

# Briefing

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## Law 223/2020 simplifying formalities for the transfer of shares in limited liability companies

On 5 November 2020 Law no. 223/2020 for simplifying and eliminating bureaucracy regarding transfer of shares and payment of share capital ("**Law 223/2020**") came into force. Law 23/3030 repeals some of the most impactful red tape provisions of Companies Law no. 31/1990 ("**Companies Law**").

Law 223/2020 eliminates the provisions that regulated the two-step procedure which had to be observed whenever shares issued by limited liability company ("**LLC Shares**") were transferred to a third party (non-shareholder). For the last ten years, transfers of LLC Shares to third parties have been hampered by a thirty days opposition period which divided the Trade Registry formalities into two steps and, accordingly, two Trade Registry registration files and two sets of documents. The opposition period served as a protection for the company's creditors (and especially the fiscal authorities, who were notified by the Trade Registry in this regard) which had the possibility to object during the opposition period if they had claims against the company. Although the transfer of LLC Shares would not be blocked by the filed oppositions, it would be delayed considerably due to time-consuming court proceedings which had to be followed. Based on the (now obsolete) wording of the Companies Law, a transfer of LLC Shares to third parties would become effective only after the elapse of the opposition period, provided no opposition had been filed, or when the court decision rejecting the opposition was communicated.

Law 223/2020 takes another big leap in simplifying transfer formalities by allowing shareholders to depart, through the Articles of Association, from the rule that the transfer of LLC Shares to a third party has to be approved by the shareholders holding  $\frac{3}{4}$  of the respective company's share capital.

Another amendment brought to the Companies Law is the one eliminating the minimum share capital for limited liability companies, which was set at RON 200 (approx. EUR 40). Additionally, Law 223/2020 also provides that it is no longer required to file the proof of payment of the share capital in order to register a limited liability company with the Trade Registry.

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