



## Platis - Anastassiadis & Associates

The associate law firm of EY Greece



# General Commercial Registry (GEMI) Law 4919/2022

### **I. Introduction**

The operating regime of the One - Stop - Shop Office (YMS) for the establishment of companies and the General Commercial Registry (GEMI) was amended, by the introduction of law 4919/2022 (Government Gazette 71/A/07.04.2022, hereinafter the "Law").

By virtue of the Law, Directive (EU) 2019/1151 of the European Parliament and the Council of June 20<sup>th</sup>, 2019 is incorporated into Greek law; according to its provisions, the time and cost necessary for the establishment of companies is reduced, through the use of digital tools for all relevant procedures and the interconnection of the information systems of GEMI; YMS; and those of other State registers, as well as the business registers of other EU Member states.

At the same time, the creation of a simplified framework is pursued, for the registration and publication on GEMI of companies' documents and details requiring commercial publicity, as well as the creation of a Register of Non-Commercial Economic Activity (MMEOD), in order to enable the registration of the country's economic activity in electronic registers.

The Law consists of sixty - four (64) articles, divided into four (4) parts and twelve (12) chapters. The provisions of the Law generally entered into force on its publication date (07.04.2022, Art. 64 par. 1), while specific provisions will enter into force on later dates<sup>1</sup>.

1. Specifically, article 7 par. e), h), i), j), k) and l) will enter into force on 07.01.2023 (art. 64 par. 2), articles 6, 29 and 53 will enter into force on 01.07.2022 (art. 64 par. 3) and articles 20 par. 3 a' - ab', 50 and 52 will enter into force on 01.10.2022 (art. 64 par. 4).

## II. The main provisions of the Law

### **II.A. Simplification of the procedure for the establishment of companies:**

#### **1.Scope**

The Law provides that, in principle, all legal entity forms that are subject to registration in GEMI<sup>2</sup> are established through the YMS, according to the respective process per category of legal entities<sup>3</sup>, or electronically<sup>4</sup>.

As an exception<sup>5</sup>, the following legal entities are not established through the above process: i) the companies whose establishment derives from transformation (L. 4601/2019), ii) the credit and financial institutions, iii) the companies that require a license by a competent administrative authority, including insurance and reinsurance businesses (article 14 par. 1b L. 4364/2019), and iv) sports société anonymes.

#### **2. Basic Procedure<sup>6</sup>**

1. An important innovation of the Law is the simplification and acceleration of the procedure for the establishment of companies, as well as the effective realization of all necessary actions by one and only office. In particular, for the establishment of a company through the YMS, the founders proceed to the following actions, either in physical form or electronically<sup>7</sup>:

a) the submission of a legally signed original application, as well as all other legalization documents and supporting documentation necessary, as the case might be;

b) the submission to the YMS of the legally signed Articles of Association or statute of the company,

c) the payment of the Single Establishment Cost and, in case the company to be incorporated is a Société Anonyme, the payment of the Hellenic Competition Commission contribution (i.e. currently 0,1% of the share capital),

2. In case foreign legal persons that do not have a Greek Tax Registration Number (TRN), participate in the company to be incorporated as partners or members of the administration, such TRN is attributed by the YMS through the interoperability of the information systems of YMS and the tax authorities (TAXIS).

3. On the next business day the latest, after receipt of the application and the necessary documents for the establishment of the company, the YMS:

a) reviews the legalization of the applicant for the establishment of the company;

b) checks the completeness and legality of the submitted information and documents of the applicant, as well as the articles of association, to ensure that there is no invalidity cause of the company's establishment;

c) performs the preliminary check of the proposed trade name and the distinctive title, in case it has not already been carried out, and proceeds to their approval of use, through access to the Register of Trade Names and Distinctive Titles; and

d) confirms payment of the Single Establishment Cost and, in case the company is a Société Anonyme, the payment of the Hellenic Competition Commission contribution.

