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The 4th AML Directive was transposed in Romania

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The 4th AML Directive was transposed in Romania

Law No. 129/2019 on the prevention and sanctioning of money laundering and terrorism financing (the “Law No. 129/2019”) was published in the Official Gazette of Romania No. 589 of 18 July 2019. The Law No. 129/2019 entered into force on 21 July 2019 repelling the former Law No. 656/2002 on the prevention of money laundering and terrorism financing (the “Former Law”).

The main provisions of the Law No. 129/2019 are summarized below:

- ◆ new entities become subject to the anti-money laundering rules, including (i) all gambling services providers; (ii) service providers for trusts; and (iii) distributors and agents of e-money institutions.
- ◆ the reporting entities have the obligation to report to the National Office for Prevention and Control of Money Laundering transactions in cash that exceed the RON equivalent of EUR 10,000, unlike the Former Law stating such reporting obligation only in the case of transactions that exceeded EUR 15,000.
- ◆ new reporting obligation is provided in case of money remittance operations with funds exceeding the RON equivalent of EUR 2,000.
- ◆ all legal entities registered with the Trade Registry have the obligation to file a statement identifying the real beneficiaries of the entity: (i) upon incorporation, (ii) annually, within 15 days from the approval of the annual accounts, and (iii) each time a change with respect to the beneficial owner occurs, within 15 days from the change.
- ◆ starting with the entry into force of Law No. 129/2019 the issuing and transitioning of bearer shares are forbidden. Existing bearer shares must be converted into nominative shares within the next 18 months. Failure by concerned company to convert the bearer shares into nominative shares may lead to the dissolution of the company at the request of any interested party or of the Trade Registry.

The Law No. 129/2019 provides more severe administrative sanctions in case of

breaches of the legal provisions by the reporting entities as opposed to the Former Law.

Companies that fail to submit statements regarding ultimate beneficial owners can be sanctioned with a fine between RON 5,000 and RON 10,000.

According to the provisions of Article 27 of Law No. 129/2019, in case credit institutions or non-banking financial institutions which are supervised by the National Bank of Romania (“NBR”), the following types of sanctions may be imposed by NBR: (a) supervision measures, (b) administrative measures and (c) sanctioning measures, out of which the more severe are:

- ◆ fine of up to 10% of the total annual turnover of the reporting entity according to the latest financial statements available or up to RON 23 million;
- ◆ fine applied to the responsible individual, between RON 10,000 and RON 23 million;
- ◆ withdrawal of the approval of the directors and/or managers of the reporting entity;
- ◆ temporary restriction for individuals to occupy certain job positions;
- ◆ withdrawal of the authorization of the reporting entity.

In the near future certain secondary legislation is to be adopted with a view to further implement the legal provisions of the Law No. 129/2019.

For further information on the Law No. 129/2019 from a regulatory law perspective, please contact [us](#).

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