



European Bank
for Reconstruction and Development

SECURITIES MARKETS LEGISLATION ASSESSMENT PROJECT

2007 ASSESSMENT

based on legislation in force on 1 June 2007

ROMANIA

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2007 ASSESSMENT: GENERAL INFORMATION

In Romania the legislation on the securities market has been undergoing significant changes, with the primary aim to harmonize Romanian legislation with European Union law. The process of implementation of European Union legislation started in 2004, through the adoption of a consolidated law on capital markets - Law 297/2004, as amended (the "**Capital Markets Law**"), which is the basic law regulating the capital markets in Romania. A large number of rules, regulations and instructions have been issued for the implementation of the Capital Markets Law, as provided in section I (Basic Information about Securities Market Related Laws and Regulations) hereto.

The securities market regulator is the National Securities Commission ("**CNVM**"), which is competent in regulating and supervising the capital markets sector. Other market regulators include the National Bank of Romania (for the banking sector) and the Insurance Supervisory Commission (for the insurance sector).

There are two stock exchanges: the Bucharest Stock Exchange (which recently merged with and absorbed Rasdaq market, which currently acts as a market within BSE) and Sibiu Financial and Commodities Exchange (trading derivatives).

In 2006, the capitalisation of the market was of 16.82 billion EUR while the number of listed companies was of 58 companies on the Bucharest Stock Exchange and 2420 companies on Rasdaq market. Clearing and settlement of securities is performed by the central depository.

There are two SROs: the Bucharest Stock Exchange and the central depository.

There are 44 CISs active in Romania, but their *total* market value is not clearly disclosed.

2007 ASSESSMENT CHECKLIST FOR SECURITIES MARKET LEGISLATION

Section I – Basic Information about Securities Market Related Laws and Regulations

#	Official Title of Law/Regulation (in English)	Promulgating Authority	Date of Promulgation	Dates of Past Amendments
1.	Law 297/2004 on capital markets (the "Capital Markets Law")	Parliament	June 28, 2004	April 2006 June 2005
2.	Statute of the National Securities Commission ("CNVM"), approved by Government Emergency Ordinance 25/2002 (the "Statute")	Government	March 13, 2002	July 2002 June 2004
3.	Regulation 1/2006 on issuers and operations with securities ("Regulation 1/2006")	CNVM	March 9, 2006	December 2006
4.	Regulation 32/2006 on financial investment services	CNVM	December 2006	N/A
5.	Commission Regulation 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in the prospectus as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "EC Regulation")	Commission of the European Communities	April 29, 2004	
6.	The Bucharest Stock Exchange ("BSE") Code	BSE Approved by CNVM	November 2006	May 2007
7.	The Code of the Central Depository	Central Depository Approved by CNVM	June 20, 2006	November 7, 2006 December 14, 2006

#	Official Title of Law/Regulation (in English)	Promulgating Authority	Date of Promulgation	Dates of Past Amendments
				March 12, 2007
8.	Regulation 2/2006 regarding regulated markets and alternative trading systems ("Regulation 2/2006")	CNVM	February 9, 2006	August 9, 2006
9.	Regulation 15/2004 on the authorisation and operation of management investment companies, collective placement undertakings and depositories ("Regulation 15/2004")	CNVM	December 23, 2004	March 25, 2005
10.	Regulation 13/2005 regarding the authorisation and operation of the central depository, clearing houses and central counterparties.	CNVM	October 24, 2005	December 20, 2005 April 6, 2006

Section II – Identity of the Relevant Market Regulatory Authorities (Statutory and Non-statutory) by Activities Regulated

#	Activities Regulated	Name of the Relevant Regulator	Date of Establishment	Legal Basis
1.	Securities issuance and offering ¹	CNVM	1994	Law 52/1994 on securities and stock exchanges (repealed); currently governed by Government Emergency Ordinance 25/2002 for the approval of CNVM statute
2.	Change of control transactions ²	CNVM – for take-overs	1994	See 1 above
		Competition Council – for monopoly issues	1996	Law 21/1996 on competition
3.	Securities markets ³	CNVM	1994	See 1 above
4.	Brokerage or dealing related activities ⁴			

¹ Including prospectus and disclosure requirements, share registrations, tender offers, shareholder rights, beneficial ownership reporting, etc.

² e.g., mergers, take-overs, monopoly positions, and other transactions affecting control in a company.

³ e.g., including establishment of exchanges and trading systems, admission to listing, trading, clearing and settlement, depository, etc.

⁴ e.g., including licensing, conduct of business requirements, prudential requirements, etc.

#	Activities Regulated	Name of the Relevant Regulator	Date of Establishment	Legal Basis
5.	Fund (or portfolio) and asset management (including investment advisers, asset managers, etc.)			
6.	Collective investment schemes			
7.	Accounting and auditing standards/services	Ministry of Economy and Finance	In the current form - 2007	Government Emergency Ordinance 24/2007 on certain reorganisation measures within the central public administration
8.	Investment services providers	CNVM	1994	See 1 above
9.	Money Laundering (i.e., FIU – Financial Intelligence Unit)	National Office for the Prevention and Fight Against Money Laundering	1999	Law 21/1999 on Money Laundering, repealed by Law 656/2002.

Section A – Regulator⁵

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
RESPONSIBILITIES OF THE REGULATOR					
1.	Whether the regulator responsibilities, powers and authority are clearly defined in the law?	✓		Art 2, 7, 8, 9, 17 of the Statute Art 2(2), 2(5), 180, 255, 256, 257, 273, 274, 277 of Law 297/2004. Note that the provisions cited above are not exhaustive.	1
2.	Whether the regulator has discretion to interpret its responsibilities based on clear and transparent criteria and process so to prevent abuse of discretion?	✓		The rules describing and imposing conditions on decision making process within CMVM are explicitly stated under Article 3 of the CNVM Statute (as approved by GEO no. 25/2002 adopted by Law no.514/2002 and subsequently modified by Law no. 297/2004). Also, Article 7 states the means by which CNVM is entitled to exercise its powers.	1

⁵ Please answer the questions of this section considering the regulator (see Section II, above) in charge for: Securities issuance and offering; Securities markets; Brokerage or dealing related activities and Collective investment schemes

