



IN THE ENGLISH AND CONTINENTAL EUROPEAN LEGAL SYSTEMS, TRADING COMPANIES ARE BUSINESS SOCIETIES AND CORPORATE ASSOCIATIONS

Raufov Javlonbek

Student of Jurisprudence at Namangan State University, Faculty of Law

Annotation

This article talks about the existing modules of the activities of trading companies, business societies, and corporate associations in European regions, English trading companies and corporate structures in the world development.

Key words

Diversification, module, continental law, business societies, corporate, shareholding, consolidation.

In the context of trade companies, industrial associations, and corporate mergers in both English and continental Europe, we can exemplify the following forms: Trading company - Commercial enterprises or trading organizations; Industrial association - Corporation or organization; Corporate merger - Corporate partnership or organization; Consolidation: Companies formed for joint actions and projects with other companies. Through this method, two or more companies engage in activities together. Regulations - Legal regulations or laws. Joint-stock companies operate in various forms across European borders. These entities may have different privileges based on laws and regulations enacted in several countries. The basic composition of joint-stock companies consists of shares owned by shareholders. Shares can be bought and sold with money or other assets. The quantity of shares, rights to purchase, and other regulations are determined by the laws and regulations adopted by the company. Joint-stock companies are managed by governing bodies. These bodies usually consist of a board of directors, executive boards, and other regulatory systems. Shareholders may gather annually or otherwise to make decisions on important matters of the company. Companies are legally protected by company laws and internal regulations, granting shareholders specific rights, such as accessing dividends, appointing management bodies, and others. Many joint-stock companies adhere to transparency principles, ensuring financial statements, management, and other important information are made public for shareholders and other parties. Various types of holdings exist in Europe, operating in specific areas and carrying out various activities. We can illustrate some examples of European holdings currently in operation. Siemens AG: A leading technology and communications corporation operating in several sectors worldwide. They are involved in energy, manufacturing, technology, automation, transportation, healthcare, and other fields. Unilever: Engaged in the production of consumer goods such as clothing, manufacturing, small appliances, food products, and shampoos, operating worldwide. Vodafone Group: This telecommunications corporation operates extensively in various European countries and globally. LVMH Louis Vuitton Se: This holding company brings together a range of companies operating in the luxury goods sector, including fashion, perfumes and cosmetics, clothing, jewelry, and other valuable products. Royal Dutch Shell: One of the world's largest companies engaged in the production, use, and transportation of high-quality oil and gas products. These are just a few examples of European holdings and the activities they undertake within the European borders. Each one operates successfully in its respective fields and requires significant resources to organize corporate management systems. Establishing continental law for Europe involves important steps towards

harmonization and cooperation among member states of the European Union and possibly other European states. General steps for creating continental law in Europe include: Political office and consultation: Initially, political offices should be established for the development of continental law among European states. These member states can hold discussions and consultations on the necessity and scope of such a legal framework. Legal harmonization: Various legal systems based on different historical, cultural, and legal traditions exist in European countries. Harmonizing these legal systems is a crucial step in creating continental law. It may involve adapting principles, procedures, and legal concepts across jurisdictions. Establishing a European legal basis: Creating a European legal framework is of paramount importance. This framework may encompass various aspects of law, including civil rights, criminal law, commercial law, and administrative law. It may involve the creation of European laws, regulations, directives, and other legal documents. European court system: Establishing a continental law, perhaps, requires expanding existing European courts such as the Court of Justice of the European Union or creating new specialized courts. Legislation process: Developing continental law involves legislative processes by European institutions such as the European Parliament and the European Commission, which develop, debate, and adopt laws through legislative processes. This process needs to be transparent, inclusive, and accountable to member states and citizens for acceptance. Enforcement mechanisms: Implementing and enforcing continental law in Europe necessitates developing enforcement mechanisms and institutions. This may expand existing European institutions such as the European Court of Justice or establish new specialized courts. Legislation process: Developing continental law involves legislative processes by European institutions such as the European Parliament and the European Commission, which develop, debate, and adopt laws through legislative processes. This process needs to be transparent, inclusive, and accountable to member states and citizens for acceptance. Enforcement mechanisms: Implementing and enforcing continental law in Europe necessitates developing enforcement mechanisms and institutions. This may expand existing European institutions such as the European Court of Justice or establish new specialized courts: Establishing mechanisms for implementing European legislation was crucial. These European institutions could internalize harmonization between national governments and legal protection agencies to ensure compliance with European legal standards. Education: Establishing legal education and training programs is necessary to familiarize legal experts, judges, and policymakers with the new legal framework. Developing educational programs, training seminars, and skill-building opportunities is possible. Public awareness and engagement: Enhancing public awareness and engagement is crucial for the acceptance and legality of continental European law. Consulting with the public, conducting advocacy campaigns, and undertaking efforts to inform citizens about the benefits and consequences of new legislation are possible actions. Adaptation and evolution: Continental European law must adapt and evolve over time to respond to changing conditions, legal changes, and social needs. When necessary, mechanisms for amending and revising European laws can be established. International cooperation: Finally, creating continental law for Europe involves cooperation with other international organizations and legal systems. This includes aligning European legislation with international treaties and conventions and collaborating with organizations such as the United Nations and the Council of Europe. In the continental legal system, corporations are referred to as legal entities, for example, companies (full, limited), business associations (concern, association, holding), commercial companies (limited liability and additional liability), manufacturing and consumer cooperatives. In the Anglo-Saxon legal system, corporations include mergers that are not necessarily classified as corporate entities. While in the continental legal system, corporations are primarily regarded as special legal subjects, in Anglo-Saxon legal systems, they are considered not only special but also general legal subjects. In the United States, corporations are divided into four categories: public, quasi-public, business, and non-profit. Public corporations include state and local entities. Quasi-public corporations are those that provide for the general needs of society (such as providing gas, water, and electricity). Business corporations include all corporations formed for profit. The regulation of business entities involves a complex system and is relatively more detailed compared to other types of corporations. If the real nature of business corporations is considered, it can be concluded that the concept of corporations is more clearly and widely understood in Europe compared to the legal systems of England and the United States. According to the law, companies in England and America are not included in the composition of legal entities. Instead, they are considered as the accumulation of individual shareholders, and they are not considered as legal

