



## Germany

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<b>Official Language:</b>	German
<b>Monetary Unit:</b>	Deutsche Mark
<b>Stock Exchanges:</b>	Deutsche Borse AG (Central bourse established in 1993, links Germany's eight Exchanges) Eight Stock Exchanges in Berlin , Bremen , Dusseldorf , Frankfurt , Hamburg , Hannover , Munich , and Stuggart
<b>Regulatory Authority:</b>	Bundesaufsichtsamt fur des Wertpapierwesen

### Forms of Business Enterprise

*Aktiengesellschaft (AG)* -- public limited company (only enterprise that can be traded on stock exchange)

*Gesellschaft mit beschränkter Haftung (GmbH)* -- private limited company

*Offene Handelsgesellschaft (OHG)* -- general partnership

*Kommanditgesellschaft (KG)* -- limited partnership

*GmbH & Co. KG* -- limited partnership with a GmbH as a general partner

*Gesellschaft des bürgerlichen Rechtes (GbR or BGB-Gesellschaft)* -- civil law partnership

*Zweigniederlassung* -- branch of a foreign corporation

*Einzelkaufmann* -- sole trader

### Disclosure Practices and Requirements

Public corporations (AGs) are regulated by the Corporations Act of 1965 (Aktengesetz 1965). The law requires at least five founder shareholders to sign the statutes before a notary public. The formation documents must be filed with the trade register at the local court responsible for the district where the company has its main seat of business. There are more than 450 district courts in the unified Germany. Registering takes six to eight weeks.

Listed companies must submit a copy of their annual reports to the relevant stock exchange, but do not have to comply with other filing or disclosure requirements.

### Audited Statements

Financial statements of all but "small" companies must be audited annually and filed within nine months of the fiscal year end. Large companies publish their reports in the Bundesanzeiger, the official financial gazette, and the Handelsregister, the Commercial Register. Medium-sized companies must publish their audit results with the Commercial Register and need only

notify the Bundesanzeiger. Small companies need only publish an abbreviated balance sheet and profit and loss statement without having to file them with the Handelsregister.

Banking and insurance businesses must be audited regardless of size. Listed companies must also file semiannual reports with the stock exchange.

Basic financial statements for large companies must include: balance sheet; profit and loss account; notes to financial statements; management report (much like a directors' report); auditors

## **Consolidated Statements**

All large German companies controlling one or more subsidiaries must prepare, publish and have audited consolidated financial statements. For German intermediary holding companies, the consolidation reporting requirement can be met by publishing German translations of consolidated financial statements of the ultimate EU parent.

## **Company Registration and Filing Location**

All German company information is recorded in the local register of companies, the Handelsregister, held at the Amtsgericht (district court).

**AG:** Also file their annual reports (and interim reports if prepared) with the stock exchange if quoted.

## **Access to Filings**

Public inspection is permitted at the Amtsgericht. There is no central index to the companies registered at each court. Registration information is given in the official gazette, the Bundesanzeiger.

## **Filing Requirements**

**AG and GmbH:** Annual financial statements (Jahresabschluss) directors' reports and management plan with the Handelsregister after presentation to the shareholders.

**Larger AG, GmbH:** Publish balance sheets and profit and loss accounts in the Bundesanzeiger, as well as the local court.

**Medium-sized AG, GmbH and KGaA:** Deposit their accounts with the Handelsregister. "Medium-sized" = total assets at or below DM 120m, total sales at or below DM 42m and an average workforce of 250. (At least two of

the above for two consecutive years).

**Small AG:** Abbreviated balance sheet and appendices account without filing them with the Handelsregister. "Small" = total assets at or below DM 5.3m, total sales at or below DM10.6m and an average workforce of 50.(At least two of the above for two financial years).

**AG:** Have to prepare interims but not file them.

**OHG** and **KG:** No obligatory filings.

## Filing Dates

**Annual report: AG, GmbH:** File within nine months of the company's year end. Small companies have 12 months to file.

**Interim report:** Within two months of the half-year end.

## Additional Information

Failure to comply with disclosure requirements is not normally a punishable offense; the maximum fine is DM10,000. Consequently, only about 10-20% of 450,000 companies actually do so. There is therefore no guarantee that information will be readily available on smaller and medium-sized companies in particular.

A public company regulatory authority, similar to the US Securities and Exchange Commission, is being set up in 1995.