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
INDEPENDENCE OF THE REGULATOR					
3.	Whether the term of office, the procedures for appointment and removal and the criteria for removal of the head and members of the governing body of the regulator are specified under the relevant law?	✓		Art 3, 4 of the Statute	2
4.	Whether the operational independence of the regulator is assured by the law from external political, commercial, or other interest interference when exercising its respective functions and powers?		✓	<p>Article 4 of CNVM Statute stipulates the requirements to be fulfilled by the CNVM members in order to be appointed: <i>Members of the National Securities Commission:</i></p> <p>a) <i>cannot be the spouse or relatives or in laws up to thrice removed of the President of Romania, the presidents of the Chambers of the Parliament, the members of the Government, the Governor of the National Bank of Romania, the President of the Insurance Supervision Commission and cannot become related to one another.</i></p> <p>b) <i>cannot be members of a political party (...);</i></p> <p>The members of CNVM are appointed and revoked by the Parliament. Therefore, although they cannot be members of political parties (among other incompatibilities), it may be argued that CNVM is not entirely free from political and commercial interference.</p>	2
5.	Whether the law provides legal protection (for <i>bona fide</i> actions only) to the regulator, the head and members of the governing body and its staff against lawsuits for actions taken in their functions?	✓		Art. 3(11) of the Statute.	2-5

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
ACCOUNTABILITY OF THE REGULATOR					
6.	In the exercise of its regulatory powers, whether the regulator is required by the law to consult with or obtain an approval by the government, ministry or other authorities? [<i>Please specify the cases and the authority</i>]		✓		2
7.	If the answer to the above question is "yes" (if "no" in the above, please tick "no" in the following sub-questions):				
	(1) whether the circumstances in which consultation or approval is required are clearly defined and the relevant process is sufficiently transparent? [<i>If "yes", please briefly describe the process</i>]		✓		2
	(2) whether the circumstances where consultation or approval is required are limited to policy issues and not to day-to-day technical matters?		✓		
8.	Is the regulator accountable to the Parliament or another government body on an ongoing basis? [<i>Please explain</i>]	✓		CNVM must report to certain commissions in the Parliament, upon request and on an annual basis. Art. 1(3), 16 of the Statute	2
9.	Are the regulator and the other parties to which the regulator is accountable required by the law to treat as confidential information received as part of the supervisory process and only to disclose information in certain defined circumstances?	✓		Art 11 of the Statute	2
10.	Is the regulator's receipt and use of funds subject to review or audit?	✓		Art 16 of the Statute	2
11.	Does the regulator have to provide written reasons for its material decisions?	✓		Art 9(5) of the Statute	2
12.	Are affected persons permitted to make representations prior to a regulator's decision in appropriate cases?	✓		In appropriate cases, in which an investigation is required (where a breach of the rules in force is detected or there are reasonable grounds to suspect that such a breach has been committed) the persons who may be held liable are heard by CNVM prior of making the decision. This is the general rule applicable in the cases where an	2

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				investigation is required;	
13.	Are all decisions taken by the regulator subject to a sufficient, independent review process, ultimately including judicial review?	✓		Art 2(3) of the Capital Markets Law	2
REGULATOR'S POWERS AND RESOURCES					
14.	Whether the regulator is empowered by the law to receive routine financial reports from regulated entities ⁶ ? If "yes", please identify from whom the regulator receives such routine reports.	✓		Art 23, 107, 227 of the Capital Markets Law. Art. 108 of Regulation 13/2005, Art. 56, 57 of Regulation 2/2006, Issuers, intermediaries, central depository, stock exchange, CISs etc.	2, 10
15.	Whether the regulator is empowered by the law to inspect a regulated entity business operation without giving prior notice?	✓		Art. 2(5)(e) of the Capital Markets Law There is no legal provision regarding the requirement of a prior notice	8
16.	Whether the regulator is empowered by the law to have access to books and records and request data or information from regulated entities without judicial actions, even in absence of suspected misconduct, in response to (i) a particular inquiry? (ii) on a routine basis? <i>[please specify]</i>	✓		Art. 2(5)(d), 255 (a) of the Capital Markets Law In case of supervision or investigations regarding market abuse, the law provides for CNVM's right to have access to any document and to request information from	8

⁶ "Regulated entity" includes authorised or licensed entities or persons

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				any person. In addition, CNVM is entitled to request any documents from the issuers, intermediaries and auditors, in case of a public offering.	
17.	Does the regulator have the investigative and enforcement power to require from any persons involved in relevant conduct of who may have information relevant to a regulatory or enforcement investigation:			See response to question 16	9
	(a) data?	✓			
	(b) information?	✓			
	(c) documents?	✓			
	(d) records?	✓			
	(e) statements or testimony?	✓			
18.	Whether, under the law or regulation, the regulator has the power to impose administrative sanctions? If "yes", please briefly describe the kinds of sanctions that can be imposed. If "no", please briefly describe what the regulator can do in case of non-compliance with laws.	✓		Art. 271 of the Capital Markets Law. Art 17 of the Statute. Sanctions imposed by CNVM include: warnings, fines, suspension, withdrawal or annulment of authorisations etc.	9
19.	Whether, under the law or regulation, the regulator has the power to order	✓		Art. 137 of the Capital Markets Law, Art.	9

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	suspension of trading in securities?			87(2) of Regulation 1/2006	
20.	Whether, under the law or regulation, the regulator has the power to initiate or refer matters for criminal prosecution?	✓		Art. 17 of the Statute CNVM shall refer criminal matters to the prosecution authorities.	9
21.	Whether the regulator is assured by the law and/or regulation to have sufficient financial and other resources to properly discharge its functions? ⁷ If "no", please indicate the areas of insufficiency. [<i>Please also specify if the regulator's budget is taken from the state budget or from the market</i>]	✓		Art. 13 of the Statutes CNVM is entirely financed from extra budgetary income, deriving from various fees, tariffs, penalties from market participants etc.	2
CLEAR AND EQUITABLE PROCEDURES					
22.	Whether the regulator has the power to issue legally binding rules and regulations? If yes, is the regulator obliged to make all rules and regulations available to the public?	✓		Art. 7, 8, 9 of the Statute	4
23.	Whether the law or regulation sets forth the general criteria for granting, suspending or revoking licenses?	✓		The criteria for granting, suspending or revoking licenses are different for each type of regulated entity. Capital Markets Law, CNVM Regulation	4

