

Belgium Enacts Historic Corporate Law Reform

IN SHORT

The Situation: On February 28, 2019, the Belgian Parliament approved a historic company law reform.

The Result: The new Belgian Code of Companies and Associations ("BCCA") becomes applicable on May 1, 2019, with staggered effect. The reform impacts all Belgian legal entities, including nonprofit associations that are now governed by a separate law.

Looking Ahead: The BCCA will benefit Belgian companies by enhancing flexibility and making Belgium a more attractive place for companies to do business.

On February 28, 2019, the Belgian Parliament approved a historic company reform. This reform was principally driven by the existing regime's unnecessarily strict, unclear, and complex features, which harmed Belgium's standing as a competitive and attractive place of establishment to do business compared to other European countries. The new Belgian Code of Companies and Associations ("BCCA") modernizes Belgian company law by simplifying and clarifying rules, and introduces more flexibility.

The changes include amendments to the rules governing the shareholders' meeting and the board of directors, and the removal of the capital concept and the introduction of a net asset test and a liquidity test in the context of capital distributions in the BV/SRL. The BCCA will apply with immediate effect to any company formed or incorporated on or after May 1, 2019, and any existing company that explicitly opts in to the new rules. For all other companies existing prior to May 1, 2019, a transitional period will apply from January 1, 2020, until January 1, 2024.

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THREE KEY TAKEAWAYS

1. The BCCA modernizes Belgian company law by simplifying and clarifying rules and introducing more flexibility on both the shareholders' and directors' level.
2. The capital concept is abolished in the BV/SRL, which will impact decision-making in distributions. Prior to any distribution, the BV/SRL must now perform both a net asset test and liquidity test. The BV/SRL will become much more flexible, as it will be able to issue all types of securities.
3. The BCCA will apply with immediate effect to any company formed or incorporated on or after May 1, 2019, and any existing company that explicitly opts in



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