occurring subsequent to the assignment or contribution to a company of the allocated assets.

The assignee, donee or beneficiary of the contribution shall be indebted to the creditors of the individual entrepreneur with limited liability referred to in 1 of article L. 526-12 in place of the latter, without this replacement leading to novation in their respect.

The creditors of the individual entrepreneur with limited liability referred to in 1 of article L. 526-12 whose claim predates the publication date mentioned in II of this article, as well as the creditors against whom the declaration is not effective and whose rights arose prior to the filing of the declaration referred to in article L. 526-7, may, where the allocated assets are the subject of a donation inter vivos, lodge an objection to the transfer of the allocated assets within a fixed period set by regulation. A court order shall reject the objection or order either the repayment of the debts or the formation of guarantees if the assignee or donee offers them and if they are judged adequate.

Failing repayment of the claims or formation of the guarantees ordered, the transfer of the allocated assets shall not be binding on those creditors whose objection has been accepted.

Objections made by a creditor shall not have the effect of preventing the transfer of the allocated assets.

**Article L. 526-18 of the Commercial Code**

The individual entrepreneur with limited liability shall determine the income he shall pay into the unallocated assets.

**Article L. 526-19 of the Commercial Code**

The scales of charges for the formalities for filing and transferring declarations and for registering the notes referred to in this section, as well as for the filing and transfer of annual accounts or of the document or documents arising from simplified accounting obligations provided for under the second paragraph of article L. 526-13 shall be fixed by decree.

The formality of filing the declaration referred to in article L. 526-7 shall be free of charge where the declaration is filed simultaneously with the application for registration in the occupational legal publications register.

**Article L. 526-20 of the Commercial Code**

The Office of the Public Prosecutor and any interested party may apply to the presiding judge of the court ruling by way of summary proceedings to enjoin the individual entrepreneur with limited liability, subject to a progressive fine, to display the company name on all deeds and documents, immediately preceded or

followed by the words “Individual Entrepreneur with Limited Liability” or the initials “EIRL”.

**Article L. 526-21 of the Commercial Code**

The implementing provisions of the present section shall be determined in a State Council decree.

---