

corporate - draft laws published in November 2017

Legislative Initiative of Citizens according to Law no. 189/1999 on the support of the draft law for the amendment of the Companies Law no. 31/1990 of 25.10.2017 issued by the Legislative Initiative Committee.

The draft law for amending the Companies Law no. 31/1990 aims at eliminating bearer shares, given that such shares may hide the ownership and facilitate tax evasion, corruption offenses of high officials of the Romanian state, money laundering, illicit export of profits, or financing mafia / terrorist groups. The draft proposes that within 6 months of the entry into force of the law, holders of bearer shares be obliged to convert them into nominative shares by registering them with the trade registry. Otherwise, holders of bearer shares who have not converted them into nominative shares within 6 months will lose the right to vote and the right to dividends.

The Legislative council favourably approved the draft, with comments:

- through the issued opinion, the Legislative Council cannot decide on the opportunity of the envisaged legislative solutions;
- at European level, there are states that have banned bearer shares, such as Belgium, the Czech Republic and the UK;
- Given that bearer shares can refer to large material values and can flow from one owner to another without limitations and formalities to confirm the transfer, their prohibition would increase transparency and, implicitly, the level of trust;
- The Legislative Council proposes to reformulate certain rules in the draft law.

The draft law on the amendment of the Companies Law no. 31/1990 was published in the Official Gazette of Romania, Part I, no. 846 of 25 October 2017.