Registration in RNPM and Related Costs

An Efficiency Model for the State and the Business Environment

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CHAPTER 1

The Transformation Story

At the end of the 90s, Romania had a rudimentary system based on physical submission of pledge contracts to courts where a "pledge book" was maintained. Searching for records in these physical registers was particularly difficult.

1

1999

Law 99 modernizes legal framework and creates modern concept of electronic archive

2

2000

Electronic Archive of Security Interests in Movable Property (AEGRM) becomes operational

3

2018

Law 297 transforms AEGRM into National Register of Movable Property Publicity (RNPM)

Romania made a complete leap to digital in 1999 when the Internet was still in its infancy. Sometimes, you can't gradually fix a faulty system - you need to replace it completely.

FOUNDATION

Three Pillars of Success

Digitalization

Born digital from the start, not a transition from paper. Electronic system designed for the modern age.

Online Access

Available 24/7 from anywhere, eliminating physical barriers and enabling almost instant transactions.

Free Consultation

No cost to search the registry, maximizing transparency and information circulation.

CHAPTER 2

What is the Register Today

According to Law 297/2018, RNPM is defined as a national electronic system of public interest, structured by persons and assets. The register serves two fundamental functions that make the entire system work.

Publicity Function

According to Article 2415 of the Civil Code, creditors who register a mortgage are presumed to be aware of all previously registered mortgages on the same asset. Evidence to the contrary is not admissible.

If you don't check the Registry, you take the risk. This presumption of knowledge forces all economic actors to use the register.

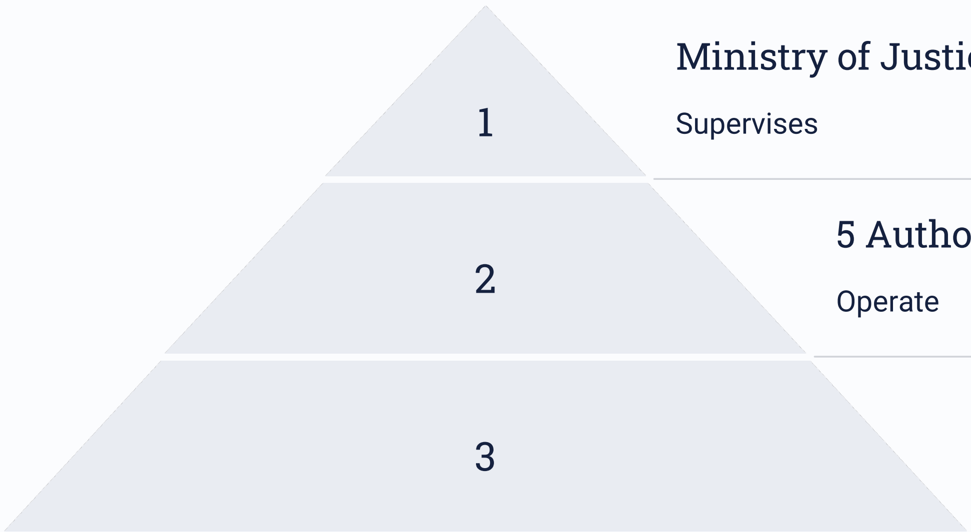
Priority Function

Establishes the rank of movable mortgages over subsequent creditors. If a bank registers a mortgage today at 10:00, and another bank registers at 10:01, the first bank has priority.

Everything is determined by an electronic timestamp - simple, clear, automatic.

System Architecture

Collaboration Between State and Private Entities



Ministry of Justice

Supervises

5 Authorized Operators

Operate

194 Authorized Agents

Serve customers

The Ministry of Justice authorizes operators, controls activity, and coordinates the system. It does not operate the register - it supervises. This separation between regulation and operation is fundamental to system efficiency.

Private operators invest, operate, and take risks. The state collects taxes. It's an elegant model of efficiency where the state does not invest in hardware, software, or offices.

