


Corporate Groups Between Doctrinal Construction and Operational Articulation: A Legal-Analytical Inquiry

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Abstract:

The study examines the legal and structural configuration of Algerian corporate groups, revealing a complex economic concentration mode characterized by judicial plurality and centralized control. Despite the absence of codified regulation in the Commercial Code, corporate groups are recognized through fiscal legislation, particularly Article 138 bis of the Direct Tax Code. The paper examines the legal autonomy of companies and the functional dominance of parent entities, analyzing control modes like equity-based, governance-oriented, and pyramidal to understand operational dynamics and regulatory asymmetries. The study advocates for a comprehensive legal framework that encapsulates intra-group governance economic realities, promoting transparency, corporate coherence, and institutional accountability.

Keywords: Corporate group; legal autonomy; holding company; pyramidal control; intra-group governance

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1. INTRODUCTION

The paradigm of economic conglomeration represents a salient manifestation of contemporary macroeconomic evolution—characterized by transnational diffusion, rapid institutional proliferation, and increasingly complex governance dynamics. The embryonic form of consolidated accounting practices can be traced back to the United States, with the establishment of the first American holding company in 1832. From its origins in Anglo-American corporate law, the holding structure gradually permeated continental Europe before embedding itself within the institutional frameworks of developing economies, where it emerged as an emblematic symbol of economic modernization and structural rationalization¹.

The corporation remains the most legally adaptable vehicle for capital aggregation and strategic resource deployment. Within this legal matrix, the corporate group emerges as a quintessential instrument of economic concentration—a structural phenomenon engendered by the exigencies of the post-World War II global order. In this context, the aggregation of enterprises and the unification of their operational potential—both human and material—transcended mere strategic preference and became an ontological necessity for institutional survival, continuity of operations, and dynamic responsiveness to the volatility of economic and social transformations².

Algeria’s adoption of a liberalized market economy enabled it to initiate partial recalibration of its national economic apparatus. However, the legislative corpus remains conspicuously underdeveloped with regard to the doctrine of corporate groups. Algerian commercial law abstains from providing a systematic or doctrinally exhaustive conceptualization of this structure, arguably due to the intrinsically fluid and polymorphic nature of such conglomerates, which defies rigid legal codification. Nonetheless, an embryonic definitional attempt is found in Article 138 *bis* of the Direct Taxation and Related Duties Code, wherein a corporate group is defined as a nexus of two or more legally autonomous stock corporations—one of which, the so-called “parent company,” exerts hierarchical supremacy over the others, termed “members,” through direct ownership of at least 90% of their

equity capital. Crucially, such capital must not be held, directly or indirectly, by the subsidiaries themselves or by a third entity capable of assuming the status of a parent company.

The parent entity exercises both strategic oversight and regulatory direction over its affiliates, thereby constituting a legally recognized framework for structured expansion. This model, initially rooted in industrial enterprise, has progressively extended into the services and financial sectors, attesting to its institutional versatility and expansive applicability.

Corporate groups employ a panoply of legal instruments—including divisional restructuring, mergers, strategic alliances, and acquisition mechanisms—as tools of financial synergy and risk mitigation. These instruments enhance intra-group coherence and competitiveness across both domestic and international markets.

The present inquiry derives its pertinence from the imperative to demystify the corporate group as a legal and economic construct: to elucidate its organizational architecture, to classify its typologies in relation to environmental determinants, to analyze the incentive structures that precipitate its formation, and to delineate its defining attributes. All of these elements are explored without omitting the fundamental legal principles upon which such entities are constructed.

This study adopts a descriptive-analytical methodology aimed at interrogating the aforementioned dimensions and at responding to the following central research question: *What constitutes a corporate group from both a legal and functional standpoint, and upon what structural foundations does such an entity rest?*

In pursuit of this objective, the paper is organized into two main sections: the first elucidates the definitional and structural identity of corporate groups; the second investigates the control mechanisms and legal underpinnings essential to their operational coherence.

Prior to engaging in detailed analysis, it is necessary to conceptually differentiate the corporate group from adjacent constructs such as multinational corporations, economic interest groupings (as defined in Article 796 of the Algerian Commercial Code), and economic concentrations

as articulated in Article 15 of Ordinance No. 03/03 on Competition—each of which, while structurally related, diverges significantly in juridical essence and functional orientation.

