



GRATA
INTERNATIONAL

Local Knowledge
for Global Business

www.gratanet.com

New opportunities to finance the activity for the LLC

LLC is the most widespread form of legal organization for companies. The advantages of choosing this particular form are manifold. Among the best known is the easy and fast procedure of constitution, the possibility of being constituted by a single person.

The possibility of setting up a one-person LLC in a limited time offers an important advantage in starting the economic activity. In this vein, we cannot miss remembering the phrase, "Time is money."

Unfortunately, time cannot replace the money. This brings us to the subject of this article.

We have already mentioned that the LLC has multiple advantages over other forms of enterprises, so I propose to examine the situation with financing a business run by an LLC.

Financing a business can be done in several ways. The simplest is to finance the business with associates' own money. The second option is to attract money in the form of advance payments from future customers. Third, attracting money from third parties. This can be done by selling shares or bank loans.

Today we can talk about one more possibility, and that is the issuance of bonds. Until recently this type of financing was reserved exclusively for joint-stock companies in the Republic of Moldova.

This was made possible by amending two laws, namely:

- ▶ Law nr. 171/2012 on the capital market.
- ▶ Law nr. 135/2007 on limited liability companies.

Thus, now the LLC can issue bonds and joint-stock companies. To be valid, the bonds issued by the LLC must meet the following conditions:

- ▶ The decision on the issuance of bonds must be adopted by the General Assembly of the Associates or by the Decision of a single member.
- ▶ Bonds issued do not have to be convertible.
- ▶ The bonds must be issued in international currency and have a circulation term of at least one year.
- ▶ Bonds can be either hedged or uncovered under the conditions laid down in the Capital Market Act.

Author: Adrian Pricop

Industries

BANKING & FINANCE

Locations

MOLDOVA