Operator Requirements

To become an operator, entities must meet strict conditions that ensure system reliability

1	2	3
Professional Insurance Minimum EUR 1,000,000 per year. The Competition Council considered this amount "*disproportionate in relation to risks assumed*" since operators don't verify transaction legality (no change yet).	**Territorial Coverage** Offices in at least 15 counties plus Bucharest. Controversial in digital age when approximately 70% of customers work exclusively in electronic format.	**Standard Requirements** Clean criminal record, no state debts, no insolvency. Reasonable conditions for any public interest activity.

Three of five operators are professional organizations (lawyers, notary, chamber of commerce) who had existing territorial networks, giving them an advantage when starting this activity.

CHAPTER 3

Current Operators and Agents

Chamber of Commerce and Industry of Romania (CCIR)

31 territorial offices

National Union of Notaries Public (UNNPR)

28 offices

National Union of Romanian Bars (UNBR)

87 offices

Act GVN SA

21 offices

Ad Regesta SA

27 offices

Plus ANAF with 857 agents in a special role, only for registration of tax receivables. Credit institutions, insurance companies, and bailiffs cannot acquire operator or agent status.

The market naturally concentrates where demand exists - **approximately 60-70% of registrations occur in Bucharest**, despite territorial coverage requirements.

What Gets Recorded

The register contains registration notices for five main categories with over 50 different types of opinions total.

Mortgage Notice

Most common category with 18 different subtypes

Trust Notice

For trusts, with 7 subtypes

Specific Notice

For assignments, clauses - 7 subtypes

Securitized Receivables

9 subtypes

Mortgage Bonds

9 subtypes

Common Assets

- Bank accounts
- Receivables
- Motor vehicles, machinery, equipment
- Stocks of goods
- Movable property attached to immovable property

Exceptions

- Ships and aircraft (special registers)
- Listed shares and financial instruments
- Bills of exchange and promissory notes

CHAPTER 4

Registration Volume and Users

2M	200	70%
Registrations in 2024	**Service Providers**	**Bucharest Concentration**
Approximately 2 million registrations, a 16% increase compared to 2023	Operators plus agents serving the market nationwide	Of registrations occur in the capital and major cities

Primary users are banking financial institutions and non-banking financial institutions (leasing companies), which together represent the vast majority of demand according to the Competition Council report.

How Registration Works

A Simple Three-Step Process

Fill Standard Form

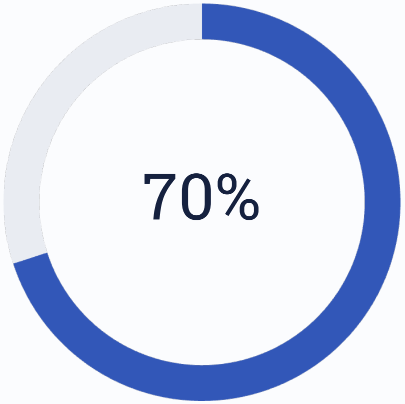
Applicant completes approved form with creditor, debtor, mortgagor data, and asset description

