kalexius ODYSSEY GLOBAL ENTITY MANAGEMENT

Structuring corporate governance for

GLOBAL EXPANSION

White Paper

Successful companies naturally look beyond their national borders to expand their business.

This comes with a host of challenges: technical, economic, legal and... governance-related.

How do you maintain compliance and consistency across a myriad of entities and legal systems?

What are best practices to make corporate governance an enabler, not a blocker, of international growth?

This White Paper sets out the key challenges, risks and solutions to meet your international expansion ambitions.

CHALLENGES

Legal departments in fast-growing businesses already face an ever-growing workload and limited resources.

Throw international expansion in the mix and you get a score of news challenges.

Knowledge

Entering new markets requires knowledge of local legal and regulatory requirements, which often differ starkly from the US.

Some corporate governance rules may be lighter (e.g. registered agents typically do not exist abroad) but some will be more stringent (e.g. shareholders' meetings are mandatory in many jurisdictions).

Rogue agents

In fast-growing businesses, rogue agents can emerge in the form of local executives eager to develop the business.

They mean well! But they don't necessarily foresee the consequences of their actions.

They might create new entities that will require maintenance, appoint random employees to local Boards, engage local law firms but fail to document the relationship...

No documentation

Quick actions by executives eager to enter new countries often leave no trace and make it difficult for legal teams to understand what happened after the fact.

They struggle to trace local entities, to identify local providers and simply to understand whether the company complies with local laws.

	USA - DELAWARE			FRANCE	INDIA
	Domestic corporation	Foreign registration	LLC (domestic + foreign)	Société par Actions Simplifiées (SAS)	Private Limited Company (Plc)
Annual Meeting	☑	✕	✕	☑	☑
Statutory agenda and/or required documentation	N/A			- Management report - Sustainability report* - Annual accounts - Inventory - Regulated agreements report - Auditor's report - AGM minutes	- Consideration of financial statements - Consideration of reports of Board of Directors and auditors - Declaration of dividends - Appointment of directors - Appointment and remuneration of auditors
Filings	Annual Franchise Tax report	Annual Franchise Tax report	✕	- AGM minutes - Financial statements and related documentation	- Annual return - AGM minutes - Financial statements - DIR-3 directors' KYC form - DPT-3 return of deposits' filing - DIR-8 and MBP-1 forms
Other obligations				*if applicable	Four (4) Board Meetings per year

RISKS

A haphazard approach to international expansion carries significant risks.

Non-compliance

The lack of knowledge and corporate continuity inevitably leads to local obligations falling through the cracks and to non-compliance.

Loss of operational licenses or permits

A lack of corporate compliance can automatically result in the loss of government-issued authorizations, licenses and permits, including visas for expat personnel in some countries.

Public tender disqualification

In many countries, non-compliant entities will be barred from taking part in government or government-sponsored tenders, limiting the scope of business available to the group.

No M&A readiness

Subsidiary non-compliance is easy prey for potential buyers or investors hunting for a discount. It's just a lot harder to sell a non-compliant structure than a compliant one!

Lack of consistency

When the company lacks a global subsidiary policy and an understanding of local nuances, local executives will rely on standardized templates from local firms that fail to reflect the group's governance policies and preferences, leading to discrepancies in how entities are managed across the group.

Fines

Non-compliance may then lead to fines and, in some cases, to criminal liability for corporate executives.

Confidentiality breaches

Shareholder resolutions and other corporate documents are publicly available in many jurisdictions. Inexperienced directors and a lack of guardrails can lead to accidental disclosure of vital company information.

Snowball effect

Local non-compliance often snowballs really quickly. In many jurisdictions, the lack of shareholders' meetings in past years will prevent the removal or appointment of any directors – thus blocking the governance of the group for no good reason.

SOLUTION

Savvy GCs and legal teams don't just sidestep these risks.

They leverage corporate governance to make it an **enabler** of international expansion instead of a hindrance. This can happen by adhering to a few ground rules.

Be intentional

Have a plan, know your resources — people, process & tech — and implement it.

Clarify ownership

Legal should have the final say on all corporate compliance matters, including when and how to incorporate local entities.

Draft a subsidiary creation and management policy

This should include use cases (whether and when to incorporate local entities), thresholds (e.g. EoRs should be used under X number of employees in a given country) and a clear approval matrix for incorporation leading all the way back to the GC.

Choose your directors wisely

Local directors have extensive authority to conduct business on behalf of the entity. Be intentional in your choice and don't select someone just because they happen to be in-country. Make sure you have a mix of directors from local or regional operations and headquarters to maintain full visibility and control across your portfolio.

Train your directors

Board members often carry significant personal liability in foreign jurisdictions. Make them aware of their obligations and also of the consequences of their actions (e.g. on the risk of confidentiality breaches, see above).

Communicate

Non-legal stakeholders often underestimate the cost and effort of maintaining legal entities, especially in foreign jurisdictions. Make yourself heard, get them to realize that having many entities is not necessarily a plus – it's a lot of work and a lot of money.

Rely on more than just on local accountants

Yes, local accountants can do some entity management work, but service will be minimal, no legal advice will be provided and your global policy will not be implemented.

Get HR on board

Hiring is often a main driver for incorporating entities in new countries. Be clear with HR about the costs and efforts and recommend using EoRs instead of entities when employee numbers in a given country are low.

Ensure data hygiene

Information on entities can get murky fast. Years go by, people come and go, resolutions may or may not be signed, and suddenly your documentation is full of holes. Ensure you have clear rules around data ownership (who enters data in the system?), data structure (how is data entered?) and data localization (where are documents stored?).

Get the budget

Be upfront with the CFO and plan ahead for legal entity maintenance costs.

Leverage tailored technology

Use a tech solution such as our proprietary platform Flagship as a single source of truth for all your entities worldwide, automated organization chart creation and global corporate compliance calendars to track all obligations worldwide.

Use an international provider with a single-point-of-contact model

This allows you to have a true partner to support your international expansion instead of relying on a patchwork of local providers who lack the global picture.

YOUR ENTITY PORTFOLIO UNDER CONTROL

Kalexius works with legal and corporate secretarial teams to deliver a fully integrated suite of corporate services across 180+ jurisdictions worldwide.

We ensure regulatory alignment, M&A readiness and operational consistency, all powered by our Flagship technology.

AGENTIC TECHNOLOGY

AI-enabled tech solution for centralized data and database maintenance.

SINGLE POINT OF CONTACT

One partner, no gaps.

GLOBAL FOOTPRINT

International teams across all regions.

REGULATORY STEWARDSHIP

Proprietary knowledge base for proactive horizon scanning.

STAKEHOLDER COORDINATION

All internal and external stakeholders managed directly.

COST CERTAINTY

Fixed annual fee and a single consolidated invoice.

Schedule a discovery call

Get in touch
sales@kalexius.com

Visit
www.kalexius.com

Odyssey Global Entity Management is is a division of Kalexius, a leading alternative legal services provider ranked by Chambers since 2020.

Kalexius functions as an extension of in-house legal departments to help them unlock their potential. Kalexius offers secondment services and managed teams while the Odyssey division delivers global entity management to large corporations.

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