



EU Cross-border mergers, conversions, and division: First vote by the Luxembourg Parliament re the implementation of the EU Mobility Directive

The EU's Mobility Directive (officially named Directive 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132, as amended) introduced a harmonized legal framework for cross-border mergers, conversions, and divisions. The Mobility Directive aims to enhance corporate mobility while preventing abusive practices such as artificial relocations designed to evade the concerned entities' legal or tax obligations. It introduces a structured process requiring companies to disclose a mobility plan, obtain a pre-operation certificate from competent national authorities, and finalize registration in the destination EU member state, which must accept the certificate as conclusive proof of legality. Stakeholder protection mechanisms have been reinforced as well, including a new cash-out right allowing dissenting shareholders to exit upon receipt of fair compensation, stronger creditor safeguards, and enhanced rights for employees, particularly concerning representation at companies' boards of managers/directors.



Notwithstanding an implementation delay, the Luxembourg Parliament approved on 23 January 2025 in the first vote the bill of law 8053, by amending two cornerstone corporate legislative pieces, notably, the law of 10 August 1915 on commercial companies, as amended, and the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended. The implementation stands out for its deliberate effort to maintain Luxembourg's business-friendly and pragmatic legal environment. Luxembourg has limited the application of the Mobility Directive (as implemented in Luxembourg law) to its strict EU-mandated scope, ensuring that certain transactions, such as cross-border divisions by absorption and migrations involving non-EU companies, remain governed by the existing, more flexible legal framework. Additionally, the Luxembourg legislator has made full use of the optional provisions offered by the Mobility Directive to facilitate corporate restructuring, reinforcing the country's reputation as a jurisdiction that prioritizes legal certainty and procedural efficiency.

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