

## Romania simplifies registration formalities for ultimate beneficial owners

**In order to reduce the bureaucracy involved in the submission of the ultimate beneficial owner (UBO) statement with the Romanian Trade Registry pursuant to Law no 129/2019, transposing the 4th AML Directive (Directive (EU) 2015/849) of the European Parliament, the Romanian parliament passed Law no 108 (the “Law no. 108/2020”) which was published in the Romanian Official Gazette no. 588 dated 6 July 2020 and enters into force today, 9 July 2020.**

According to Trade Registry’s statistics, in 2020 more than 95% of the limited liability companies registered with the Romanian Trade Registry had individuals as shareholders. For these companies, the ultimate beneficial owners should be reflected in data already recorded with the Trade Registry. As a result, Law no. 108/2020 removes the submission of the UBO statement in certain cases outlined below.

Another effect of Law no. 108/2020 is the elimination of additional costs associated with the preparation and submission of the UBO statements.

### **What do amendments consist of and to whom are they applicable?**

The most important change brought on by Law no. 108/2020 is the removal of the requirement for the annual submission of the UBO statement to the Romanian Trade Registry, given that legal entities are already required to submit these statements if any change occurs.

Pursuant to Law no. 108/2020, companies must submit a UBO statement in the following two situations: the incorporation of the company with the Romanian Trade Registry, and every time a modification related to the ultimate beneficial owner occurs.

The following entities are still exempted from submission of the UBO statement:

- autonomous administrations (in Romanian: *regii autonome*), national companies and companies wholly or majority owned by the Romanian state; and
- legal entities exclusively owned by individuals, if the shareholders of such legal entities are the ultimate beneficial owners. However, if the shareholders are not the ultimate beneficial owners of the companies, the exemption does not apply.

Regarding the legal entities in the second point above, if the UBO statement is not submitted, the Romanian Trade Registry has the obligation to complete the UBO Register *ex officio*, based on the documents accompanying the incorporation application or the records held by the Trade Registry for companies, which are already incorporated.

If any changes occur to the identification data of the UBO, the updated statement must be submitted to the Trade Registry within 15 days from the date the changes occurred.

For more information on this eAlert, contact your regular CMS advisor or local CMS experts: **Rodica Manea** and **Elena Andrei**.