2. The Conceptual Ontology of Corporate Groups

It is neither methodologically requisite nor jurisprudentially imperative to formulate novel legal definitions for every emergent economic phenomenon. Indeed, most contemporary constructs are adequately subsumed within the ambit of established legal doctrines. However, there arise exceptional instances in which conceptual innovation becomes indispensable—specifically when pre-existing categories prove epistemologically inadequate to encapsulate the multifaceted characteristics and dynamic configurations of new institutional realities.

The corporate group represents one such exigent construct. Its definitional delineation cannot be relegated to inherited juridical typologies without incurring substantial analytical distortion. Given its distinctive legal-functional attributes, a precise conceptualization of the corporate group is essential to ensure doctrinal clarity and regulatory intelligibility.

Accordingly, this section is bifurcated into two core subsections: the first examines the definitional architecture of the corporate group, while the second investigates the motivational drivers behind its formation and the inherent features that characterize its structural identity.

2.1 The Legal Definition and Conceptual Structure of Corporate Groups

This subsection delineates the definitional underpinnings of the corporate group and explicates its structural typology, beginning with conceptual formulations (Part 1), followed by an exposition of its organizational architecture (Part 2), and concluding with a classificatory schema (Part 3).

2.1.1 Definitional Constructs

Numerous doctrinal articulations have sought to define the corporate group, each emphasizing its hybrid legal-economic character. Among the prevailing formulations are the following:

- A corporate group is conceived as a juridical configuration encompassing a plurality of economically integrated yet legally autonomous enterprises, all of which are subordinated to a unified economic policy

orchestrated by a centralized decision-making authority endowed with the prerogative of strategic command over the group as a whole.

- Alternatively, it is characterized as an ensemble of legally discrete corporations that remain functionally interlinked. One entity—designated the “parent” or controlling company—possesses either de jure or de facto authority to impose a unified strategic will upon the affiliated entities, typically through direct capital participation, such as the acquisition or subscription of shares in other corporations³.

Notably, certain legislative systems—including Algerian commercial law—do not explicitly codify the notion of corporate groups as an autonomous legal construct. Where such groupings exist, they are generally governed by the overarching principles and residual doctrines of corporate and commercial law, without a distinct statutory framework.

The Algerian legislator refrains from offering an explicit definition of the corporate group within the Commercial Code. Instead, the legal framework merely alludes to foundational elements: the legal independence of constituent companies within the group, juxtaposed with their subjection to the regulatory and strategic oversight of the parent company—whether such oversight is exercised by operation of law, contractual arrangement, or factual ascendancy.

However, in the realm of fiscal regulation, a tentative definition is proffered in Article 138 *bis*⁴ of the Code on Direct Taxation and Related Duties. Therein, a corporate group is described as an association of two or more joint-stock companies, each preserving its legal personality while constituting a singular economic entity. The company presiding over the group is referred to as the “parent company,” which maintains control over its subsidiaries by holding a minimum of 90% of their equity capital. This capital must not, either wholly or partially, be owned by the subsidiaries themselves or by any other entity capable of assuming parent status. Exceptions are made for petroleum companies and other firms governed by specialized legislative regimes beyond the scope of commercial law.

2.1.2 Organizational Architecture of the Corporate Group

The interrelations among constituent entities within a corporate group are intrinsically heterogeneous, primarily due to the dominant presence of a parent company which—through direct or indirect equity participation—establishes strategic and financial linkages with other enterprises. Accordingly, the internal organizational schema of the group typically assumes one of two principal configurations:

- **Vertical Integration Structures (Hierarchical Groups):** These are characterized by a pyramidal arrangement in which the parent company exercises unequivocal and centralized control over its subsidiaries. In certain cases, the structure may encompass nested sub-groups, each headed by an intermediary parent entity that functions as a nodal point within the broader conglomerate.

- **Horizontal Integration Structures (Siblings under Unified Governance):** These consist of companies that are not bound by direct dependency or subordination, but rather operate under a singular administrative regime derived from collective governance mechanisms. Control in such configurations does not stem from dominant equity participation or financial supremacy, but instead from harmonized strategic coordination. These formations are atypical and generally arise in unique institutional contexts where operational convergence supersedes hierarchical dominance⁵.

2.1.3 Taxonomical Classifications of Corporate Groups

The classification of corporate groups is contingent upon the functional role and institutional posture of the parent entity⁶. From a substantive perspective, group typologies may include:

- Industrial Groups – centered on production and manufacturing activities,
- Contractual Groups – formed via formalized inter-corporate agreements,
- Financial Groups – dominated by capital management, investment, and banking concerns,

- Personalist Groups – grounded in familial or closely held ownership structures.

