

The Social Democratic Party (PSD), the most significant opposition party in Romania, which currently holds a majority in the Parliament, argued that it aims to protect national interests in the economic sector and the Romanian Parliament passed the law which prohibits the sale of stakes in state-owned companies for a period of two years.

The largest victim of the new legislation could be electricity producer Hidroelectrica, whose initial public offering (IPO) is planned for years and now faces yet another in a long list of delays.

Investors and analysts have criticized the draft bill for its significant adverse effects. The Bucharest Stock Exchange (BVB) argued against such legislation, highlighting the positive impact of the IPOs at state-controlled companies over the past 15 years. Listing a company's shares is different from privatizing it, and the sale of minority shares would not necessarily terminate the state's control over the company, said the statement from BVB.

Hidroelectrica's IPO has been expected for many years. In April 2012, a consortium made of BRD, Citigroup, Societe Generale and Intercapital Invest was selected to manage the sale of a 10 % stake in Hidroelectrica, but the company went into insolvency a few months later.

After Hidroelectrica completed its restructuring process, in January 2014, the Government carried out another selection process and chose Raiffeisen Bank and Morgan Stanley to manage the sale of a 15 % stake in Hidroelectrica through IPO. However, this sale did not take place. In May, Hidroelectrica selected Dentons Europe as its legal advisor for the upcoming initial public offering of the company's shares, as well as STJ Advisors Group as an equity adviser to provide consulting services for the planned IPO. Previously in April, Hidroelectrica signed Lazard, STJ and Deloitte as consultants in the process of preparing the company's initial public offering (IPO) on the stock exchange.