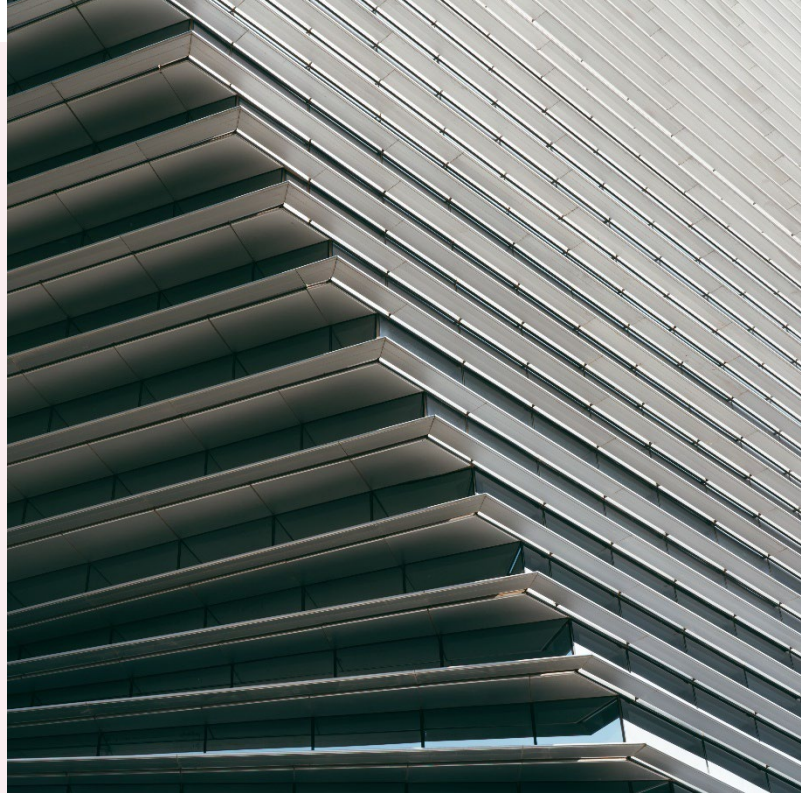


The "effective control" of companies of healthcare practitioners in France

An increasingly complex subject for groups and investors



Recent developments in French case law have clarified and tightened the requirements for an effective control of professional practice companies by healthcare practitioners and veterinarians. The balance between this "effective control" concept and the legitimate rights of investors remains difficult to find. This briefing summarizes the current legal framework, key recent case law, and practical implications for networks of healthcare practitioners and veterinarians.

Key issues

- 1 Financialization and external investor influence remain subjects to scrutiny (and defiance) from the physicians, dentists and veterinarians' orders
- 2 French courts have clarified procedural guarantees for companies of healthcare practitioners when they are subject to deregistration by professional orders
- 3 The notion of "effective control" by healthcare practitioners or veterinarians remains subject to interpretations in practice
- 4 The scope of the ordinal control is being limited to articles of association and contracts to be shared with the order
- 5 Unequal allocation of dividend rights amongst shareholders is not prohibited on its own.
- 6 Some key questions remain unresolved (*e.g.*, whether and to what extent orders may control "group policies")

Context

In France, we have witnessed a progressive consolidation of the healthcare market. Starting with the medical biology market, the consolidation movement has then expanded to private clinics, radiologists, ophthalmologists, dentists and, lastly, veterinarians¹.

Often, financial investors have participated in this consolidation, usually by holding a minority stake (up to 25% of the voting rights and share capital, subject to compliance with a number of prohibition rules for certain profile of investors²) in the professional practice companies (usually *sociétés d'exercice libéral par actions simplifiée* - "**SELAS**" - or *sociétés par actions simplifiées* - "**SAS**") operating these medical biology laboratories, physicians or dentists' offices or veterinary clinics.