From a structural perspective, group architectures may be categorized as follows:

- Hierarchical (Pyramidal) Formations – marked by vertical chains of control,

- Radiant (Hub-and-Spoke) Configurations – where the parent exerts control outward to dispersed subsidiaries,

- Circular Structures – involving reciprocal or cyclical ownership patterns among entities,

- Hybrid (Composite) Models – integrating multiple structural logics within a single conglomerate.

2.2 Motivational Drivers and Defining Attributes of Corporate Groups

The establishment of a corporate group is often catalyzed by a constellation of interrelated motives—financial, economic, and legal in nature. These drivers not only justify the formation of such conglomerates but also illuminate the distinctive structural and strategic characteristics that render them functionally unique.

2.2.1– Financial and Economic Incentives

Among the most salient economic rationales underpinning the creation of corporate groups are the following:

- Mobilization of Complementary Resources: The aggregation of capital, technical capacity, and ancillary support systems—resources that would be difficult, if not impossible, for a single firm to marshal independently. Parent companies, by virtue of their scale and institutional gravitas, possess superior negotiating leverage with financial institutions, thereby facilitating access to credit and capital on behalf of their subsidiaries.

- Economies of Scale and Cost Efficiency: Large-scale corporate groups enjoy enhanced operational elasticity, enabling the deployment of diversified investment instruments and the realization of cost-efficient capital allocations—advantages often unattainable by smaller, stand-alone firms.

- **Strategic Market Penetration:** Group structures facilitate coordinated entry into foreign markets. Through collective intelligence and inter-firm synergies, affiliated entities gain privileged insights into local market conditions, thereby optimizing market alignment and consumer targeting strategies.

- **Mitigation of Market Competition:** Within a group framework, member entities can implement shared competitive strategies, including the rationalization of market presence and the containment of external competitors operating within the same sectoral niche.

- **Enhanced Credibility and Institutional Longevity:** Small and medium-sized enterprises (SMEs) integrated into larger corporate groups benefit from the strategic stability and financial robustness of their parent firms, thereby reinforcing their legitimacy and operational sustainability.

- **Technological Transfer and Skill Diffusion:** Group structures function as conduits for the inter-organizational transfer of proprietary technologies and tacit knowledge. Such intra-group learning dynamics bolster the competitive agility of member firms, facilitating product innovation and adaptive capability in volatile markets⁷.

2.2.2 Legal and Institutional Drivers

Legal considerations also constitute a compelling rationale for the consolidation of firms into corporate group structures. These include :

- **Segmentation of Operational Domains:** Legal compartmentalization allows for the delineation of distinct managerial and financial responsibilities between the parent and its subsidiaries. Firms seeking centralized governance often opt for a group model precisely because it affords greater procedural flexibility in reorganizing corporate activities and reallocating resources.

- **Strategic Expansion and Control Acquisition:** Internal growth via the establishment of new branches contributes to the tangible augmentation of the group's asset base. However, such organic expansion does not necessarily confer enhanced governance prerogatives. Consequently, many groups resort to external expansion through the acquisition of equity stakes in other companies, thereby securing direct or indirect control. This strategy serves not only to extend the group's sphere of influence but also to neutralize competitive threats through ownership-based market consolidation⁸.

2.2.3 Defining Attributes of the Corporate Group

The corporate group as an institutional construct is distinguished by a set of foundational characteristics that demarcate its juridical and operational uniqueness. Chief among these are the following:

- Legal Autonomy of Constituent Entities: One of the cardinal features of a corporate group is the absence of an independent legal personality for the group as a whole. Rather, each constituent company retains its own juridical subjectivity. The prerequisite for any entity to be integrated into a corporate group is the possession of its own distinct legal personality, autonomous from that of the parent company. This structural decentralization ensures that each affiliate operates as a self-standing legal person, notwithstanding its functional embeddedness within the broader conglomerate.

- Hierarchical Subordination and Decisional Unity: The operational coherence of a corporate group necessitates a hierarchical relationship wherein the parent company imposes a centralized strategic orientation upon its subsidiaries. This subordination may manifest through various modalities, including financial dependency (e.g., capital control), administrative subjugation (e.g., managerial appointments), contractual subordination (e.g., inter-firm governance agreements), or economic dependence (e.g., revenue integration and market inter linkages). The existence of such multilayered dependencies is what enables the group to function as a *de facto* economic unit despite the formal legal separateness of its components⁹.

