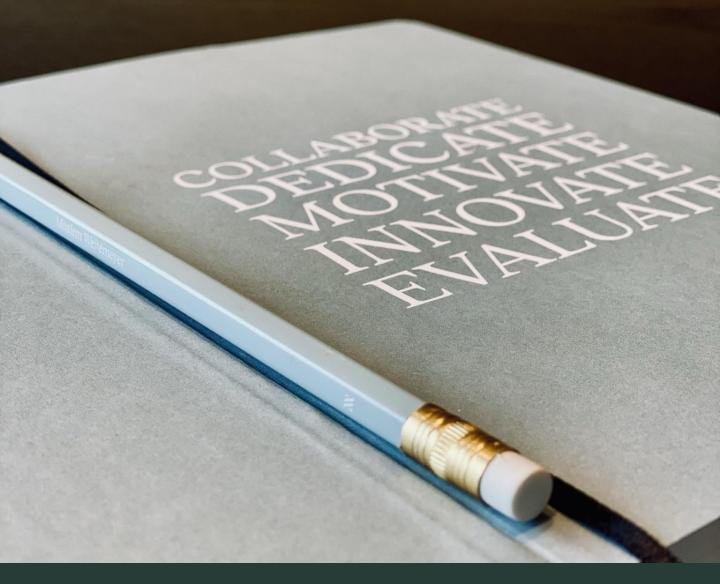


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Amendments to the Danish Companies Act and the Danish Financial Statements Act

The amendments enter into force on 1 January 2025. This article gives a brief summary of the main changes.



Introduction

21 December 2024, the Danish Parliament adopted two bills, $L71^1 \& L72^2$, that amend the Danish Companies Act (in Danish "selskabsloven") and the Danish Financial Statements Act (in Danish "årsregnskabsloven") with the purpose of simplifying business regulations, encouraging entrepreneurship, and harmonizing certain reporting requirements regarding shareholder loans with international standards in order to better position Denmark as an attractive environment for international investments.

We have previously written about the proposed changes in a recent newsletter, which you can find <u>here</u>³.

In this article, we will provide a brief summary of the main elements of the changes which will enter into force on 1 January 2025.

Key Changes to the Danish Companies Act

(i) Lowered Capital Requirements for Private Limited Companies

Under the current Danish Companies Act, the minimum capital requirement to establish a private limited company (in Danish "*anpartsselskab*" or "*ApS*") is set at DKK 40,000. The new amendments reduce this requirement to DKK 20,000 in order to make it more affordable for entrepreneurs and small business owners to establish a limited company.

(ii) Introduction of Public Offerings for Private Limited Companies (Crowdfunding)

Private limited companies will now have the option to publicly offer shares under specific conditions, effectively allowing them to engage in equity crowdfunding. By opening up public offerings, from which private limited companies were historically prohibited in Denmark, the amendments support alternative financing models, making it easier for innovative projects to secure the capital needed to grow beyond ordinary bank loans and private capital raises.

(iii) Lifting Restrictions on Shareholder Loans

The dedicated shareholder loan provisions (Sections 210–212) within the Danish Companies Act will be removed. Protection for creditors is considered sufficiently upheld by existing rules on risk management and capital reserves, making the specific shareholder loan rules redundant. Management will still have an obligation to evaluate each loan's prudence, ensuring that it aligns with the company's financial health and that it is commercially justified.



Key Changes to the Danish Financial Statements Act

The amendments repeal Section 99b of the Financial Statements Act, which obligates large and publicly listed Danish companies to report their gender diversity targets for board composition and their policies for gender balance across other management levels in the annual report's management commentary. This will shift specific reporting requirements; however, companies remain obligated under Section 139c of the Danish Companies Act to set gender diversity targets for board composition.

The adoption of the Corporate Sustainability Reporting Directive (2022/2464) will soon introduce more comprehensive obligations for companies to disclose policies related to diversity.

Additionally, the Gender Balance Directive (2022/2382) requires measures to ensure gender equality at executive levels in larger publicly listed companies.

¹⁾ https://www.ft.dk/samling/20241/lovforslag/l71/index.htm

²⁾ https://www.ft.dk/samling/20241/lovforslag/I72/index.htm

³⁾ https://moalemweitemeyer.com/2024-11-06-Proposed-Amendments-Acts



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