Introduction

French corporate law forms the legal framework that governs the creation, management, and dissolution of companies operating within France. It is a cornerstone of the country's business environment, providing the rules and principles that companies must follow to ensure legal compliance and fair practices. French corporate law is deeply rooted in the civil law tradition, with its foundations in the Civil Code and the Commercial Code, which together regulate both civil and commercial companies. The law is designed to balance the interests of shareholders, directors, employees, and other stakeholders, ensuring that companies contribute positively to the economy while adhering to strict legal standards.

Over the years, French corporate law has evolved significantly, adapting to the changing dynamics of the global economy and the increasing complexity of business operations. The European Union's influence has been particularly noteworthy, with EU directives and regulations playing a key role in harmonizing corporate law across member states. This has led to a more integrated legal framework that facilitates cross-border business activities and ensures a level playing field within the EU. In this context, understanding French corporate law requires not only a grasp of national regulations but also an awareness of European legislative developments that impact corporate governance and operations in France.

For students pursuing an LLM in French and European Business Law, a thorough understanding of French corporate law is essential. This manual aims to provide a comprehensive overview of the key legal concepts, statutes, and case law that define the corporate landscape in France. By exploring both the theoretical foundations and practical applications of the law, students will be equipped with the knowledge and skills necessary to navigate the complex legal environment in which French and European businesses operate. This introduction sets the stage for a deeper exploration of the intricate legal mechanisms that govern companies and their activities in France and beyond.

Corporate law is continuously evolving and remains an integral part of the market economy. Law does not exist in isolation from the society and ideology within which it operates. A key issue today is the role of companies in a globalized economy and consumer society. As social actors, companies are increasingly required to integrate social and environmental considerations into their activities.

Sources of French Corporate Law Statutes:

- Art. 1832 et seq. of the Civil Code: Governs the general principles of company law and specifically regulates civil companies.
- Law of 24 July 1966 and Book II (L210-1 et seq.) of the Commercial Code: Regulates commercial companies.
- Other specific laws: For example, the Law of 31 December 1990, which deals with professional practice companies.
- PACT LAW 2019
- Attractiveness Law 2024

It is worth noting the increasing internationalization of corporate law, particularly in Europe, through the legislative actions of the European Union. We will explore this further at the end of the course.

Case Law:

While French law does not follow the doctrine of *stare decisis*, judges often create rules specific to corporate law through case law. This jurisprudential creativity is partly due to the unique composition of commercial courts, which are staffed by business professionals elected by their peers. These professionals, rather than career judges, often bring a more practical and innovative approach to legal interpretation.

Practice:

Corporate law is heavily shaped by practical application. Certain sources, such as the Afep-Medef Code (recommendations for *sociétés anonymes* in France), the British Corporate Governance Code, and norms regarding corporate social responsibility, are developed as recommendations or soft law.

Classification of Companies:

Sociétés civiles et sociétés commerciales (Civil and Commercial Companies):

The importance of this distinction lies in the applicability of different legal frameworks. While all companies must adhere to the rules set out in the Civil Code, commercial companies are also subject to specific provisions in the Commercial Code. For instance, commercial law governs the validity of legal acts, evidence (e.g., accounting rules L123-12 seq.; rules on evidence L110-3, allowing all means of proof), and other aspects unique to commercial enterprises. Jurisdiction also varies based on the company's nature: commercial companies fall under the jurisdiction of the "tribunal de commerce" (L721-3 Ccom.), whereas civil companies are tried in either the TI or TGI. The classification of a company as commercial is determined by its form or its business activities. More specifically:

- C. civ., Art. 1834: "The provisions of this Chapter shall apply to all firms and companies, unless otherwise provided for by law due to their form or their objects."

- C. com., Art. L210-1: "The commercial nature of a company shall be determined by its form or its objects. General partnerships, limited partnerships, limited liability companies, and joint-stock companies are considered trading companies by virtue of their form, regardless of their objects."

More complex scenarios include:

- Companies with a commercial form but a civil object: Here, the form takes precedence, classifying the company as commercial.

- Companies with a civil form but a commercial object: The object takes precedence, making commercial law applicable.

However, the distinction between civil and commercial regimes has been diminishing over time. For example, registration requirements are now the same for all companies, a change from the pre-1978 rule that applied only to commercial companies.