⁷ The points of consideration in financial aspect should include: competitive salary scales, ability to hire external experts if necessary, training budget and programme, information technology equipment, and travel budget, etc.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				32/2006, CNVM Regulation 15/2004, CNVM Regulation 13/2005, CNVM Regulation 2/2006	
24.	Whether the regulator is required by the law or regulation to publicly disclose and explain its policies in important operational areas, such as through interpretations of regulatory actions, settings of standards, or issuance of opinions stating the reasons for regulatory actions?	✓		<p>According to Article 7 (10) of the Statute, <i>CNVM publishes and issues on a regular basis, a Bulletin that stands for the official gazette of the Commission. The documents published therein shall be opposable to a third party. The bulletin shall contain, but it not shall not be limited to:</i></p> <p><i>a. the regulations adopted by the NSC;</i></p> <p><i>b. releases and documents regarding regulated markets;</i></p> <p><i>c. official interpretation of their own regulations governing regulated markets and supervised entities.</i></p> <p>Mention should be made that the CNVM Bulletin is published on a monthly basis and is available both in electronic format (on CNVM website) and on paper;</p>	4
PROFESSIONAL STANDARDS					
25.	Whether the staff of the regulator is required by law, regulation or other, [<i>please explain</i>] to observe a "Code of Conduct" or other written standards/guidance of the same nature in exercising their regulatory powers and discharging their functions?		✓	<p>There is no "Code of Conduct" to be observed.</p> <p>In exercising the regulatory powers and discharging their functions, the CNVM's representatives should observe the provisions of CNVM Statute.</p> <p>See Art. 3, 4, 7, 11, 15 of the Statute.</p>	5

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
26.	If the answer to the above question is “yes”, whether the relevant “Code of Conduct”/Statute addresses issues in the following areas:				
	(1) conflicts of interest?	✓		Art. 3 and 4 of the Statute	5
	(2) dealing with information obtained in the course of the exercise of powers and discharge of duties?	✓		Art. 7, 11 of the Statute	
	(3) observance of confidentiality and secrecy provisions and protection of personal data?	✓		Art. 7, 11 of the Statute	
	(4) ensuring procedural fairness?		✓		
(5) restriction on the holding or trading of securities and requirement to disclose financial affairs or interest.	✓		Art. 4 of the Statute. CNVM members cannot be significant shareholders of legal entities supervised by CNVM, the Insurance Surveillance Commission or the National Bank of Romania.		
27.	Whether there are legal or other sanctions against the staff of the regulator who fails to adhere to the above mentioned “Code of Conduct”?	✓		Art. 4(6) of the Statute. CNVM members are revoked by the Parliament in case of an incompatibility or other case of non-compliance with the requirements provided in the Statute.	5
COOPERATION AMONG REGULATORS					
28.	If there is more than one regulator listed in Section II above, whether the division of the responsibility among regulators are clearly and objectively set out by law?	✓		CNVM, The Ministry of Economy and Finance and the National Office for the Prevention and Fight against Money Laundering have separate responsibilities.	1
29.	If there is more than one regulator listed in Section II, whether they are required by the law to co-operate and share information with each other?	✓		Art. 5 of the Statute. CNVM (the regulator for the capital markets sector) must cooperate and share information with competent authorities in member states (presumably also including <u>local</u> authorities).	1

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
30.	Whether the regulator has the authority under the law to share information with regulators in foreign jurisdictions? <i>[please specify with which countries]</i>	✓		See answer to question 29 above. Also, under Art. 6 of the Statute, CNVM may grant assistance (including sharing information), on a reciprocal basis, to foreign regulators.	11
31.	Whether the regulator is permitted by the law to provide assistance to regulators in foreign jurisdictions? <i>[please specify with which countries]</i>	✓		See answer to questions 29 and 30 above. As mentioned above, CNVM shall provide assistance to regulators in EU <i>member states</i> and to regulators in <i>non-member states</i> (presumably on a reciprocal basis). Until now CNVM has concluded bilateral memoranda of understanding with Greece, Portugal, China, Cyprus, Moldavia, Turkey, Luxembourg, Italy, Bulgaria, Poland, Macedonia, Egypt, Brazil, Montenegro, Lithuania, Serbia, Croatia, Check Republic, Hungary, Bosnia Herzegovina, Spain, the Hashemite Kingdom of Jordan, Albania	13

Section B – Self-regulation ("SROs")⁸

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
PERFORMANCE AND FUNCTIONS OF SROS					
1.	Are there any organisations in your country, that:				6
	a) establish rules of eligibility that must be satisfied in order for individuals or firms to participate in any significant securities activity?	✓		The Bucharest Stock Exchange and the Central Depository Art. 134, 149 of the Capital Markets Law, Art. 98 of Regulation 13/2005.	
	b) establish and enforce binding rules of trading or business conduct for individuals or firms engaging in securities activities?	✓		Art. 134, 149 of the Capital Markets Law, Art. 98 of Regulation 13/2005.	
	c) establish disciplinary rules and/or conduct disciplinary proceedings, which have the potential to impose enforceable fines, or other penalties, or to bar or suspend a legal or natural person from participating in securities activities or professional activities related to securities activities?	✓		Art. 134 of the Capital Markets Law, Art. 98 of Regulation 13/2005.	