4. If, during the above control process by the YMS, it results that the submitted documents, Articles of Association or the suggested trade name or distinctive title do not fulfil the requirements of the applicable legislation, the applicants are requested through e - mail, to proceed in writing to all necessary clarifications, corrections or completions within five (5) business days from the receipt of such request. In case the above deadline expires without action or the information/documents, despite their timely submission, still do not fulfil the requirements of the applicable legislation, the application for the company's establishment is rejected.

5. Following completion of the above control process, all the submitted documents are digitalized and saved and all necessary data are registered in the YMS information system, which, through its interconnection and access to the relevant electronic files, automatically performs the following actions:

a) provides a European Digital Identity (EUID), a GEMI registration number, a Registration Number of Reference (KAK) of the establishment, as well as the codes for the company's access to the GEMI information system;

2. These legal entity forms are: a) Société Anonyme (SA), b) Limited Liability Company (LLC), c) Private Company (PC), d) General Partnership (GP) and Limited Partnership (LP), e) Urban Cooperative, including Credit Cooperative, Building Cooperative and Energy Community, f) Social Cooperative Enterprise (SCE) and Workers' Cooperative of L. 4430/2016, g) Social Cooperative of Limited Liability (SCLL) of article 12 L. 2716/1999, h) Civil Law Partnership, with financial purpose of article 784 Greek Civil Code (GCC) and article 270 of L. 4072/2012, i) European Economic Interest Grouping (EEIG) of Council Regulation (EEC) No 2137/85, with its registered seat domestically, j) European Company (SE) of Council Regulation (EC) No 2157/2001, with its registered seat domestically, k) European Cooperative Society (SCE) of Council Regulation (EC) No 1435/2003, with its registered seat domestically, and l) Joint Venture (JV) of article 293 L. 4072/2012 (see. article 7 of Law).

3. Article 8 par. 2 of the Law

4. Article 8 par. 1 of the Law

5. Article 7 par. 2 of the Law

6. Article 9 of the Law

7. See in this respect Article 12 of the Law - Electronic One - Stop - Shop Service e-YMΣ

- b) creates an electronic file of the company in the GEMI;
- c) assigns a Tax Registration Number to the company and registers it in the tax registry;
- d) provides a TAXIS passkey to the company;
- e) registers the company in the employers' register kept in the Electronic National Social Security Entity (e - EFKA) and assigns an Employer's Registration Number (AME) to the company, if applicable, in accordance with the social security legislation;
- f) issues a digitally signed copy of the company's establishment announcement, an integral part of which are the company's Articles of Association;
- g) registers the company in the competent Chamber;
- h) provides a receipt of payment of the Single Establishment Cost and, in case the company to be set up is a Société Anonyme, the payment of the Hellenic Competition Commission contribution,
- i) distributes the collected Single Establishment Cost to the beneficiaries and, if applicable, pays the Hellenic Competition Commission contribution to the Hellenic Competition Commission; and
- j) automatically sends an informative e - mail to the appointed members of administration that are not founders.

Following completion of the above actions, the company is established and operates legally, while after completion of its establishment, the company may submit a request for opening a bank account in a credit institution of its choice, through the YMS Information System.

It is worth noting that all company forms have the option to use the template Articles of Association that are provided by the Law<sup>8</sup>, with or without additional content, an option provided until recently only for Private Companies (PC).

As a result, hereinafter the companies are established either through the template Articles of Association, or the template Articles of Association with additional content, or a notarial deed (if applicable or chosen by the founders).

## **II.B. Receipt of European Digital Identity (EUID) and GEMI Interoperability**

Another important innovation of the Law is the provision of services through GEMI's interconnection with the registries of the other EU Member States, within the framework of operation of the Business

Registers Interconnection System (B.R.I.S.). In particular:

- a) GEMI is electronically connected with the other national registers of the EU Member States, exchanging information about the capital companies that have their registered seat in another Member State and/or branches established therein<sup>9</sup>; and
- b) during their registration in the GEMI the registered companies receive a European Digital Identity (EUID)<sup>10</sup>.

