

LEGISLATIVE BRIEFING

Normative document: Law

Issuer: The Romanian Parliament

In force starting with November 05,2020

Law on simplifying the transfer of shares and reduction of bureaucracy for other formalities in case of limited liability companies¹

1. TERMS AND SCOPE

The normative document brings a number of changes for the business environment by amending the law regarding the companies², changes aimed at streamlining certain operations, including the transfer of shares and the establishment of limited liability companies. Thus, as mentioned in the explanatory memorandum, this law aims to facilitate national and cross-border transactions, as well as increasing the freedom of associates of a limited liability company to establish its own rules of corporate governance regarding the transfer of shares.

2. AMENDMENTS TO THE COMPANIES LAW

- (i) Removal of the condition provided by the Companies Law to have a minimum share capital of RON 200 for the legal establishment of a limited liability company.**

Starting with the date of entry into force of the law, respectively November 5, 2020, the minimum limit of the share capital for the establishment of limited liability companies will be eliminated. Thus, a limited liability company will be able to be established legally irrespective of the value of its share capital, which can have any value established by the shareholders of the company. Furthermore, the condition that the value of a share, in the case of a limited liability company, must be of minimum 10 RON

¹ Law no. 223/2020 for the simplification and debureaucratization of the transfer of shares and the payment of the share capital by amending the Companies Law no. 31/1990

² Companies law no. 31/1990

also disappears. The new regulation only stipulates that the share capital of a limited liability company is divided into equal shares.

The law stipulates that in the case of the incorporation of the limited liability company within the trade register, it is no longer necessary to attach the proof regarding the payment by the shareholders of the share capital under the conditions of the articles of incorporation, which simplifies the process of establishment of a limited liability company.

(ii) New conditions regarding the approval of the transfer of shares by the shareholders.

It is provided the possibility for the shareholders to regulate by the articles of incorporation of the limited liability company a different majority than three quarters of the share capital previously provided by law for the approval by the shareholders of the transfer of shares to third parties or even eliminating the need for such approval.

Also, another change brought by law no. 223/2020 consists in the repeal of the article from the companies law which governs the opposition procedure in the event of a transfer of shares. Therefore, the law eliminates the opposition procedure, which means that, starting with the date of entry into force of this law, the transfer of shares will be possible without the need to grant the opposition term.

(iii) Other relevant changes

The new regulation also repeals the article which stipulates that the deed of transmission of the shares and the constitutive act updated with the identification data of the new associates will be submitted to the Trade Registry office, being subject to registration in the trade register. In other words, it is no longer necessary to register within the Trade Registry the articles of incorporation updated with the identification data of the new associates.

For further details and information, please contact us at the email address: office@ltj.ro .