Sociétés de personnes et sociétés de capitaux (Partnerships and Capital Companies):

In partnerships, the identity and trust among partners are paramount, a concept known in France as (intuitus personae). Partners often have personal liability for the company's debts, and the transfer of shares is generally restricted, with the death of a partner potentially leading to the company's dissolution. The main types of partnerships include:
- SNC (Société en nom collectif / General Partnership): Partners are considered merchants and have unlimited joint liability for the partnership's debts.

- SCS (Société en commandite simple / Limited Partnership): General partners (associés commandités) have the same status as in a general partnership, while limited partners (associés commanditaires) are only liable up to the amount of their contributions.

- Civil companies.
In contrast, the defining characteristic of capital companies is the financial investment, not the partners' identities. However, as with the previous distinction, the line between these categories has become blurred. For example, shareholders in a SARL can restrict share transfers, and the death of a partner in a civil company does not necessarily lead to dissolution.

Other Classifications:

Sociétés à responsabilité illimitée et sociétés à responsabilité limitée (Unlimited and Limited Liability Companies):

- Multiperson vs. Single-person companies

- Companies with legal personality vs. those without

- Private vs. Public sector companies

- Companies that can offer financial instruments to the public vs. those that cannot

- National vs. European companies

The manual is prepared in 21 chapters, to be taught over 20 hours of seminars, ideally covering two chapters in each seminar of two hours. While there is an abundance of sources in French, there are very few textbooks available on French corporate law in English. A bibliography at the end of this manual will introduce the existing resources, particularly for curious students wishing to delve deeper. The topics covered in this manual include:

Chapter 1	Company Contract
Chapter 2	Contribution
Chapter 3	Affectio Societatis
Chapter 4	Participation in Profits and Contribution to Losses
Chapter 5	Statutes
Chapter 6	Company in Formation
Chapter 7	Directors
Chapter 8	Removal of Directors
Chapter 9	Civil Responsibility of Managers
Chapter 10	The Right to Vote
Chapter 11	The Abuse of Voting Rights
Chapter 12	The Dissolution of a Company
Chapter 13	The Partnership Company
Chapter 14	Civil Company- Managers Civil Company Partners
Chapter 15	The Civil Company - The Partners
Chapter 16	The General Partnership (Société en Nom Collectif, SNC)
Chapter 17	Limited Liability Companies (SARL)- Regulated Agreements
Chapter 18	Limited Liability Companies (SARL)-Partners
Chapter 19	The Public Limited Company - Governing Bodies
Chapter 20	The Public Limited Company (Société Anonyme) - Regulated Agreements
Chapter 21	European Companies

Chapter 1
Company
Contract

Despite the doctrinal controversies now settled, and regarding partnerships, a company is a contract. However, it is a special type of agreement subject to public order, such that it is customary to indicate that it must meet two sets of conditions: the first are common to all contracts. The second are specific to the company contract and will be discussed in various studies within this work. Regarding the common conditions, one should refer to Article 1128 of the Civil Code. The following will be examined: the consent of the parties (1), the capacity to contract (2), and a lawful and certain content (3).

Article 1128: Requirements for the validity of a contract

The following are essential for the validity of a contract:

1. The consent of the parties.
2. Their capacity to contract.
3. Content that is lawful and certain.

The consent of the parties to the company contract

In a classical sense, consent raises the question of its existence, but also its integrity. Put differently, and applied to company law, this concerns simulation (a) and defects in consent (b). The first scenario is more common than the second.

a. The existence of consent

In practice, consent may not truly exist (beyond considerations related to the requirement that a partner must be of sound mind, see Article 1129 of the Civil Code). The parties have consented to a company contract, but without genuinely intending to do so. This is the case of simulation, where the company conceals something else. The company contract may be insincere in terms of its reality, its nature (for instance, masking a donation), or the identity of one of the partners. In this case, one of them acts as a nominee. For example, the company may be challenged if it was created solely for tax purposes, to avoid tax authorities pursuing a transferred asset (see, for example, a company "whose existence was only justified by holding a property on behalf of another": Court of Cassation, 3rd Civil Chamber, May 18, 2017, No. 16-14.750).

Court of Cassation, 3rd Civil Chamber, May 18, 2017, No. 16-14.750:

Background: In this case, the Société Civile Immobilière (SCI) Imoterm purchased a property from the company Novalem for €2 million. The transaction was done outside of the notary's official accounting

records. Tax authorities later questioned the legitimacy of this transaction and claimed that the SCI was merely acting as a "prête-nom" (a front or straw man) for Mr. X, who was both the manager of Novalem and owned 99% of the SCI. The authorities sought to
have the property recognized as part of Mr. X's personal assets for tax purposes.