## **II.C. Registration in GEMI - Publicity**

The entities that are subject to registration in GEMI<sup>11</sup> are specified in detail in the Law, while it is expressly provided which documents of legal entities have statutory publicity<sup>12</sup>. These notably include the corporate documents regarding the amendment of the Articles of Association, the completion of a merger, demerger or corporate transformation, dissolution, and the loss of legal personality.

There are certain differentiations regarding the conditions under which the performance of a legality and completeness check is required, during the registration and publication of documents on GEMI:

- a) the documents and details, whose publicity is of a statutory nature, are registered and published by GEMI, under the condition of the prior legality and completeness check by the competent GEMI services<sup>13</sup>. The above check is not performed, in case the GEMI registration is effected automatically with the use of template documents<sup>14</sup>;
- b) the documents and details, whose publicity is either i) of a declaratory nature, or ii) of a statutory nature and have taken the form of a notarial deed, or of a template document<sup>15</sup>, are registered and published automatically on GEMI, under the responsibility of the entity that is subject to registration, without the prior performance of a check by the competent GEMI services<sup>16</sup>.

The automatic registration has the following exceptions<sup>17</sup>: i) the corporate transformations of L. 4601/2019, and ii) the documents regarding the appointment of the members of the Board of Directors or other legal representatives of the company.

The completeness check for the automatic registration is performed electronically, while the documents may be substituted by the submission of a relevant electronic statement to the GEMI.

8. Article 13 of the Law

9. Article 24 par. 1 of the Law

10. Article 22 par. 6 of the Law

11. Article 16 par. 1 of the Law

12. Article 18 of the Law

13. Article 25 par. 1 of the Law

14. Article 25 par. 7 of the Law

15. See Article 25 par. 7 of the Law

16. Article 26 par. 1 of the Law

17. Article 26 par. 2 of the Law

## II.D. Suspension of registration

A significant provision<sup>18</sup> regarding the conditions under which, the entity that is subject to registration, may be put in a state of suspension of registration, has been introduced by the Law. In particular, in case the entity: a) has not published its financial statements in GEMI within the required deadline; b) remains without legal administration or without liquidators for a time period exceeding six (6) months; c) has not proceeded to the publication of the initiation of liquidation balance sheet, for one (1) year after it is put under liquidation; d) its TRN has been suspended or deactivated; e) has not proceeded to the payment certification of its share or corporate capital within the required deadlines, then the registered entity is automatically put in a state of suspension of registration in GEMI.

The competent Independent Authority for Public Revenue (AADE) informs the competent GEMI office, electronically, about the TRNs of the entities subject to registration, which have been suspended or deactivated, as well as the revocation of such suspension, and is at the same time informed electronically by the competent GEMI office, about the placement of an entity in a state of registration suspension or the revocation thereof.

## II.E. Registration of Branches of Foreign Entities

A. The details of branches of foreign entities may be registered solely through electronic means, without the need for physical presence of the applicant<sup>19</sup>.

Necessary conditions for the successful completion of the above process are, on the one hand the applicant having the necessary legal capacity and power to represent the company, and on the other hand, the verification of the applicant's identity, the legality of the branch's trade name and purpose, as well as the legality of the documents and details that are submitted for the registration of the branch.

The online registration of the branch is completed within ten (10) business days after the completion of the necessary formalities, including receipt of the necessary documents and information.

B. As regards in particular the foreign entities that have their registered seat within the EU, the process for the registration and maintenance of branches is further facilitated through the B.R.I.S.<sup>20</sup>

Specifically, the GEMI:

a) verifies the information regarding the entity through the B.R.I.S., during the registration of the branch; and

b) informs the B.R.I.S. immediately, in case the particulars of the entity change, and the branch ceases its operation or is deleted from GEMI.

## II.F. Penalties

The following penalties are provided for violation of the Law:

a) administrative penalties<sup>21</sup>, which range from EUR 100 to 100,000, depending on the gravity of the violation, the corporate form, and the size of the entity. An administrative appeal may be filed against the order imposing administrative penalties, with suspensory effect; and

b) criminal sanctions, which range from imprisonment of up to one (1) year to incarceration of up to ten (10) years<sup>22</sup>.