⁸ A self-regulatory organisation (SRO) is any organisation that has been given the power or responsibility to regulate any part of the securities market of industry. The term "self-regulatory organisation" means any national securities exchange, registered securities association, or registered clearing agency, which have been granted the right to regulate themselves and enforce such regulation. This section applies to all SROs in your country – i.e. stock exchange, central depository to the extent that they fit within the SRO definition]

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
AUTHORISATION OR DELEGATION SUBJECT TO OVERSIGHT					
2.	Whether, as a condition of ongoing authorisation, the regulatory framework requires SROs to:				7
	(1) have the necessary capacity to enforce compliance by its members and associated persons with laws, regulations and rules?	✓		Art 9(4), 98(r), (s) of Regulation 13/2005 Art. 35(2)(g), 44 of Regulation 2/2006	
	(2) treat all members of the SRO and applicants for membership in a fair and consistent manner?	✓		Art 9(4), 98 of Regulation 13/2005, Art. 16 of Section 3, Chapter I, Title I of the Code of the Central depository Art. 35 of Regulation 2/2006	
	(3) develop rules that (i) are designed to set standards for its members and (ii) to promote investor protection?	✓		Art 9(4), 98 of Regulation 13/2005 Art. 134 of the Capital Markets Law, Regulation 2/2006 Both issues are covered.	
	(4) submit to the regulator its rules and any amendments thereto for review and/or approval?	✓		Art. 149, 148(2) of the Capital Markets Law Art. 134(1) of the Capital markets law	
	(5) co-operate with the regulator and other SROs in your jurisdiction to investigate and enforce applicable laws, regulations and rules?	✓		Chapter 4, Title II of Regulation 13/2005 Art 44(5) of Regulation 2/2006	
	(6) enforce its own rules and impose appropriate sanctions for non-compliance with its own rules?	✓		Art 98 of Regulation 13/2005 Art 44 of Regulation 2/2006	
	(7) assure fair representation of members on its board of directors and administration of its affairs?		✓	The composition of the board of directors is not regulated by law, but by the constitutive document of the central depository.	
(8) assure that its rules do not create anti-competitive situations?	✓		Art. 16 of Section 3, Chapter I, Title I of the Code of the Central Depository provides for equality between participants to the settlement and clearing system. Art. 35 of Regulation 2/2006		

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
OVERSIGHT					
3.	Whether the regulator is required by the law or regulation to establish a programme/procedure/process to oversee the operations of SROs (including inspections, periodic reviews, reporting requirements, review/revocation of SRO rules, monitoring of continuing compliance with conditions of authorisation)?	✓		Art. 153, 154 of the Capital Markets Law, Chapter 4 of Title II of Regulation 13/2005 Art. 135-138 of the Capital Markets Law	7
4.	In matters related to SRO responsibility, whether the regulator retains authority to (i) inquire and (ii) intervene into matters affecting investors or the market?	✓		Art. 153, 154 of the Capital Markets Law, Chapter 4 of Title II of Regulation 13/2005 Art. 135-138 of the Capital Markets Law	7
MISUSE OF INFORMATION AND CONFLICT OF INTERESTS					
5.	Does the law or regulation requires SROs to:				7
	(1) ensure that potential conflicts of interest at the SRO are avoided and resolved?	✓		Art. 26, 109 of Regulation 13/2005 Art. 131 of the Capital Markets Law	
	(2) address prevention of misuse of information and observance of confidentiality of information?	✓		Art. 24(2) of Section 3, Chapter I, Title I of the Code of the Central Depository Art. 19 of Section 2, Chapter IV, Title I of the BSE Code, Art. 29 of Section 3, Chapter IV, Title I of the BSE Code	

Section C – Issuers and their Information-Disclosure Obligation

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance	
CONTENT OF THE PROSPECTUS						
1.	In a public offering of securities ⁹ , whether issuers are required to:					14
	(i) prepare a prospectus (or an information document of similar nature)	✓		Art. 173 (1) of the Capital Markets Law		
	(ii) distribute it, and	✓		Art. 173(2) of the Capital Markets Law		
	(iii) file the prospectus with the regulator/stock exchange for review/approval [Please specify]	✓		Art. 173 (1) of the Capital Markets Law The prospectus must be approved by CNVM		
2.	Whether the prospectus is required to include information on:					IOSCO – International Disclosure standards for cross- border
	(i) key financial information, including capitalisation and indebtedness of the issuer and reason for the offer and use of proceeds and risk factors [please specify if all or just some of these issues are included]	✓		Annex III to CE Regulation, Art. 3 All the issues must be included.		
	(ii) the company, including history and development of the company, business overview, organisational structure, property, plants and equipment [please specify if all or just some of these issues are included]	✓		Annex I to CE Regulation, Art. 5-8 All the issues must be included.		

⁹ The term Public Offering of Securities refers to the issuance and/or sale of the securities to the public.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(iii) operating and financial review and prospects, including operating results, liquidity and capital resources, research and development, patents and licenses. <i>[please specify if all or just some of these issues are included]</i>	✓		Annex I to CE Regulation, Art. 9-11 All the issues must be included.	offerings and Initial listings by foreign issuers
	(iv) directors, senior management and employees, including compensation of directors, board practices, number of employees and share ownership <i>[please specify if all or just some of these issues are included]</i>	✓		Annex I to CE Regulation, Art. 14-17 All the issues must be included.	
	(v) major shareholders and related party transactions	✓		Annex I to CE Regulation, Art. 18, 19 All the issues must be included.	
	(vi) the identity and holdings of persons who hold a substantial beneficial ownership interest in the company	✓ (to the extent known to the issuer)		Annex I to CE Regulation,	
FOREIGN ISSUERS					
3.	Whether a foreign issuer is required to disclose additional information in the prospectus? If "yes", please briefly describe		✓	No specific additional requirement is provided in this respect.	14
4.	Whether a foreign issuer is allowed to use a prospectus which has been approved by a foreign regulator? If "yes", please briefly describe	✓		Art. 49(1), (3) of Regulation 1/2006 This applies only in case of an issuer from a member state and provided that CNVM is notified by the foreign regulator with respect to the approval of the prospectus, including to be submitted a copy of the prospectus. In case of an issuer from a non-member state, the prospectus must be approved by CNVM. (Art. 50 of Regulation 1/2006).	14