Legal Issue: The main issue was whether the SCI was genuinely acting as an independent entity or was simply a front for Mr. X to avoid tax obligations and conceal his assets.

Court's Reasoning and Decision: The Court of Cassation upheld the lower court's decision, which found that the SCI was indeed a "prête-nom" for Mr. X. The court based its decision on several factors:

1. Mr. X controlled both Novalem and the SCI (holding 99% of its capital).
2. The SCI did not generate any rental income, as the property was used exclusively by Mr. X without compensation.
3. The SCI did not take out a loan to fund the purchase, and it lacked sufficient funds to acquire the property on its own.

These points led the court to conclude that the SCI's sole purpose was to hold the property for Mr. X, disguising it as a corporate asset when it was in reality part of his personal estate. As a result, the tax authorities were justified in treating the property as part of Mr. X's personal assets and converting provisional liens into permanent judicial mortgages against the SCI.

Key Takeaway: This decision highlights that courts can disregard the formal separation between individuals and legal entities when evidence shows that a company is being used solely as a front to hide assets or avoid legal obligations. The ruling reinforces that in cases of simulation, third parties like tax authorities can prove such arrangements by any means.

b. The integrity of consent

The theory of defects in consent applies to company contracts if the defect is "of such a nature that," without it, "one of the parties would not have contracted or would have contracted under different conditions" (Civil Code, Article 1130).

- Error, which must exist at the time the contract is formed, is possible (Civil Code, Article 1132).

rticle 1130: "Error, duress, or deceit vitiates consent when they are of such a nature that, without them, one of the parties would not have contracted or would have contracted on different terms. Their determining character is assessed with regard to the persons and the circumstances in which consent was given."

Article 1132: "Error is a ground for invalidating the contract only when it relates to the essential qualities of the thing that is the subject matter of the contract."

For example, one of the partners could demonstrate having been mistaken about the identity of another partner in a partnership. More generally, instances of error are rare, but it has been accepted

that a partner's consent is vitiated by a substantial error when it is shown that the partners had agreed to form a new company to "simply continue the business conducted by the old company" when it was impossible to continue the activity (Commercial Chamber, March 8, 1965, No. 61-13.451: Bulletin No. 173). One could also imagine the scenario where fraud is acceptable in company law, especially if one of the partners is deceived due to the maneuvers— or reluctance— of another partner.

Finally, coercion may occur. This is particularly the case since Article 1143 of the Civil Code provides that coercion also exists when a party, abusing the dependent state of their co- contractor, obtains from them a commitment that they would not have made without such pressure and gains an advantage that is manifestly excessive. Economic pressure may find a favorable ground in company law. An action based on a defect in consent aims to establish a relative nullity. However, it should be noted that a defect in consent is not a cause for nullity in joint-stock companies and SARLs (limited liability companies), nor is incapacity, unless it affects all the founding partners. This rule is the application of Article L. 235-5 of the Commercial Code.

Article 1143 CC:

"There is also duress when one party takes advantage of the state of dependence of the other party, making them obtain a commitment that they would not have otherwise agreed to in the absence of such constraint, and derives an excessive advantage from it."

This article addresses a specific form of duress known as "abuse of dependence." It allows a contract to be invalidated when one party exploits the vulnerable position or dependency of another party to force them into an agreement that unfairly benefits the stronger party.

Article L. 235-5:

"The annulment of company acts or decisions can only result from the violation of an imperative provision of this Book or from the violation of a provision governing nullity.

In any event, the annulment of acts or decisions taken by a company cannot jeopardize the rights of third parties in good faith.

The incapacity of the parties to the company contract

A non-emancipated minor can be a partner in a company, provided that the status of a trader is not required (unlike, for example, what is provided for in partnerships). For an emancipated minor, if they wish to be a partner in a company requiring the status of a trader, they will need

judicial authorization. Concerning protected adults, a person under judicial protection may freely become a partner in a company, while the distinction between an administrative act and a dispositional act will apply to those under guardianship or curatorship, as per Decree No. 2008-1484 of December 22, 2008. In practice, it will depend on what the protected person contributes (real estate, cash, business assets, etc.). In summary, if it involves the contribution of real estate, business assets, or financial instruments not admitted for trading on a regulated market, it is then considered a dispositional act as per Annex I of the 2008 decree, meaning it will remain so. On the other hand, for other types of contributions (mainly cash contributions), it will also be considered a dispositional act, but as per Annex II, meaning it will be so unless the specific circumstances suggest it is an administrative act due to its minimal impact on the protected person's assets, prerogatives, or lifestyle. The law governing protected persons will then apply, taking these qualifications into account.