## II.G. Establishment of New Registries

The establishment of new registers is part of the innovative arrangements that are introduced by the Law. Specifically, the establishment of the following registries is provided:

### A. Registry of Non-Commercial Economic Activity (MMEOD)<sup>23</sup>:

The unions, foundations, fundraising committees, and civil law partnerships are obligatorily registered in the MMEOD.

Such registration a) is realized free of charge, through interoperability with the tax online system (Taxis); b) does not entail the acquisition of a commercial status and the obligations applicable to the entities, which are subject to registration in GEMI; c) does not create an obligation for payment of fees, with the exception of the trade name and distinctive title fee, in case the reservation of the distinctive title is opted; and d) does not result in the automatic registration in the chamber of L. 4497/2017.

### B. Registry of Trade Names and Distinctive Titles<sup>24</sup>:

The rules for the creation and the procedure for the reservation of trade names and distinctive titles are described in detail, as well as all relevant provisions about the operation of the Registry of Trade Names and Distinctive Titles.

18. Article 29 of the Law

19. Article 38 of the Law. It is noted that the physical presence of the applicant is required on a case-by-case basis, provided that there is founded suspicion for identity fraud.

20. Article 38, 40 and 42 of the Law

21. Article 50 par. 1 of the Law

22. Article 51 of the Law

23. Article 52 of the Law

24. Articles 53-55 of the Law

It is specified for the first time that a legal person may have more than one distinctive title.

The trade name and the distinctive title are automatically reserved by the interested party through an electronic application in the GEMI information system, a) during the establishment of the entity through the e - YMS; b) during the electronic commencement of activity of a one - person business or a natural person engaged in non-commercial economic activity; c) during the automatic amendment of the Articles of Association with a template document; d) during the online registration of a branch of a domestic or foreign entity.

The option to pre - register a trade name and distinctive title for future use electronically is also provided, with the obligation to use such trade name and distinctive title within two (2) months.

### C. General Registry of Scientific Institutions Members (GEMMEF) <sup>25</sup>:

The persons that are engaged in self - employed professional activity and do not perform commercial transactions may be registered in the GEMMEF voluntarily. In particular, the persons registered in the following scientific bodies or their members, are: Technical Chamber of Greece, Panhellenic Medical Association, Plenary Assembly of Presidents of the Bar Associations of Greece, Economic Chamber of Greece, Hellenic Dental Association, Geotechnical Chamber of Greece, Coordinating Committee of Notary Public Associations of Greece, Hellenic Veterinary Association.

### **III. Concluding**

The Law is part of the general modernization framework of Greek corporate law that takes place during the last years, having as an ultimate goal the improvement of the business environment as well as the reduction of time and cost in the commencement of financial activities through the establishment of a company or branch, particularly by the extensive use of digital tools and procedures. As a whole, the provisions of the Law are evaluated positively, in particular due to the simplification/digitalization of a number of procedures during the establishment of legal entities, as well as the interoperability of GEMI

with other registries, which are expected to significantly expedite the incorporation process by reducing bureaucracy. Taking the above into consideration, it is expected that the new rules will facilitate the establishment of new businesses of any legal form in Greece, including branches of foreign entities, as well as the day-to-day transactions of the legal entities already registered in the GEMI.

25. Article 56 of the Law

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For more information on corporate issues, please contact:

#### Eirnikos Platis

Partner  
[eirnikos.platis@gr.ey.com](mailto:eirnikos.platis@gr.ey.com)

#### Julia Pournara

Associate Partner  
[julia.pournara@gr.ey.com](mailto:julia.pournara@gr.ey.com)

#### Lia Vitzilaiou

Senior Manager  
[lia.vitzilaiou@gr.ey.com](mailto:lia.vitzilaiou@gr.ey.com)

at the

#### Platis - Anastassiadis & Associates Law Partnership

Tel.: +30 210 288 6512  
[legaloffice@gr.ey.com](mailto:legaloffice@gr.ey.com)

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