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
FULL DISCLOSURE					
5.	Whether there are different disclosure requirements for different types of securities or according to the different circumstances in which securities are offered? If "yes", please briefly describe	✓		For example, disclosures in connection to shares are different from disclosures in connection to bonds. Disclosure requirements for each category of securities are regulated in detail by the CE Regulation. In addition, in certain circumstances (e.g. issuance of securities to qualified investors or to less than 100 investors which are not qualified, or in case of issuance of securities with a nominal value of at least EUR 50,000 etc) the prospectus may be drafted in a simplified form (Art. 15 of Regulation 1/2006).	14
6.	In addition to public offering of equity, whether prospectus requirements also apply to other types of public offerings (e.g., debt securities, warrants, preemptive rights offering to existing shareholders, etc.)? Please specify.	✓		See answer to question 5 above.	14
7.	Whether there are any restrictions on, or disclosure requirements with regard to, the content of information that an issuer discloses outside the prospectus during an offering (e.g., in advertisement, "road-show" materials or on the issuer's website)?	✓		Art. 178 of the Capital Markets Law	14
8.	If the answer to the above question is "yes", whether any such restrictions or requirements extend to those acting on behalf of the issuer in connection with the offering (e.g., underwriters or advisors)?	✓		Art. 178 of the Capital Markets Law	14
LIABILITY					
9.	Whether the issuer is liable for the content of the prospectus? If "yes", please describe if there are any exceptions provided for under the law.	✓		Art. 182 of the Capital Markets Law, Art. 10 of Regulation 1/2006 The issuer is not liable for the content of the prospectus which was drafted by certain	14

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				other persons (e.g. the auditor), for which such persons assumed liability in the prospectus.	
10.	Other than the issuer, whether there are any other persons/entities that may be held liable for the content of the prospectus (e.g., underwriter, auditor)? If "yes", please describe.	✓		Art. 182 of the Capital Markets Law, Art. 10 of Regulation 1/2006 Other persons, such as the members of the board of directors of the offeror, the members of the board of directors of the issuer; the founders, in case of public subscription, the financial auditor certifying the financial statements, the intermediaries, any other entity that accepted in the prospectus the liability for any information can also be held liable.	14
DEROGATIONS					
11.	Whether there are circumstances where an issuer is permitted to proceed with a public offering without full disclosure of relevant information? If "yes", please briefly describe.	✓		Art. 15 of Regulation 1/2006. In certain circumstances (e.g. issuance of securities to qualified investors or to less than 100 investors which are not qualified, or in case of issuance of securities with a nominal value of at least EUR 50,000 etc) the prospectus may be drafted in a simplified form.	14
REGULATOR'S POWERS					
12.	Whether the regulator has the power to enforce prospectus and/or other listing documents disclosure requirements by delaying or stopping the offering or through other regulatory actions? If "yes", please briefly describe the nature of these actions (e.g., civil, administrative or criminal) and indicate whether these actions if taken are with immediate effect (e.g., trading halt or injunction).	✓		Art. 180 of the Capital Markets Law Upon reviewing a prospectus, CNVM may e.g. suspend, revoke or annul the offer in case of a defective prospectus and of violation of the applicable laws and	9, 14

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				regulations	
OTHER LISTING DOCUMENTS					
13.	Apart from the prospectus, are issuers required to prepare or distribute documents for listing purposes? (e.g., listing particulars ¹⁰ or a document of similar nature)?	✓		Chapter II, Title II of the BSE Code	14
14.	Does the regulator have the power to enforce listing document disclosure requirements by delaying or refusing a listing?	✓		Chapter II, Title II of the BSE Code, Regulation 1/2006, Capital Markets Law	14
ONGOING DISCLOSURE REQUIREMENTS					
15.	Whether open/public/listed/admitted to trading companies [<i>please specify</i>] are required to prepare annual reports and/or periodic reports, under a certain timeframe? Please specify.	✓		Art. 227 of the Capital Markets Law Companies whose shares are admitted to trading must prepare e.g. annual, semi-annual, quarterly and current reports etc. Companies having bonds admitted to trading must prepare e.g. annual and semi-annual reports.	14
16.	If the answer to the above question is "yes", whether the annual and the periodic reports are made available to the public? If yes, please explain how they are	✓		Art. 112 ¹ (2), 113 C (2), 113 D (2) of Regulation 1/2006 – the annual, semi-	14

¹⁰ Listing particulars: details which a company is obliged to publish about itself together with any securities it issues before it obtains a listing on a recognised stock exchange.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	distributed.			annual and quarterly reports must be posted on the website of the issuer and distributed to public upon request. The issuer must publish a press release regarding the availability of such reports and the place they can be obtained from. Other reports are published in the Official Bulletin of CNVM or in a newspaper, depending on the type of report. The reports of the issuers whose securities are admitted to trading on a regulated market are also posted on CNVM website and on the regulated market operator website;	
17.	Whether issuers are required to file the annual and periodic reports with the regulator for review/approval?	✓		Art. 227 of the Capital Markets Law Reports are sent to CNVM and the market operator for review.	14
18.	Whether the regulator has the power to enforce the disclosure requirements of the reports? If yes, please describe the available actions.	✓		Art. 110, 111 of Regulation 1/2006 CNVM may request additional information and documents for the purpose of verifying, clarifying and completing the information included in the reports. Also, CNVM may request the issuer to amend the reports.	14
19.	Whether the issuer is liable for the content of the reports? If "yes", please describe if there are any exceptions provided for under the law	✓		Art 108 of Regulation 1/2006	14
20.	Other than the issuer, whether there are any other persons/entities which may be held liable for the content of the annual/periodic reports (e.g., auditor)? If "yes", please describe.		✓	Art 108 of Regulation 1/2006. The issuer is held liable for the reports.	14
21.	Whether issuers are subject to a general and continuing obligation to disclose promptly any material information that would significantly affect the price of	✓		Art. 226, 244 of the Capital Markets Law Same requirement applies to all types of	14