entities. Business corporations are formed only on the basis of share capital, that is, corporations that resemble joint-stock companies in continental legal systems according to their legal status. State-owned enterprises in England and the United States are relatively few compared to Europe; also, in the Anglo-Saxon legal system, they are primarily referred to as corporate entities. One of the significant features of corporations compared to state-owned enterprises in Europe is the consolidation of capital, its inalienability, and the fact that they are formed from state-owned property, as well as the legal entities themselves operating as business and operational management subjects. They are not formed due to property relations arising from the transfer of property. The presence of capital contributed by founders or participants on a voluntary basis through the purchase of shares is one of the essential features of such corporations.¹

The experience of the corporate governance activity has passed through several stages of its own development, which includes the following fundamentals:

- Horizontal integration of network corporations that have developed telecommunications corporations;
- Vertical integration of various network corporations providing a single technological chain;
- Diversification of management in many network corporations without centralized management.

Europe, especially Germany, employs the traditional two-tier system of forming a board of directors. The upper chamber is the supervisory board, which does not include managers and is obliged to consist of "representatives of interested circles", where the workforce (not managers) must occupy a prominent position. Currently, in the United States, two main types of corporations have emerged. In the first case, if the consolidating nucleus of the group acts as a bank, it is called a conglomerate holding. In the second case, it refers to manufacturing technological systems.² Furthermore, there are foreign models of corporate governance such as the German model (Germany, Austria, the Netherlands, Scandinavia, Belgium, France) and the Anglo-American model (USA, Great Britain, Canada, Australia, New Zealand). Compared to the Anglo-American model, the German model stands out for the primary role of banks in representation and supervision in all aspects of corporate governance. In America, however, there is a significant difference with the extensive representation of individual and independent shareholders. Other differences include:

- Participants in implementing the model;
- Ownership structure;
- Activity monitoring;
- Financialization of activity.

Regarding participants in implementing the model:

- In Europe: Banks, departments, supervisory boards, wide representation of corporate employees.
- In England-America: Wide representation of individual and institutional shareholders.

Regarding ownership structure:

- In Europe: Superiority of banks and corporations. The system is based on institutional agents and individual investors.
- In England-America: Predominance of individual and institutional investors.

Regarding activity monitoring:

- In Europe: Monitoring by banks. The system is based on control over investment decisions.
- In England-America: Market monitoring. The system is formed through market monitoring.

Regarding financialization of activity:

- In England-America: The financialization system is formed through the market (uninformed, uncontrolled) of valuable papers.
- In the German model, there is some difference, as financialization is formed through controlled (informed, monitored) investment decisions. In such conditions, financial institutions tend to lean towards "portfolio investors" who do not have the opportunity to interfere with the company's current affairs. When the prospects for future problems arise, these investors sell their stake. Companies without the possibility of monitoring their activities are prone to information asymmetry for shareholders, leading to the influence of

¹ Corporate law. Rakhmonkulov. Kh.R., Gulyamov C.C. 2007 p. 45.

² Бандурин А.В., Зинатулин Л. Ф. Экономико-правовое регулирование деятельности корпораций в России. — М.: БУКВИЦА, 1999, с. 40.

non-transparent shareholders on the company's information disclosure and allowing such corporations to enter the stock market with the prospect of future issues.³ Believing that economically developed countries should cooperate in helping countries in the process of economic development to the extent of their capabilities; that the further expansion of world trade is one of the most important factors contributing to the economic development of countries and the improvement of international economic relations, and to promote the highest sustainable growth of their economies and to increase the economic and social well-being of their people, to use their potential and potential more effectively through consultation and cooperation, the European Economic Organization Organization of Cooperation and Development was established ⁴

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4. Convention on the OECD Paris on 14 December 1960
5. UN CONVENTION ON THE CONTINENTAL SHELF Geneva, 10 June 1964, in accordance with article 11.
6. <https://www.jstor.org/stable/1372832>

³ Corporate governance. Xodiyev B D.S. Qosimova T-2012 42-b

⁴ Convention on the OECD Paris on 14 December 1960