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Members of Parliament propose new legislation introducing a central register of shareholders

This legislative proposal introduces a register to centrally and digitally store information on shareholders, pledgees and usufructuaries of Dutch private companies with limited liability (BVs) and unlisted public companies (NVs). You may have heard of this plan before, since this is already the third proposal to this effect.

How shareholder's registers are currently used

By law, the board of managing directors of a BV or NV must maintain a register of shareholders. This is usually a paper booklet containing information on current and former shareholders, the share capital and any encumbrances with respect to the shares. It is accessible to shareholders, pledgees and usufructuaries at the company's offices. Each change to the company's articles of association and each transaction with respect to the shares are recorded in the shareholders' register, generally by the civil-law notary executing the notarial deed required for such change or transaction. The shareholders' register can be used to establish who holds which shares in the company's share capital, as of when, and based on which transaction. Unfortunately, the register can sometimes get lost, which makes it difficult to obtain this information. Thus, it would be useful if these details were recorded in a central digital register of shareholders, rather than in a booklet.

Goal of the central register of shareholders

In addition to increasing legal certainty, the central register of shareholders aims to play a role in the ever-growing call for transparency. By allowing more insight into the identity of a company's shareholders, the register is thought to contribute to preventing and combatting financial and economic crimes such as bankruptcy fraud, tax evasion and money laundering.

Another register?

The central register of shareholders should not be confused with the forthcoming [register of ultimate beneficial owners](#). The UBO register is a European obligation, which is why the Minister of Justice wants to prioritize that, and hold off the central register of shareholders until after the UBO register has been set up. The central register of shareholders will only show a company's direct shareholders, rather than all persons with direct or indirect ownership or control. Further, it will only relate to BVs and unlisted NVs, whereas the UBO register includes a far bigger group of entities. Finally, the central register of shareholders will not be publicly accessible. Only the tax authorities, certain public law bodies, civil-law notaries and a group of designated organizations bound by statutory KYC obligations will have access.

What changes will the central register of shareholders bring?

If your BV or NV has a sole shareholder, this register will not have a big impact on your situation. At the moment, information on sole shareholders is already publicly accessible through the Trade Register of the Chamber of Commerce. If there are multiple shareholders, however, a larger group, consisting of the aforementioned organizations, will be able to access their details through the central register of shareholders.

The information in the register is only provided by civil-law notaries upon a new transaction, such as a transfer or issuance of shares. This means that if no transactions take place, a company's information is not available in the register. In addition, it means that the central register of shareholders will contain less information than the regular shareholders' register, as transactions predating the central register will not be included. In conclusion, the proposed central register of shareholders will only be an addition to the paper shareholders' registers, not a replacement.



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