3. Structural Foundations of the Corporate Group

A corporate group's foundation requires each company to have a distinct legal personality and be subject to centralized control by the parent company, transforming them into a coherent economic unit, and this is explained as follows:

3.1 Legal Autonomy of Constituent Companies

The primary hallmark of the corporate group lies in the juridical independence of its constituent entities. The legal personality of a subsidiary remains entirely intact and distinct from that of the parent company. As a consequence, each company within the group retains its own separate patrimonial liability; the creditors of a subsidiary have no legal claim against the parent company, and reciprocally, the financial obligations of the parent do not encumber its subsidiaries. In the event of insolvency of one subsidiary, such default does not legally implicate the parent entity in bankruptcy proceedings¹⁰.

Each member company of the group constitutes a self-contained legal subject, governed by its own set of substantive and procedural norms, without juridical contamination from the operational regime of its affiliated entities—whether in terms of incorporation, administration, or dissolution.

This principle of juridical autonomy persists irrespective of the structural consolidation or functional integration imposed by the group hierarchy. The doctrine was robustly affirmed by the French Court of Cassation in its landmark ruling of July 3, 1948, which stated:

“The financial patrimony of each company remains unaffected by the fact that the two companies are administered by the same individuals, or that one exerts control over the other by virtue of shareholding. The exercise of control by the holding company does not constitute a fraudulent maneuver vis-à-vis third parties, insofar as the controlled entity is legally constituted and retains its juridical independence.”¹¹

3.2 Subjection of Group Companies to the Parent Entity’s Control

What fundamentally distinguishes a corporate group from a mere aggregation of companies is the existence of centralized and hierarchical control exercised by the parent company over its subsidiaries. This unified

command structure is not optional—it is imperative. It emerges organically from the overarching production and governance strategies that bind the group entities into a globally coherent operational framework.

The essence of the group's economic cohesion lies in this control, which functions as both a legal mechanism and an economic instrument. Through it, the parent company aligns the financial, administrative, and strategic trajectories of its affiliates, thereby ensuring functional integration and the pursuit of collective corporate objectives under a single governing logic.

3.2.1 Control Through Majority Equity Ownership

The parent company's dominion over its subsidiaries is often actualized through substantial equity participation—specifically, by acquiring a controlling stake that confers a majority of voting rights within the general assembly. This mechanism typically requires ownership of more than 50% of the subsidiary's share capital, enabling the parent to exert decisive influence over core corporate decisions, particularly the appointment of the board of directors, which functions as the strategic nerve center of the corporation¹².

Under such a configuration, the parent entity becomes a principal shareholder, commanding a dominant portion of the subsidiary's capital structure. The magnitude of this equity holding serves as a tangible indicator of the parent company's intent to establish strategic control. Moreover, the extent of capital ownership is directly proportional to the degree of subordination; the greater the parent's financial stake, the more pronounced the structural and operational dependence of the subsidiary.

However, it is essential to qualify that such ownership must pertain exclusively to ordinary share capital (also termed equity shares), as opposed to any other category of shares that merely entitles the holder to a proportional share of profits without granting participation in corporate

governance. The latter class of securities is commonly referred to as enjoyment shares (or *actions de jouissance*)¹³.

The critical distinction lies in the legal capacities conferred:

- Ordinary shares constitute the core of the company's capital base, cannot be redeemed as long as the company is a going concern, and entitle their holders to a share in both profits and the residual assets upon liquidation.
- Enjoyment shares, on the other hand, are issued as substitutes for redeemed ordinary shares. Once a company repays the nominal value of certain shares—typically in the context of depleting-asset investments such as mining concessions or time-bound infrastructure projects—it may reissue them as enjoyment shares, which confer income rights but exclude governance rights.

Because enjoyment shares do not vest their holders with the capacity to influence decision-making within the general assembly, they cannot serve as a basis for qualifying a company as a holding entity. Furthermore, the parent company's shares in the subsidiary must be fully owned and not encumbered by security interests (such as pledges) or custodial arrangements (such as deposits), as such encumbrances vitiate the legal authority to exercise control¹⁴.

3.2.2 Control Through the Appointment Power over the Subsidiary's Board of Directors

Within the comparative jurisprudence of corporate law, a significant majority of legal systems regulating holding structures acknowledge that governance control may be exerted not solely through equity ownership but also through institutional appointment authority. Specifically, the capacity of a parent company to unilaterally appoint, dismiss, or otherwise influence the composition of the board of directors of a subsidiary is widely recognized as a *de facto* and often *de jure* manifestation of corporate control.