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	their securities? If "yes", please describe whether such requirement varies according to types of issuers.			issuers.	
22.	Whether there are circumstances where an issuer is permitted to derogate from its disclosure obligations (e.g., confidentiality)?	✓		Art. 226(3,4) Only from disclosure of privileged information, in the ordinary course of business and with CNVM approval, if confidentiality is ensured.	14
FAIR AND EQUITABLE TREATMENT OF SHAREHOLDERS					
23.	Whether the relevant law or regulation stipulates the right of fair and equitable treatment of shareholders?	✓		Art. 209 of the Capital Markets Law	15
24.	Whether issuers are required to disclose information to shareholders in order to help them make voting decisions? If "yes", please briefly describe the types of voting decisions that would trigger such disclosure requirement.	✓		Art. 243 (5) of the Capital Markets Law This requirement applies to all types of voting decisions.	15
25.	Whether investors have the right to petition the regulator? If "yes", please indicate the grounds based upon which a petition can be made.	✓		Such right is exercised in practise, but no express provision in this respect is regulated.	15
26.	Whether minority shareholders have the right to appoint an auditor to re-examine the books and accounts of the company? If yes, please specify the minority shareholding percentage requirement and other specific conditions and whether the shareholder or the company must pay for this audit	✓		Art. 259 of the Capital Markets Law The minority shareholding percentage requirement is of 5%. There is no legal provision regarding the payment of the audit.	15
27.	Whether shareholders of a company have the right to start derivative suit (i.e., in the name of the company) against the directors of the company? If "yes", please indicate the shareholding percentage requirement, if any, for exercising such right.	✓		Art. 155 ¹ of the Company Law The shareholding percentage requirement is of 5%	15
28.	Whether shareholders of a company have the right to request an extraordinary general meeting of shareholders to be held? If "yes", please indicate the shareholding percentage requirement, if any, for exercising such right.	✓		Art. 119 of the Company Law The shareholding percentage requirement is of 5%.	15

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
29.	Whether beneficial shareholders are required to publicly disclose their ownership and identity in specific circumstances? If yes, please specify the circumstances and the disclosure procedures		✓	Art. 228 of the Capital Markets Law, Art. 116 of Regulation 1/2006 Romanian law does not regulate the concept of "beneficial ownership interest". Note that persons having voting rights exceeding certain thresholds (e.g. 5%, 10%, 20%, 33%, 50%, 75% or 90%) must disclose the reaching of such thresholds. Note that voting rights are calculated taking into account the voting rights held by one person on behalf of another person etc.	15
30.	Whether the shareholders who are required to disclose their identity and ownership position due to their shareholding percentage have an on-going obligation to report changes in their shareholding? If "yes", please indicate how significant the change has to be to trigger such reporting obligation.		✓	Art. 113 of Regulation 1/2006 See answer to question 29 above. Such reporting by the shareholders must be made to the issuer, CNVM and the regulated market. The reporting to the public is incumbent upon the issuer, for changes in the control of its controlling shareholders	15
CHANGE IN CORPORATE CONTROL					
31.	Does the relevant law or regulation provide for the circumstances in which a mandatory tender offer must be made? If "yes", please describe the circumstances.	✓		Art. 203 of the Capital Markets Law: A person who, as a result of his purchase or those of the persons acting in concert with, holds more than 33% of the voting rights in an undertaking must launch a public offer addressed to all securities holders for all their holdings as soon as possible, but no later than 2 months from reaching this holding position. This requirement shall not apply to the persons who, prior to this law's entry into force, have purchased over 33%	15

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				of the voting rights, in compliance with the legal provisions applicable at the time of the acquisition. Such persons shall make an mandatory takeover bid only if subsequent to the law's entry into force, they increase their holdings, so that they reach or exceed 50% of the voting rights of the issuer.	
32.	Whether public/open/listed/admitted to trading companies are required to disclose adequate information in connection with a change in corporate control (e.g., take-over etc.) to enable minority shareholders to assess the offer?	✓		Art. 196, 197 of the Capital Markets Law The entity making the offer is required to send a preliminary announcement (approved by CNVM) to e.g. the target company. The Board of Directors of the target company must send its opinion with respect to the opportunity of the take-over to CNVM, the offeror and the regulated market. Note however that relevant information about the offer and the entity making the offer is also included in the prospectus, enabling shareholders to assess the offer.	15
33.	Does the regulatory framework provide minority shareholders with the opportunity to vote eventual manoeuvres (e.g., poison pills) made up by the management to resist the tender offer?	✓		See answer to question 32 above. Management cannot increase the capital or enact other poison pills without the shareholders' decision.	15
34.	In connection with a proposed transaction involving the company, whether the directors or other members of senior management of a company are required to disclose compensation or personal benefits that they may receive?		✓	There is no specific provision requiring directors or other members of senior management to disclose their salaries and benefits in case of a take-over offer. Generally, directors of a public company must disclose any legal act concluded by the company with its directors, employees, controlling shareholders and related persons,	15

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				with a value exceeding EUR 50,000.	
35.	Does the regulatory framework provide minority shareholders with the concrete opportunity to sell their shares to the bidder at the same conditions as the controlling shareholder?	✓		Art. 196, 203 of the Capital Markets Law. Take-over offers must be made to all the shareholders, for all their shares, in the same conditions.	15

Section D – Collective Investment Schemes (CISs)¹¹

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
1.	Does your country have a specific legislation on collective investment schemes? <i>Please specify if the regulation is specifically on CIS or instead on other investment funds (e.g., privatisation funds)</i>	✓		Regulation 15/2004 – refers only to CIS	
ENTRY AND ELIGIBILITY CRITERIA					
2.	Whether there are specific standards or requirements set forth in the relevant law or regulation for eligibility ¹² to:				17
	(i) promote and sell a CIS?	✓		Chapter I, Title III of the Capital Markets Law, Art. 55. These are performed by an investment management company which must be authorised by CNVM.	
	(ii) operate a CIS?	✓		Chapter I, Title III of the Capital Markets Law. The operation of a CIS is performed by an investment management company	

¹¹ CIS includes open-end funds that redeem their shares or units (whether on a continuous basis or periodically), closed-end funds whose shares or units are traded in securities markets, unit investment trusts, contractual models and the European UCITS model. For purposes of this assessment checklist, CIS excludes schemes investing in property/real estate, mortgages or venture capital.