There are no longer any limitations as before for married persons. Thus, two spouses can be the sole partners, or with others, in the same company, even if they only use community property for contributions or the acquisition of shares. Furthermore, they can participate, together or not, in the management of the company. Subject to certain specific adjustments, one spouse may, without the other's authorization, join a company. Finally, incompatibilities arising from the practice of certain professions must be considered. For example, a civil servant cannot engage in commercial activities. For this reason, they cannot, for instance, be a partner in a partnership. As with defects in consent, the nullity is then relative. Article L. 235-1, which applies to joint-stock companies and SARLs, also applies in cases of incapacity.

A lawful and certain content

This new formulation of the requirement proposed by Article 1128 of the Civil Code replaces the former conditions of object and cause. It is uncertain whether the state of the law will evolve much compared to the jurisprudence developed from these notions. In any case, the requirement for lawful content refers to that of a lawful object. This rule is also reiterated in Article 1833 of the Civil Code, which states that "every company must have a lawful object and be constituted in the common interest of the partners." In other words, the company's object— and therefore the activity it engages in—cannot be contrary to public order and good morals. For example, a company established to operate a gaming house in violation of the stringent legislation in this sector is unlawful. To assess the situation in light of legal requirements, the actual activity carried out is considered. Similarly to before, a company contract cannot cover up fraud. It risks being considered as not respecting this requirement of lawful and certain content, as stated by the new Article 1128 of the Civil Code. The nullity incurred is then of an absolute nature."

Some key notions should be examined:

➢ Notion of the "common interest of the partners" : Traditionally, the common interest used to be confounded with the corporate interest. It is used to sanction certain selfish acts of a partner (abus).

➢ Notion of the "corporate interest": some authors have defended a very broad conception of the "corporate interest" (Claude Champaud and Jean Paillusseau) that can be understood as the own interest of the corporation as an institution. This insititution is not only an economic entity, but also a social actor. We could see here a certain convergence with the stakeholder theory.

➢ Introduction of social and environmental issues in the definition of the corporate purpose in 2019 by the "loiE". What are the consequences of this important change in the definition of companies?
Cf. An analysis 1 : "Ignoring social and environmental issues is not sanctioned by a specific regime of liability. Any court action seeking damages for failure to take into account these matters continues to require the meeting of the standard conditions of liability (existence of a fault, a damage and a causal link between the two). The mere finding of social or environmental damage will therefore not suffice to bring into play the liability of a company or a corporate executive if it is not established that the damage resulted from the misconstruction of such issues."

The object should be lawful. How can we evaluate this? For example, should we look at the articles of association or at the real activity of the corporation?

Case Law: ECJ, 13 nov. 1990, Marleasing, C-106/89: "As is clear from the preamble to Directive 68/151, its purpose was to limit the cases in which nullity can arise and the retroactive effect of a declaration of nullity in order to ensure "certainty in the law as regards relations between the company and third parties, and also between members" (sixth recital). Furthermore, the protection of third parties "must be ensured by provisions which restrict to the greatest possible

In the ruling of 10 November 2015 (Nr. 14-18179), the French Court of Cassation interprets the legal provisions of Articles 1833 and 1844-10 of the French Civil Code, regarding the nullity of limited liability companies, in light of Article 11 of the 1968 EU Directive (68/151/CEE) and Article 12 of the 2009 EU Directive (2009/101/CE), as clarified by the

European Court of Justice in the *Marleasing* case (C-106/89). The court establishes that a company's nullity based on the illegality or public policy violation of its purpose should only be considered with respect to the company's official purpose, as outlined in its founding documents or statutes.

In this case, after reviewing the statutory purpose of G Sport, the court notes that Urbat argued that G Sport was engaged in blackmail through legal actions, not for any illicit statutory purpose but for a wrongful actual purpose. Based on this reasoning, the court rejects Urbat's claim for nullity, ruling that the alleged wrongdoing concerned G Sport's actual activities, not its formal statutory purpose. The court found Urbat's argument unfounded and dismissed the appeal.