This has in turn led to claims by professional associations and/or professional orders, which want to avoid a "financialization" of the healthcare sector. Behind that expression, the fear is that, by significantly investing in the healthcare sector, private actors may have as a primary objective to get a return on their investment³.

Landmark cases in July 2023

Under French law, healthcare practitioners or veterinarians must hold the majority of the voting rights (+50%)⁴ and the position of legal representative(s)⁵ in the professional practice companies in which they practice their profession.

On 10 July 2023, in a series of landmark cases, the Council of State (French highest administrative court) inferred from these statutory rules the pretorian rule that veterinarians should also effectively control the company in which they practice. Based on this concept, the Council of State ruled that a conjunction of governance mechanisms was, in the case of two companies of veterinarians, preventing the veterinary shareholders from effectively controlling the companies in which they practice⁶.

The concept of "effective control" has immediately raised difficulties in real life: how to reconcile this new obligation with the need for investors to have a minimum of rights (*e.g.*, veto rights to protect their investment), as minority shareholders, in such companies?

To address these difficulties, the French Ministry for Agriculture initiated conciliation proceedings between certain networks of veterinary companies, on the one hand, and the French veterinarians order, on the other hand, to translate in real life that concept. This conciliation resulted in the publication of a so-called "doctrine", which (notably) includes rules as to which veto rights can legitimately be given to a minority financial investor⁷.

¹ See for an overview IGAS-IGF, *Rapport public – causes et effets de la financiarisation du système de santé*, May 2025.

² Several statutory provisions prevent certain categories of persons from holding shares in these companies. See *e.g.*, [Article L. 6223-5 of the French Public Health Code](#) for companies operating a medical biology laboratory, [Article R. 4113-13 of the same Code](#) for SEL of physicians, and [Article L. 241-17, II, 2°, of the French Rural Code](#) for companies of veterinarians.

³ Commission des affaires sociales du Sénat, *Financiarisation du système de santé*, Sénat, 25 September 2024.

⁴ [Article 46 of the Ordinance No. 2023-77 of 8 February 2023 on the exercise under a corporate form of regulated liberal practitioners.](#)

⁵ See *e.g.*, [Article 61 of the Ordinance](#) for SELAS.

⁶ [CE, 10 July 2023, No. 452448, Oncovet](#); [CE, 10 July 2023, No. 442911, Nordvet](#).

⁷ [Doctrine d'emploi, 8 December 2023](#).

New clarifications by the Council of State in 2024 and 2025

Following these rulings and the publication of the doctrine, the French Physicians Order and the French Dentists Order have transposed the "effective control" concept to their sectors and, on this basis, have acted against certain companies of physicians and dentists.

This led the Council of State to clarify (i) procedural safeguards, (ii) the extent of the control by ordinal authorities and (iii) the meaning of the "effective control" concept.

Overall, as further explained below, the approach of the Council of State throughout these series of court rulings leads us to think that the Council of State is now trying to make sure that the orders do not overuse the vague standard of "effective control" as a pretext to extend their control and abuse their de-registration ("*radiation administrative*") powers against networks of healthcare practitioners.

1. Procedural aspects

When there is a deregistration of a company by an order, the consequences are dire. Suddenly, that company is no longer authorized to operate, which may have serious consequences for its patients, the survival of the company and its staff.

In its 2024 and 2025 rulings, the Council of State has repeatedly agreed to suspend the effects of such a deregistration decision both for companies of dentists and physicians until a ruling is issued on the merits of the case⁸.

Typically, two requirements have to suspend the enforcement of a deregistration decision before French administrative courts⁹:

- First, the appellant must prove that there is an emergency to suspend this enforcement. In two series of cases, professional practice companies have been able to prove that there was a real emergency to suspend the enforcement to avoid a closure of their activity and an adverse impact on the patients (*i.e.*, no more health service) and on the staff of the clinics (*i.e.*, temporary unemployment and, ultimately, redundancies). On the contrary, the orders did not manage to prove that the alleged governance issues could adversely affect public health (which could have potentially justified an immediate enforcement of the deregistration decision)¹⁰.
- Second, the appellant must demonstrate that there is a serious doubt concerning the legality of the order's decision. Here again, professional practice companies have been able to prove before the Council of State that they had strong reasons to challenge the lawfulness of several decisions¹¹.

