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BELGIUM: LAW APPROVED TO ABOLISH BEARER SECURITIES

A EURO-AMERICAN LAWYERS GROUP BRIEFING ARTICLE

PREPARED BY EALG MEMBER

MAXIUS

LOUVAIN, BELGIUM

Until recently, Belgium was one of the few countries in the world that had bearer securities.

On December 14, 2005, the Belgian Parliament enacted a law concerning the abolition of bearer securities. The purpose of the law is to put a stop to the abuses due to the anonymity of bearer securities, for example, the evasion of taxes.

Commencing January 1, 2008, companies will no longer be able to issue bearer securities. As from that moment, any newly issued security must either be in registered or in dematerialised form.

All bearer shares already registered on a securities account shall by law be converted into dematerialised securities on January 1, 2008.

The law foresees two transitional phases:

1. For all bearer shares, issued between the date of publication of this law in the Belgian State Gazette (December 23, 2005) and January 1, 2008, and which are not yet by law converted into dematerialised securities, the holders must request the conversion of their shares into either registered or dematerialised shares before January 1, 2013.
2. For all bearer shares, issued before December 23, 2005 and which are not yet by law converted into dematerialised securities, the holders must request the conversion before January 1, 2014.

At the end of these respective transitional phases, all bearer shares for which the conversion has not been requested by the holder, shall be converted by law into dematerialised shares and shall be registered on a securities account.

Finally, as of January 1, 2015, all bearer shares of which the holder is unknown, must be sold by the issuer of the shares.

For further details, please contact Robbie Tas, robbie.tas@maxius.be, or Sarah Van Haute, sarah.vanhaute@maxius.be, <http://www.maxius.be>. For additional information regarding the Euro-American Lawyers Group, please visit our website at <http://www.ealg.com>.

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