Chapter 2
Contribution

Contribution is one of the essential conditions of a company contract. Without a contribution, there can be no company, as Article 1832 of the Civil Code stipulates that each partner commits to allocating an asset to the 'common enterprise.' In principle, the sum of these contributions— these assets—allows for the calculation of the starting capital.

According to Article 1843-3, paragraph 1 of the Civil Code[1], contributions are of three types: cash contribution (1), in-kind contribution (2), and contribution of industry (3). Each of these raises different questions that we need to consider in succession.

1. Cash Contribution

A cash contribution is simple and common. It consists of contributing a sum of money to the company, meaning transferring ownership to it. This transfer can be done through the usual methods of fund transfer. In return, the partner receives social rights.

Two operations must be carefully distinguished: the subscription and the release of the contribution. Schematically, the subscription is the commitment to contribute, while the release is the actual fulfillment of that commitment. In essence, it means doing what was promised. It is the first of these operations that grants the status of a partner, with all the associated rights.

These two operations can be almost simultaneous, meaning the partner releases the contribution at the same moment as they subscribe. This situation has become much more

[1] "Each partner is liable to the company for everything they promised to contribute in kind, in cash, or in services."

common since the requirement for a minimum capital is no longer necessary in SARLs (Limited Liability Companies) or SASs (Simplified Joint Stock Companies).

However, it is also possible for the release to occur sometime after the subscription.

For partnerships, there is no maximum deadline for the release of contributions. The statutes may address this issue, allowing for a gradual release based on the realization of profits or on the call of the governing bodies.

In contrast, for SARLs, Article L. 223-7 of the Commercial Code requires the immediate release of at least one-fifth of the subscribed shares, while the balance must be released within a maximum of five years. For public limited companies, Article L. 225-3 of the Commercial Code, which also applies to SAS and SCA (Simplified Joint Stock Companies and Limited Partnerships with Shares), provides that half of the cash contributions must be released, while the remainder can be released within a five-year period.

Article L. 223-7 of the Commercial Code

"The social shares must be fully subscribed by the partners. They must be fully paid up when they represent contributions in kind. Shares representing cash contributions must be paid up by at least one-fifth of their amount. The payment of the remaining balance is to be made in one or more installments based on the manager's decision, within a period not exceeding five years from the company's registration in the trade and companies register. However, the share capital must be fully paid up before any subscription of new shares to be paid up in cash, otherwise the operation is null and void.

Where applicable, the bylaws specify the procedures for subscribing shares in services.
…"

Article L. 225-3 of the Commercial Code

The capital must be fully subscribed.

Cash shares are paid up at the time of subscription by at least half of their nominal value. The payment of the remaining balance is to be made in one or more installments based on the decision of the board of directors or management board, as appropriate, within a period not exceeding five years from the company's registration in the trade and companies register.

Contributions-in-kind shares must be fully paid up at the time of issuance.
Shares cannot represent contributions in services.

If the contribution is not released on time (either by law or by statute), several solutions are possible.

Firstly, it should be noted that, by application of Article 1843-3, paragraph 5 of the Civil Code, the partner is automatically liable, without demand, for interest on the sum from the day it should have been paid, 'without prejudice to further damages, if applicable.'

Additionally, if the contribution is not released within the legal deadlines, 'any interested party may request the president of the court ruling in summary proceedings to order the administrators, managers, or directors to proceed with these fund calls under penalty of a fine, or to appoint a representative to carry out this formality.'

The obligation to release subscribed contributions is imperative and lasts as long as the partner retains their status. Indeed, 'the unpaid social capital is a debt of the company against its partner that does not extinguish when they leave the company' (Court of Cassation, 3rd Civil Chamber, January 17, 2019, No. 17-22.070).

Finally, according to Article L. 624-20 of the Commercial Code, the opening judgment of a collective procedure renders 'immediately payable the unpaid amount of the social capital.'

Note:

It is important to distinguish between a cash contribution and what is commonly referred to in practice as a 'current account contribution (or advance).' Both operations are economically similar because they both involve transferring funds to the company. However, in a current account contribution, which in an SARL is a regulated agreement (Court of Cassation, Commercial Chamber, April 10, 2019, No. 17-19.474), it is a loan that the partner grants to the company to remedy a potential cash shortfall. This loan must be repaid (the partner can request repayment at any time, see Civil Chamber 3, May 3, 2018, No. 16-16.558) and may bear interest. In contrast, a cash contribution is not a loan.