This mechanism of managerial dominance allows the parent entity to shape the subsidiary's strategic agenda, impose its financial policies, and synchronize operational priorities with the global objectives of the corporate group. The board, as the apex managerial organ, serves as the transmission

channel through which the parent's macroeconomic vision is operationalized at the subsidiary level.

Typically, this power derives from the possession of majority shareholding, which confers voting control in the general assembly—the corporate body legally mandated to elect board members. However, even where equity ownership falls below majority thresholds, enhanced voting rights (via multiple-vote shares) or statutory entitlements embedded in the articles of incorporation may still endow the parent with board-level control.

Control via board appointment transcends formal ownership ratios; it reflects a functional grip on strategic decision-making, particularly where the parent dictates executive composition, internal audit structures, or key policy directives. Moreover, such control need not always be overt. In many jurisdictions, even informal dominance, such as influence over nomination procedures or deference from other shareholders, suffices to establish effective control under judicial scrutiny.

Some parent companies secure board control through contractual mechanisms—for example, shareholder agreements or inter-company protocols—that delegate appointment rights to the parent irrespective of voting equity. These arrangements often arise in joint venture contexts or transitional acquisitions where ownership rights are still fluid but governance leverage is deemed essential.

The ability to appoint board members thus becomes a strategic lever for vertical coordination, ensuring alignment of subsidiary behavior with the consolidated financial reporting obligations, risk appetites, and long-term capital allocation strategies of the entire group.

However, this control mechanism is not without risk. It can trigger conflict-of-interest scenarios, marginalize minority shareholders, and raise regulatory red flags concerning undue influence or shadow governance. As such, modern corporate law increasingly demands transparency, disclosure of appointment rights, and in some jurisdictions, fiduciary justification for board structuring in group settings.

In sum, the control over the appointment and removal of directors functions as a linchpin of group governance, enabling the parent company to engineer cohesion, enforce compliance, and institutionalize strategic uniformity across a complex and often geographically dispersed network of affiliated entities.

Nevertheless, such control may also be exercised in alternative configurations, namely:

3.2.2.1 Majority Voting Rights via Preferred Shares

The parent company may hold a minority equity stake in the subsidiary without controlling a majority of its capital. However, it can still command a majority of voting rights within the general assembly if it owns a class of preferred shares that confer enhanced voting power. In such cases, the parent may unilaterally appoint or remove members of the board of directors, thereby achieving de facto control.

Preferred shares are equity instruments that bestow additional rights and privileges upon their holders beyond those associated with ordinary shares. These generally assume two forms :

- The first type grants financial precedence—priority in dividend distributions and liquidation proceeds—but carries only a single vote per share.
- The second type, commonly referred to as multiple voting shares, grants their holders a disproportionate number of votes per share, thereby enabling strategic dominance in corporate decisions despite minority capital investment.

3.2.2.2. Control via Statutory Clauses or Shareholder Agreements

The parent company may also obtain appointment rights through provisions embedded in the subsidiary's articles of association or through contractual arrangements negotiated with other shareholders¹⁵.

- **Statutory Clauses:** A clause explicitly stipulating that the parent company shall have exclusive or predominant authority to appoint all or most of the subsidiary's board members is sufficient to establish effective control. Such provisions often originate at the founding of the subsidiary, where the parent—acting as a founding shareholder—imposes this requirement upon co-founders as a condition of incorporation.

- **Contractual Agreements:** In scenarios where the parent's equity stake does not grant meaningful voting power, it may instead negotiate administrative or technical agreements with the subsidiary or with the majority of its shareholders. These agreements grant the parent *de facto* governance prerogatives, thereby enabling it to guide the subsidiary's strategic decisions in ways that exceed its formal ownership rights¹⁶.

3.2.3 Control Exercised Through an Intermediary Subsidiary

In addition to direct mechanisms of control—such as majority shareholding or governance rights—parent companies may also establish indirect dominion over lower-tier subsidiaries through the strategic deployment of intermediary corporate entities¹⁷. This layered modality of control involves a triangular or multi-nodal ownership arrangement, whereby the parent company holds a controlling interest in a first-level subsidiary, which in turn possesses sufficient equity in a second-level or tertiary entity to dominate its decision-making processes. Thus, while the parent company does not maintain a direct corporate relationship with the lowest-tier entity, it nonetheless exercises effective control through an interposed organizational layer¹⁸.