This is a crucial element in two respects:

- Networks of physicians and dentists (and we can assume that the same will be true for biologists and veterinarians) may challenge

⁸ See *e.g.*, [CE, 4 January 2024, n°490099, SELAS Imapôle](#); [CE, 24 April 2024, n°493346, SELAS Cabinet de la Grand Place](#); [CE, 28 mai 2025, n°504137, SELAS Imapôle](#).

⁹ [Article L. 521-1 of the French Code of Administrative Justice](#).

¹⁰ See *e.g.* [CE, 4 January 2024, n°490099, SELAS Imapôle](#) where the Council of State ruled that, even if the professional independency principle aims at preserving public health, it was not proven that modifications to the control or governance of Imapôle could impact the health of the patients or even the conditions in which they were medically taken in charge.

¹¹ [CE, 4 January 2024, n°490099, SELAS Imapôle](#); [CE, 24 April 2024, n°493346, SELAS Cabinet de la Grand Place](#); [CE, 28 mai 2025, n°504137, SELAS Imapôle](#).

deregistration decisions without having to shut down their activities, until at least a court decision is rendered.

- Such networks will be able to stand their ground when they believe that the position of the orders goes too far.

In addition, the Council of State clarified that the professional orders must (i) invite the legal representative of professional practice companies of physicians or dentists (e.g., the President of a SELAS of physicians) to present their oral observations prior to any deregistration decision and (ii) do so once again when new requests or formal notices are issued by the order after a first hearing and before a deregistration decision is taken¹².

This is again an important point. Until now, we have observed in real life situations where the ordinal authority would hear the representative of the company at the start of the deregistration procedure and then submit several new requests or formal legal notices over the course of several months (or even years) before actually deregistering the company.

2. Substantive aspects

Considering the rulings issued by the Council of State throughout 2024 and 2025, we believe that the Council of State is now trying to better frame the "effective control" concept.

The Council of State suggests in several rulings that the control of the physicians and dentists' orders should be limited to the articles of association and contracts which must be disclosed to the orders, and cannot be extended to management decisions or the day-to-day operations of professional practice companies.

The *rapporteur public* near the Council of State (administrative judge in charge of providing their opinion on the case – very authoritative but not binding for the Council of State) explained in that respect that (i) "[the question of] *whether the articles of association comply with the legal framework should not provide the order with the opportunity to control other elements*" and (ii) "*the control of the order's council must be limited to the strict necessary to ensure that, despite the majority holding of shares and voting rights, professional shareholders are not deprived from the effective control of the company*"¹³.

In particular:

- **Real-life enforcement of the articles of association is not within the scope of ordinal control.** In that respect, the Council of State cancelled a deregistration decision adopted by the national council of the dentists' order against a company of dentists. Indeed, the national council deregistered this company not because of the content of its articles of association but based on its "*real-world operating conditions*". The national council had notably claimed that decisions regarding the entry of new shareholders into the company or capital increases had not been adopted in accordance with the articles of association of that company of dentists. This, according to the national council, raised questions as to whether the dentists effectively controlled the company¹⁴. As explained by the *rapporteur public*, these subjects do not fall within the scope of the control exercised by the dentists' order and, in any case, cannot undermine

¹² [CE, 4 January 2024, n°490099, SELAS Imapôle](#), spéc. §11.

¹³ [M. Beaufils, submissions in the Grand Place case](#), §4.1 and 4.3.

¹⁴ [CE, ord. réf., 24 avril 2024, n°493346, SELAS Cabinet de la Grand Place](#); CE, 3 juin 2025, n°493334, SELAS Cabinet de la Grand Place.

the independence of the dentists, as they can still challenge unlawful corporate decisions before French courts¹⁵.

