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Newsletter

Holders of bearer shares no longer anonymous

The Netherlands, May 23, 2018

On April 9, 2018, a legislative proposal was submitted to the Dutch Parliament, aiming to identify holders of bearer shares in The Netherlands, Bonaire, Sint Eustatius and Saba. This new measure is intended to prevent securities being used to finance terrorism or to engage in tax evasion or money laundering activities.

1. INTRODUCTION

In The Netherlands and the Dutch Caribbean islands of Bonaire, Sint Eustatius and Saba – commonly referred to as the BES Islands – public limited liability companies (N.V.'s) currently may have registered shares (*aandelen op naam*) and bearer shares (*aandelen aan toonder*).

The main characteristic of bearer shares is that they are embodied in a bearer certificate and that the transfer thereof occurs by delivery of this bearer paper to the acquirer.

The legislative proposal comes in response to recommendations by the Financial Action Task Force (FATF) and the Global Forum on Transparency and Exchange of Information for Tax Purposes. According to these institutions bearer shares are often used to finance terrorism or to engage in tax evasion of money laundering services.

2. PROPOSED MEASURES

The legislative proposal introduces the following measures:

• The Netherlands

- Bearer shares in the Netherlands can only be issued by means of a global certificate to be held by the central institution or an intermediary as referred to in the Securities Act (*Wet giraal effectenverkeer*). This means that holders of bearer shares can be identified through their securities account.
- Certificates of bearer shares may no longer be issued.
- Companies with bearer shares need to convert these into registered shares ultimately on December 31, 2019 by amending their articles of association. If the articles of association have not been amended by such date, the conversion of the bearer shares into registered shares occurs by operation of law.
- Bearer shares need to be handed over to the central institution or an intermediary as referred to in the Securities Act before January 1, 2021 and the shareholder needs to be

registered in the company's shareholders register. If not, the bearer shares are automatically acquired by the company without any financial consideration due to the shareholder.

- **The BES Islands**

- Bearer shares (and certificates thereof) are abolished.
- Companies with bearer shares need to convert these into registered shares ultimately on December 31, 2019 by amending their articles of association. If the articles of association have not been amended by such date, the conversion of the bearer shares into registered shares occurs by operation of law.
- Bearer shares need to be handed over to the company before January 1, 2021 and the shareholder needs to be registered in the company's shareholders register. If not, the bearer shares are automatically acquired by the company without any financial consideration due to the shareholder.

3. CONCLUSION

Although the legislative proposal is yet to come into force, holders of bearer shares and companies that have bearer shares are advised to take action to implement the proposed measures in time.



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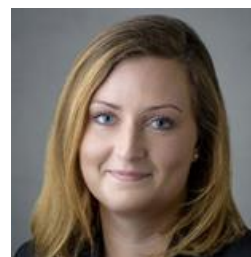


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