¹² The term “eligibility” is intended to include authorisation, licensing, registration or other preconditions to operating or marketing a CIS.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				which must be authorised by CNVM.	
3.	Whether the eligibility standards or requirements for licensing or registration of operators of CIS include the following factors:				17
	(1) fitness and propriety of operator (including persons who hold a material interest in the operator)?	✓		Art. 58 of the Capital Markets Law	
	(2) honesty and integrity?	✓		Art. 18 of Regulation 15/2004 refers to the e.g. reputation of the directors and lack of convictions	
	(3) competence to carry out the functions and duties of a scheme operator (i.e., human and technical resources)?	✓		Art. 18, 19 of Regulation 15/2004	
	(4) financial capacity?	✓		Art. 19 of Regulation 15/2004	
	(5) capacity to discharge operator-specific powers and duties?	✓		Art. 19 of Regulation 15/2004	
	(6) adequacy of internal management procedures?	✓		Art. 19 of Regulation 15/2004	
4.	Whether, in assessing eligibility to market or operate a CIS, it is required by the law or regulation to assess the qualifications of key individuals employed by the CIS operator or manager?	✓		Art. 18 of Regulation 15/2004	17
5.	If the answer to the above question is "yes", whether the following factors are considered:				17
	(1) educational requirements?	✓		Art. 18 of Regulation 15/2004	
	(2) fitness and propriety?	✓			
	(3) honesty and integrity?	✓			
	(4) past experience in marketing or operating of CIS?	✓			
	(5) continual professional training?		✓		
6.	Whether CIS operators are required to make public disclosure of the information listed in the preceding questions? Please briefly describe what is the disclosure procedure		✓	The CIS issue prospectus has to contain certain information on the key individuals employed by CIS operator (by the investment company) – Annex no. 8, 9, 12,	17

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				14 of CNVM Regulation no. 15/2004. The rules state that the issue prospectus has to be made available to investors;	
7.	Whether there are sanctions against unlicensed operation of a CIS? If "yes", please briefly describe.	✓		Art. 2(7), 271-273 of the Capital Markets Law Sanctions include warnings, fines, interdiction to carry out the respective activity.	17
SUPERVISION AND ONGOING MONITORING					
8.	Whether CIS operators are subject to a general and continuing obligation to report to the regulator or to investors any information regarding material changes in its management or organisation?	✓		Art. 27 of Regulation 15/2004	17
9.	If the answer to the above question is "yes", whether the regulator's approval of these changes is required?	✓		Art. 27 of Regulation 15/2004	17
10.	Whether there are provisions to prohibit, restrict or disclose conduct likely to give rise to conflicts of interests between a CIS and its operators or their associates or related parties? If "yes", please briefly describe.	✓		Art. 68 of the Capital Markets Law The operator must avoid conflicts of interest and, if these cannot be avoided, must make sure that the CIS benefit from a correct and impartial treatment.	17

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
11.	Whether there are regulatory means ¹³ available to minimise conflict of interest situations to ensure that any conflicts if they arise do not adversely affect the interests of investors? If "yes", please describe.	✓		Art. 64 of Regulation 15/2004 The operator must have internal procedures for avoiding conflicts of interests.	17
12.	Whether there is an ongoing monitoring of the conduct of CIS operators throughout the life of a CIS (including compliance with licensing or registration requirements)? If "yes", please briefly describe the monitoring method(s) adopted.	✓		Art. 49 of Regulation 15/2004. The operator has various reporting obligations towards CNVM, including the submission of a semi-annual and annual reports and the submission of financial statements. \	17
13.	Whether the regulator has the power under the law to take actions in the event of suspected or actual breaches or default by CIS operators? If "yes", please briefly describe what actions the regulator can take.	✓		Art. 59 of the Capital Markets Law. CNVM may withdraw the authorisation of the operator. See also response to question A.18 above.	17
DELEGATION OF FUNCTIONS					
14.	Whether CIS operators are permitted to delegate their functions to other persons?	✓		Art. 55 of the Capital Markets Law Activities performed by the delegate must observe the same legal regime applicable to	17

¹³ Possible means include direct prohibition of particular transactions under the law, use of a code of conduct, review and/or approval of certain transactions and activities by the regulatory authority, disclosure by the operator, prior approval or ratification of certain transactions by the investors, record keeping by the operator, limitation of the activities of the operator and independent review by a third party, etc.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				the CIS operator. The delegation must be approved by CNVM.	
15.	If the delegation by CIS operators of their functions is permissible:				17
	(1) whether the regulatory system require the CIS operator to (i) monitor the activity and (ii) evaluate the performance of the delegate?	✓		Art. 8(2)(b) of Regulation 15/2004, Art. 55 of the Capital Markets Law	
	(2) whether the delegating operator is required to disclose to investors the delegation arrangements and the identity of the delegate?	✓		Article 8 (2) letter e) of CNVM Regulation no. 15/2004 stipulates that the CIS issue prospectus shall mention the functions which the management company has delegated. The rules state that the issue prospectus has to be made available to investors.	
	(3) whether the delegating operator will be held responsible for actions or omissions of the delegate as though they were done as its own?	✓		Art. 55 of the Capital Markets Law	
	(4) whether the CIS operator can terminate the delegation and make alternative arrangements for the performance of the delegated function, where available?	✓		Art. 8 of Regulation 13/2004. Not specifically provided by law, but potentially possible if included in the agreement between the two parties.	
LEGAL FORM/INVESTORS RIGHTS					
16.	Whether there are requirements as to the legal form and structure of a CIS?	✓		Art. 76, 114 of the Capital Markets Law	18
17.	Whether the rights of investors to a CIS, the ways to exercise them and the risks associated with the investment are required to be disclosed to investors?	✓		Art. 83, 86, 107, 116(2) of the Capital Markets Law	18
18.	Does the regulatory framework provide that where changes are made to investor rights that do not require prior approval from investors, notice is given to (i) investors and to (ii) the regulator before the changes take effect?	✓		Art. 84, 86(6) of the Capital Markets Law Changes to investors' rights, as mentioned in the offering prospectus, must be approved by CNVM and notified to investors.	18