Submit Form

Physical submission with ID or online with qualified electronic signature

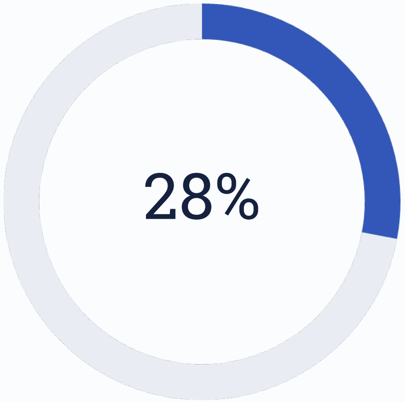
Receive Registration

System assigns unique ID with exact timestamp down to millisecond



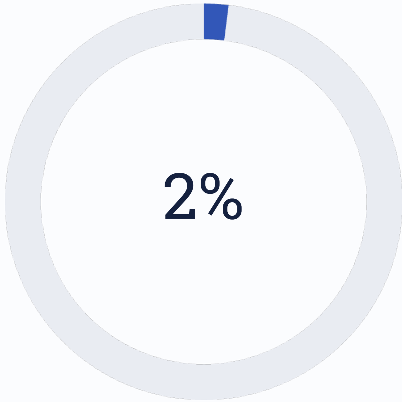
Electronic Submissions

Clients work exclusively online



Hybrid Users

Use both online and physical options



Physical Only

Usually individuals without electronic signature

The Power of Simplicity

What Operators Check vs. Don't Check

Operators Verify ✓

- Form is complete (all required fields filled)
- Form is readable
- Form is in supported format
- Applicant has capacity to request registration

Operators Don't Verify ✗

- Data correctness (e.g., if vehicle ID is real)
- Consistency with mortgage contract
- Contract legal validity
- Background verification

> "*The operator shall enter the data from the registration notice form by faithfully reproducing the content of the form received, without verifying the correctness of the information or the validity of the legal facts.*"
>
> *— Article 35, Law 297/2018*

This design achieves **maximum efficiency at minimum cost**. The applicant is responsible for data accuracy, not the operator. The operator is liable only if they reproduce the form incorrectly.

CHAPTER 5

Types of Registrations

The system supports diverse registration types, each serving specific purposes with different fees and requirements. A couple of examples below:

Initial Mortgage Notice

State tax: 40 lei (~8 euros). Registration of a movable mortgage containing all basic information. Valid for 5 years from registration.

Notice of Intent

State tax: 0 lei for reactivation. Register intention to set up mortgage. Valid for 2 months only. Reserves priority before negotiations complete.

Amending Notice

State tax: 30 lei (~6 euros). Change creditor or debtor details, correct material errors, add or remove parties.

Assignment Notice

State tax: 30-60 lei (~6-12 euros). For assignment of receivables when bank sells loan, factoring or mortgage assignment when collateral transfers.

Extension Notice

State tax: 30 lei (~6 euros). Extend validity for another 5 years. Can be done anytime before expiration. Essential - registrations expire after 5 years!

Extinguishing Notice

State tax: 20 lei (~4 euros). When obligation is paid or lender waives guarantee. Disables entire chain of records.

The Economic Model

Two-Tier Cost Structure

State Tax: State budget (85%) and Ministry (15%)

Established by law, mandatory and uniform. Range from 20 lei (~4 euros) for termination notices to 80 lei (~16 euros) for initial trust notices. Most common registrations cost 30-40 lei (~6-8 euros).

Commercial Fees (Operators/Agents)

Set freely but cannot be lower than the State tax. In practice, 99% of suppliers charge exactly the minimum fees. This capping eliminated price competition but ensures affordability.

The Competition Council criticized the fees capping in 2021, noting it has "no reasonable justification" and eliminates market competition. However, the recommendation was not implemented.

Impressive Revenue Results from the State tax

€12.5M

Total Revenue 2024

61,742,200 lei collected from nearly 2 million registrations

€10.6M

State Budget Share

52,485,120 lei (85%) went to State budget

16%

Year-over-Year Growth

Increase in registrations from 2023 to 2024

The amount of State tax and of the fees is small enough not to discourage use, yet large enough to generate significant revenue. This is the power of low fees with high volume.

KEY TAKEAWAYS

Five Principles of Success

Operational Simplicity

Standard forms, minimum verification, clear responsibility. The operator only transcribes; the applicant is responsible for data accuracy.

Complete Digitalization

Born digital in 2000, not transitioned from paper. 24/7 access, automatic timestamp, instant search, scalability.

Free Consultation

No cost to search the registry. Information obtained freely without registration. The more freely information circulates, the better the economy works.

Low Fees, High Volume

Average State tax of ~6 euros generated ~2 million registrations and ~12 million euros revenue for the State. Better to keep prices low and maximize volume.

Public-Private Collaboration

State regulates and supervises. Private sector invests, operates, assumes risks. The state does not operate directly but lets private sector compete and innovate.

A Replicable Model of Economic Success