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A Step in the Right Direction: BaFin Moves To Make 'Change of Control' Procedures Less Burdensome

A welcome wind of regulatory change is noticeable in Germany. On May 20, 2025, the Federal Financial Supervisory Authority (BaFin) published a consultation on a draft ordinance to amend the ownership control ordinance and the notification ordinance. Until now, change of control applications in Germany have tended to be lengthy and very detail-oriented, which can be challenging for investors in German entities such as credit and financial services institutions, insurance undertakings, pension funds and payment services providers.

In the draft ordinance, BaFin proposes measures to shorten the duration of proceedings and to reduce costs for the administration (*i.e.*, for BaFin) and investors alike. The goal is to promote lasting, inclusive and sustainable economic growth in Germany.

This comes on the heels of other moves to promote regulatory efficiency in Germany. For example, since January 2025, BaFin has granted nine licenses for cryptoasset services providers under the new regulatory regime for markets in cryptoassets (MiCA).

Interested parties — in particular, the umbrella organizations of financial institutions, their shareholders, as well as potential investors — have until June 5, 2025, to share their opinions on the proposed simplifications.

Proposed Changes

Electronic Submissions

In the future, BaFin and the Deutsche Bundesbank will be able to require the electronic submission of notifications and documents, so hard copies of documents will no longer have to be couriered to Germany from all corners of the world.

Simplified Documentary Requirements

BaFin's proposal includes, among others, the following simplified documentary requirements:

- Where a person's European criminal record certificate would cover any potential entries for the European member states or third countries in which the person resides and/or lives, only the submission of the European criminal record certificate is required.
- The necessity to submit excerpts from the Central Trade Register will be limited to natural persons that have to submit a notification and managing directors of entities that are required to submit a notification that have resided or worked in Germany in the 10 years before the notification obligation arises. The current obligation has no time limit and requires the submission of Central Trade Register excerpts from anyone that has ever resided or previously worked in Germany.

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- CVs will no longer require handwritten signatures.
- The resubmission of previously submitted documents and declarations will no longer be required, unless the underlying information has changed. Currently the cutoff date is two years, and older documents must be resubmitted. The resubmission of documents that remain unchanged has resulted in unnecessary paperwork for BaFin and applicants alike. The only shortcoming of this proposal is that the resubmission exemption for criminal record certificates and excerpts from the Central Trade Register will be shortened to 12 months; resubmission will be required if those records were issued more than 12 months before the application.
- The burden on group structures with multiple intermediate entities will be lightened by exempting those from most of the documentary obligations if the entities hold only indirect stakes in the regulated target entity. These intermediate entities would mainly be required to submit the notification form.

In Summary

Though some may argue that the proposed changes do not go far enough (especially as the resubmission requirement for criminal record certificates and excerpts from the Central Trade will be shortened), they are a step in the right direction. The proposed amendments of the ownership control ordinance would modernize and lighten the regulatory requirements for investors in the regulated German financial sector. The measures would lead to a significant reduction in bureaucracy and speed up procedures, supporting a sustainable growth of the financial regulatory sector in Germany, in line with international goals for sustainable development without increasing the risk of unsuitable investors in a sector of systemic importance.