

Flash legal alert regarding registration of Ultimate Beneficial Owner in Romania – companies are invited to meet deadline of 1 November 2020

As mentioned in our previous alerts, on 21 July 2019, Law no. 129/2019 On the Prevention of Money Laundering and Terrorist Financing entered into force, aligning Romania's national legislation with EU anti-money laundering requirements and establishing the legal framework for the national Ultimate Beneficial Ownership (UBO) registers.

In case you have not yet complied with this legal obligation, we remind you here of the main terms and conditions, especially that, for already established legal entities, **the deadline to submit the declaration is 1 November 2020.**

- **Who is the UBO?**

Per Law No. 129/2019 On the Prevention of Money Laundering and Terrorist Financing, the UBO is defined as (i) any individual(s) who ultimately owns or controls a client, namely a legal entity through direct or indirect ownership or control of sufficient percentage of shares or through control via other means, and/or (ii) any individual(s) on whose behalf a transaction or activity is conducted. A direct or indirect shareholding or ownership interest exceeding 25% in a non-listed company by an individual constitutes evidence that the individual(s) under question controls the respective company.

If, after exhausting all possible means and provided that there are no grounds for suspicion, no natural person is identified in accordance with the first point, or if there is any doubt that the identified person is the ultimate beneficial owner, Law No. 129/2019 provides that the UBO will be indicated as the individual(s) who ensure(s) the management of the legal entity.

- **When to report?**

When **being incorporated and initially registered with the Trade Registry**, or **each time a change occurs**, Romanian companies must submit an affidavit – the UBO statement – executed by their legal representative, and containing the following information on the UBO: name and surname, date of birth, personal identification number, series and number of identity card, citizenship, domicile or residence, as well as details regarding the ways of control exercised over the company. Companies incorporated in 2019 and earlier, **had 12 months** as of the date on which Law No. 129/2019 entered into force, to submit an initial UBO statement, i.e., 29 May 2020. However, following the state of emergency triggered by the COVID-19 coronavirus pandemic, the deadline for submitting the statement was extended to **1 November 2020.**

- **Who needs to report and where?**

All private entities and trusts registered in Romania are required to have adequate, accurate and up-to-date information on their UBOs, including on the mechanism by means of which such control and capacity is exercised, and to have specific data entered into the registers held by:

- the Trade Registry for **commercial companies;**

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- the Ministry of Justice for **associations and foundations**;
- the National Agency for Fiscal Administration in the case of **trusts** (Romanian: *fiducie*).

- **What is the risk if the UBO statement is not submitted in time (or at all)?**

Breach of this legal provision is punishable by **finest of up to RON 10,000 (approximately EUR 2,200)**. In addition to the aforementioned fine, failure to submit the UBO declaration may also result in **dissolution of the company**, under the conditions of Art. 237 of the Companies Law no. 31/1990, republished, with subsequent modifications and completions.

Should you need assistance regarding the above, **we can offer full assistance in preparing/drafting the required documentation, offering signatory guidance and representing the company in front of the Trade Registry when submitting the UBO statement, with minimum involvement on your side.**

For any further information and assistance with respect to the above topic, and any other legal matters which you may be interested in, please do not hesitate to contact us at our usual contact details which are available at www.peterkapartners.com