2. In-Kind Contribution

An in-kind contribution is the contribution of an asset other than a sum of money. The variety of assets that can be contributed is vast. It can be movable or immovable property, tangible or intangible. The contribution can involve a fungible item or a specific object. As a result, assets as diverse as goods, patents, receivables, client bases, etc., can be contributed.

An asset can be contributed to the company in three forms, each giving the right to full ownership of shares in return.

Firstly, the contribution can be made as a transfer of ownership. In this case, it is carried out 'by the transfer of the corresponding rights and by the effective provision of the assets' (Civil Code, Article 1843-3, paragraph 2). In this simple scenario, similar to a sale, the contributor is, according to Article 1843-3, paragraph 3, liable to the company as a seller is to their buyer. However, it is important not to confuse the two: 'a contribution of ownership made to a company, in return for which social rights are attributed, is not a sale' (Court of Cassation, Commercial Chamber, March 9, 2022, No. 20-14.773). During dissolution, Article 1844-9, paragraph 3 of the Civil Code provides that the partner who contributed the asset in kind can obtain its return, possibly in exchange for compensation.

Secondly, a contribution of enjoyment is possible (however, a legal action cannot be the subject of such a contribution, see Commercial Chamber, May 31, 2005, No. 02-18.547; Bulletin of the Commercial Division, No. 124). This solution involves making an asset available to the company without transferring ownership. The right granted to the company is of a personal nature. It is not surprising that the contributor is, in this case, considered a lessor to the company, according to Article 1843-3, paragraph 4 of the Civil Code.

For the contributor, this technique is interesting because it ensures that they will recover their asset upon the dissolution of the company or in the event of a collective procedure, as they remain the owner. However, if the contribution involves fungible items, it results in the transfer of ownership of the assets to the company, similar to a quasi-usufruct. In that case, the contributor will need to return an equivalent amount (Civil Code, Article 1843-3, paragraph 4).

Finally, a dismembered right can be contributed.

Note:

The contribution of a dismembered right results in the attribution of shares in full ownership.

Thus, it is possible to transfer the usufruct of an asset to the company, with the understanding that it is necessarily limited to 30 years under Article 619 of the Civil Code. It is also possible to contribute a bare ownership right to the company, which will then be assured of recovering full ownership when the usufruct ends.

In-kind contributions mainly raise issues concerning their valuation. Both in the interest of the creditor and the partner, this valuation must be done as accurately as possible. While there are no specific rules for partnerships, it is different for other structures. The use of an auditor for contributions, responsible for the valuation, may be mandatory depending on the circumstances.

This question is important in practice. The courts have already clarified that an incorrect valuation of contributions causes harm to the other shareholders (see, for example, Court of Cassation, Commercial Chamber, June 28, 2005, No. 05-13.112; Bulletin of the Civil Division IV, No. 146: 'the overvaluation of contributions made by a partner, which results in an unjustified increase in their shareholding in the capital, thereby causes harm to the other partners, who are consequently entitled to seek compensation').

Finally, the contribution of certain specific assets is subject to specific formalities.
This is the case for the contribution of a business, which is subject to precise rules.

3. Contribution of Industry

The contribution of industry is unique. The partner contributes their industry, meaning their work, expertise, influence, or credit, thereby putting themselves, in a way, at the service of the company. Given this uniqueness, its regime is specific in several respects.

If the partner provides their work to the benefit of the company, it must be organized and executed under conditions that exclude any relationship of subordination. Otherwise, it would be an employment contract. The partner's relationship with the company is regulated: without being restricted to performing only one activity, they must account for all the gains they have made from the activity that is the subject of the contribution (Civil Code, Article 1843-3, paragraph 6).

Furthermore, industry is not a seizable asset. In these conditions, the shares representing the industry are not like the others. For this reason, Article 1843-2, paragraph 2 of the Civil Code provides that contributions of industry do not contribute to the formation of the share capital. Moreover, this type of contribution is prohibited in public limited companies (though it is allowed in SAS).

> Art. 1843-2, para. 2: Contributions in industry do not take part in the formation of the capital of the firm but give rise to an assigning of shares which entitles to the partition of profits and net assets, on condition that the losses are contributed to.

Otherwise, the partner contributing industry is no different from the others (Civil Chamber 1, March 30, 2004, No. 01-15.575; Bulletin of the Civil Division IV, No. 102). Thus, they have the usual political rights (voting, information, etc.). Similarly, Article 1843-2, paragraph 2 states that the shares grant the right to share in the profits and the net assets, with an obligation to contribute.