- **Allocation of dividend rights is not within the scope of the ordinal control.** In this respect, the Council of State ruled that the physicians' order could not deregister a company of radiologists because its articles of association state that 99.90% of the dividends are to be paid to the minority investors. For the Council of State, this point is again not related to the governance of professional practice companies, and does not deprive the professionals from the effective control of the company nor does it undermine their independence¹⁶. This is in line with the case law of the Council of State, which had ruled in a similar way for companies of physicians and veterinarians in its *Vebio* and *CDOM de la Guyane* rulings¹⁷. Similarly, the *rapporteur public* near the Council of State had explained, in the *Grand Place* case, that "*it is not up to the order to interfere in questions which do not fall within the scope of such a verification [i.e., verification of the effective control by the dentists of the company], notably the apportionment of the profits*"¹⁸.

In addition, in the course of interim proceedings for the suspension of the enforcement of a deregistration decision adopted by the physicians' order against a company of radiologists, the Council of State ruled that there were serious doubts about the lawfulness of the decision adopted by the order, because it was based not only on the governance of the company of radiologists, but also on the "*group policy*" and on a separate letter¹⁹. We now have to wait for the ruling on the merits to get more information on that topic and whether this will be another limit to the control by the orders.

Unresolved questions

We are of course very interested in whether the Council of State will confirm, when ruling on the merits, that the physicians' order cannot rely on a group policy to deregister a physicians' company belonging to that group.

We are also interested in the outcome of two series of questions:

- First, the Council of State has been asked whether radiologist shareholders must control the financial investor when it has a minority shareholding in a company of radiologists²⁰. We would be extremely surprised if the Council of State were to answer this in a positive way, as there are no laws or regulations that would impose such an obligation.
- Second, the Council of State has also been asked whether radiologists may hold shares issued by the financial investor when it has a minority shareholding in a company of radiologists²¹. On this topic, the Council of State already ruled in 2015 that an ophthalmologist could both be a professional shareholder of a company of ophthalmologists and the majority shareholder of a

¹⁵ [M. Beaufils, submissions in the Grand Place case.](#)

¹⁶ [CE, 4 January 2024, n°490099, SELAS Imapôle.](#)

¹⁷ [CE, 2 décembre 2019, n°410693, aff. Vebio](#); [CE, 2 décembre 2019, n°404973, aff. CDOM de la Guyane.](#)

¹⁸ [M. Beaufils, submissions in the Grand Place case](#), §4.2.

¹⁹ [CE, ord. réf., 12 septembre 2024, n°497156, SELAS Imapôle](#); [CE, 28 mai 2025, n°504137, SELAS Imapôle.](#)

²⁰ [CE, 4 January 2024, n°490099, SELAS Imapôle](#); [CE, ord. réf., 12 septembre 2024, n°497156, SELAS Imapôle](#)

²¹ [CE, 28 mai 2025, n°504137, SELAS Imapôle](#)

financial investor holding a minority stake in the company of ophthalmologists²².

Last but not least, the question is whether the recommendations issued in July 2025 by the IGAS²³ and IGF²⁴ will be implemented, which would lead for instance to:

- Creating a "doctrine" (by analogy with the work carried out in the animal health sector) in the human health sector to clarify how the "effective control" concept can be reconciled with the presence of minority financial investors in the share capital of companies of healthcare practitioner
- Adapting and modernizing the codes of rules of professional ethics for each healthcare practitioner²⁵.

²² [CE, 26 janvier 2015, No. 374444, CMOPV Point Vision.](#)

²³ *Inspection générale des affaires sociales* – in charge of missions of audit, expertise and evaluation and to advise the Government on policies related to the social sector.

²⁴ *Inspection générale des finances* – in charge of similar missions but to improve public finances.

²⁵ See for an overview IGAS-IGF, *Rapport public – causes et effets de la financiarisation du système de santé*, May 2025.



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