

# Track Changes

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July 2020

## Romania: Amendments to Companies Law no. 31/1990

Law no. 102/2020 was published in the Official Gazette on 2 July 2020 and entered into force on 5 July 2020. This law introduces some important changes to the Companies Law no. 31/1990, simplifying corporate requirements in Romania, as follows:

- 1. Natural or legal entities can now hold participations as a sole shareholder in multiple Romanian limited liability companies. Moreover, limited liability companies can be held by other limited liability companies which are solely owned.**

Article 14 of the Companies Law no. 31/1990 was entirely **repealed**. This article **previously** provided for two chain restrictions, which generally made transactions and the structuring thereof cumbersome in Romania because: (i) a natural or a legal entity could be a sole shareholder in only one limited liability company; and (ii) a limited liability company could not have as its sole shareholder another limited liability company, which itself had a sole shareholder.

- 2. Companies will be allowed to operate in the same office room**

The relevant paragraph of article 17 of the Companies Law no. 31/1990 which imposed the condition that companies could operate at the same office address only if the building, through its structure and its usable area, allowed the operation by multiple companies in different rooms or in distinctly shared spaces, has been **repealed**. **Previously**, the number of companies operating in a building could not exceed the number of separate rooms or spaces obtained by sharing such rooms or spaces.

Hence, from now on, Romanian companies will be allowed to register their headquarters at the same address, if so desired.

A practical consequence is that the non-overlapping statement regarding the office space will no longer be required, thereby simplifying registration filings.

- 3. The approval known as the "neighbors' agreement" is no longer required**

The approval for changing space from residential to office space is no longer required if the director(s) declare that no actual commercial activity is carried out at the registered office.

This measure is meant to help freelancers and other individual businesses that register their companies to their home address, when no actual business activity is carried in that space.

#### 4. Revised methodological norms

The Government will review the methodological norms for keeping and registering information with the trade register in order to implement the abovementioned amendments within 60 days as of the date of its entry into force.

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