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A few aspects regarding shares acquisition in an LLC

Limited Liability Company (LLC) is the most widespread type of the companies operating in Moldova. This is because the procedures to set up LLCs are simple and easy. In case the company already exists then the only way to enter the business is to acquire a share in it.

How to do this and what are the potential risks – this is the subject of the proposed article.

According to Moldovan law, you can do it in several ways, but I propose to examine the most relevant two modalities - buying and inheriting.

When purchasing shares, we have to take into account the procedure to be followed. The procedure depends on the status of the buyer. If the buyer is a person affiliated with the seller shareholder, other shareholders, or the company itself, then shares can be sold freely without any restrictions.

In other cases, the buyer must be aware of the legal requirements for this type of transaction. In this case, we are talking about the preemption rights of the other shareholders. So, for the buyer, it is very important to ensure that the seller has fulfilled exactly the legal requirements for the sale procedure of the shares. This procedure involves several steps.

First, the seller must submit to the CEO of the company a selling offer mentioning the number of shares and the price. The CEO will inform other shareholders about the offer within a period of 15 days. The shareholders shall then give their acceptance to the CEO within 15 days from receiving the offer in written form.

Should other shareholders or the company fail to buy the shares within 30 days from the day of receiving the offer, the seller is then free to sell the shares to any person at least at the price mentioned in the offer.

It is important to verify the fulfillment of this procedure because otherwise any of the shareholders of the company can claim the right over the shares within the period of six months from concluding the contract of sale.

The purchase contract shall be made in written form.

In the case of inheriting the shares, the heir should verify if the Article of association of the company requires the consent of the shareholders for accepting the status of shareholder for the heir. If the consent is refused, shareholders or the company are obliged to buy the inherited shares at the highest price offered by any of the shareholders or the company or at a price based on the net value of the assets, depending on which one is higher.

Should shareholders or the company fail to buy the inherited shares within three months from the day of producing the rights over the shares, the heir then acquires the status of a shareholder of the company by law.

In both cases, the ownership over the shares is transferred to the new shareholder at the time of registration of the acquisition of shares in the State Register of the companies. The registration is made based on the purchase contract or the heir certificate.

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