This architectural formation is doctrinally referred to as a pyramidal holding structure, or more technically, a cascading equity hierarchy. Within this schema, the ultimate parent company—situated at the apex of the ownership pyramid—maintains a vertical chain of command over downstream entities via successive layers of corporate participation. The intermediate subsidiary, sometimes termed the “interposed” or “tier-one subsidiary,” acts as a conduit for control, transmitting the strategic directives of the apex entity to lower echelons within the group.

From a legal and economic standpoint, this pyramidal configuration offers the parent company a set of profound advantages:

- **Amplified Control with Reduced Capital Commitment:** The parent can leverage a relatively limited capital investment in the intermediary entity to exert disproportionately expansive influence across multiple operational layers. For instance, a 60% stake in the first-tier subsidiary combined with that entity's 60% stake in a second-tier company effectively grants the ultimate parent 36% of the capital while retaining a majority of voting rights—often sufficient for effective governance.

- **Layered Insulation and Risk Management:** This structure facilitates corporate veiling, allowing the parent to distance itself legally from the liabilities and obligations of the lower-tier subsidiaries. This veiling, while contentious in certain jurisdictions, serves as a form of structural risk segmentation, where liability is distributed according to the legal personality of each node in the pyramid.

- **Regulatory Arbitrage and Jurisdictional Flexibility:** By inserting intermediaries in jurisdictions with favorable tax regimes or lenient disclosure obligations, multinational groups can optimize their regulatory exposure and financial burdens. The intermediary layer may thus serve a dual function: as a governance facilitator and a strategic jurisdictional instrument.

- **Internal Governance Efficiency:** Intermediary subsidiaries often centralize operational oversight for multiple lower-tier entities operating within the same geographical region or sectoral niche. This enhances managerial efficiency, reduces transaction costs, and facilitates coherent implementation of group-wide policies.

However, pyramidal design raises transparency concerns for minority shareholders and regulatory enforcement challenges due to nested ownership layers, making it more analytically burdensome to determine ultimate control.

Jurisprudence and academic literature increasingly scrutinize such structures, especially in jurisdictions where corporate opacity and shareholder disenfranchisement are treated as governance pathologies. Some legal systems have introduced piercing doctrines—such as the "look-through" approach—to trace real control despite formal ownership fragmentation, ensuring accountability and equity in corporate governance.

In conclusion, the use of an intermediary subsidiary provides strategic and economic benefits but must be balanced with transparency, accountability, and equitable stakeholder treatment for effective coordination.

4. CONCLUSION

In light of the foregoing analysis, several critical conclusions may be drawn regarding the juridical and economic contours of corporate groups within the Algerian legal framework:

- Corporate groups symbolize economic concentration, reflecting modern capitalism's institutional complexity and strategic interdependence. They consolidate capital, resources, and decision-making authority across legally distinct entities.

- Algerian legislator lacks a comprehensive statutory framework for corporate groups, focusing on foundational principles like legal independence and parent company control. The only substantive attempt to define the corporate group appears in the fiscal domain, specifically within Article 138 *bis* of the Code on Direct Taxation and Related Duties.

- Corporate groups are not monolithic; they exhibit significant variation in both structure and economic function. Their configurations range from vertically integrated pyramids to horizontally coordinated alliances, and from purely financial conglomerates to industrial and contractual syndicates. This heterogeneity underscores the need for a flexible yet coherent legal typology.

- At their core, corporate groups are based on two crucial juridical principles: maintaining legal personality and autonomy of each entity, and centralized control exerted by a parent company over its subsidiaries.

Based on these findings, the following policy and legislative recommendations are proposed:

1. Establishment of a Dedicated Legal Framework: It is imperative that Algerian commercial legislation incorporate a dedicated legal regime governing corporate groups. Such a framework should define their legal nature, establish clear criteria for control and integration, and provide safeguards for third parties and minority shareholders.

2. Redefining the Concept of Control Beyond Equity Ownership: While capital participation remains a conventional indicator of control, it is

by no means a sufficient criterion. Legal reform should recognize that genuine control is exercised not merely through shareholding thresholds, but through the parent company's ability to shape the financial and economic orientation of its subsidiaries in alignment with the group's overarching strategic objectives.

3. Broadening the Legal Understanding of Intra-Group Control: Expanding "control" to administrative, contractual, and functional modalities would improve legal certainty, institutional transparency, investor confidence, and global competitiveness in the national corporate sector.

5. Endnotes

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