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
SEPARATION OF ASSETS					
19.	Whether the operator of a CIS is required to separate and segregate CIS assets from the assets of managers, its related entities and other schemes?	✓		Art. 64(b), 13 of Regulation 15/2004	18
20.	Whether there are qualification requirements for the entities holding CIS assets? If "yes", please briefly describe.	✓		Chapter IV, Title III of the Capital Markets Law. The depository must be an authorised credit institution, which must also be approved by CNVM.	18
21.	If CIS assets are required to be held in safekeeping on behalf of the investors by a third party, whether it is required that the third party be independent of the CIS operator? If "yes", please briefly describe such independence requirement.	✓		Art. 66(1, 2) of the Capital Markets Law. CIS operator and the depository must act <i>independently</i> and exclusively in the best interest of the title holder. A legal entity cannot be at the same time a CIS operator and a depository.	18
22.	If the custodian and investment functions may be performed by the same legal entity or related entities, whether there are special legal or regulatory safeguards with respect to the CIS assets? If "yes", please briefly describe.			See answer to question 21 above.	18
23.	Whether CIS operators are required to maintain a register of holders of shares or units in the scheme?	✓		Art. 55(b)5 of the Capital markets Law	18
24.	Whether CIS operators are required to keep all books and records in relation to transactions involving CIS assets and all transactions in CIS shares or units?	✓		Art. 55(b)8 of the Capital markets Law	18
25.	Whether there are auditing requirements in relation to CIS assets?	✓		Art. 258 of the Capital Markets Law	18
26.	If the answer to the above question is "yes", whether the auditors are required to report to the regulator any irregularities or non-compliance?	✓		Art. 260 of the Capital Markets Law	18

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
DISCLOSURE					
27.	In making a public offering of a CIS, whether the CIS operator is required to				
	(i) issue an offering document (e.g., a prospectus)?	✓		Art. 83(2) of the Capital Markets Law, Art. 214(1), 219(3) of Regulation 15/2004. - not applicable to CIS privately attracting resources.	19
	(ii) deliver it to investors?	✓		Art. 86(4) of the Capital Markets Law. Art. 91(4), 94 of Regulation 15/2004.	
(iii) deposit it to the regulator and obtain its prior approval?	✓		Art. 83(2) of the Capital Markets Law. Art. 219(3) of Regulation 15/2004.		
28.	Whether CIS offering document is required to include the following information:				
	(1) the date of the issue of the offering document?	✓		Art. 9 of schedules 8, 9, 12 and Art. 7 of schedule 14 of Regulation 15/2004,	19
	(2) information concerning the legal constitution of the CIS?	✓		Art. 3 of schedules 8, 9, 12 and Art. 14 of Regulation 15/2004	
	(3) the rights of investors in the CIS?	✓		Art. 3.4 of schedules 8 and 9, Art. 3.5 of schedule 14 of Regulation 15/2004. - for closed-end funds such information is not clearly required to be included in the prospectus, but in the constitutive deed – Art. 13 of schedule 13 of Regulation 15/2004	
	(4) any pending material legal proceedings involving the CIS?		✓	No requirement expressly provided	
(5) procedures for purchase, redemption, and pricing of units?	✓		Art. 3.5 of schedules 8 and 9, Art. 3.6 of schedules 12 and 14 of Regulation 15/2004		

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(6) relevant, audited financial information concerning the CIS?	✓ (except for close-end CISs)		Art. 4 of schedules 8 and 9 of Regulation 15/2004 Note that such articles only refer to the obligation to insert in the prospectus information regarding the distribution and drafting of financial statements. - not applicable to close-end CISs.	
	(7) information on the custodian?	✓		Art. 3.5 of schedules 8 and 9, Art. 2 of schedules 12 and 14 of Regulation 15/2004	
	(8) the investment policy of the CIS (i.e., indicating the markets and instruments in which investments are made)?	✓		Art. 3.2 (b)(c) of schedule 8, Art. 3.3 (b)(c) of schedule 9, Art. 3.4 of schedules 12 and 14 of Regulation 15/2004	
	(9) information on the risks involved in achieving the investment objectives?	✓ (except for close-end CISs)		Art. 3.2 of schedule 8, Art. 3.3 of schedule 9, Art. 3.4 of schedule 14 of Regulation 15/2004 - not clearly required to be included in the prospectus for close-end funds - schedule 12 of Regulation 15/2004	
	(10) the appointment of any external administrators or investment managers or advisers who have a significant and independent role in relation to the CIS?	✓ (except for close-end CISs)		Art 6.1 of schedules 8 and 9 of Regulation 15/2004 provides that the prospectus must include information regarding the consultants. - Art. 3.2 of schedule 14 of Regulation 15/2004 - not applicable to close-end funds – schedule 12 of Regulation 15/2004	
	(11) fees and charges in relation to the CIS?	✓		Art. 3.7 of schedules 8 and 9, Art. 3.8 of schedule 12, Art. 3.9 of schedule 14 of Regulation 15/2004	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(12) the regulatory authority, auditors and other independent third parties and their responsibilities in relation to the CIS?	✓ (except for close-end CISs)		Art. 3.1, 3.10, 6.1, 6.2 of schedules 8 and 9 of Regulation 15/2004 Only certain provisions of the agreements concluded with consultants (presumably including their responsibilities) must be included in the prospectus. – not applicable to close-end funds (except for disclosure of the regulator)	
	(13) description of the methodology of asset valuation?	✓		Art. 3.6 of schedules 8 and 9, Art. 3.7 of schedule 12, Art. 3.8 schedule 14 of Regulation 15/2004	
29.	Whether CIS operators are subject to a general disclosure obligation to allow investors to evaluate the suitability of the CIS for them?	✓		Art. 107 of the Capital Markets Law, Art. 174, Art. 204 of Regulation 15/2004	19
30.	Whether the regulator has the power under the law to take actions in the event that the issuing documentation is inaccurate, misleading or false or fails to satisfy the filing/approval requirements? If "yes", please list all regulatory actions available.	✓		Art. 87 of the Capital Markets Law – CNVM is entitled to request CIS to amend the information in the prospectus - for certain types of CISs (i.e. open-end and closed-end investment companies), see also the answer to question C 12 above.	19
31.	Whether the offering document is required to be kept up-to-date to take account of any material changes affecting the CIS?	✓		Art. 86(6) of the Capital Markets Law, Art. 91(5), 93(4), 214(2), 219(5) of Regulation 15/2004.	19
32.	Whether prior notification is required to be given to the regulator regarding changes to information in an offering document? If "yes", please indicate whether the regulator's approval is required.	✓		Art. 84 of the Capital Markets Law, Art. 212(2). CNVM approval is required	19
33.	Whether CIS operators are required to submit to the regulator a report setting forth the activities in respect of a CIS on a periodic basis (please specify the report's periodic basis: annual, semi-annual, quarterly)?	✓		Art. 107 of the Capital Markets Law, Art. 204 of Regulation 15/2004. - annual, semi-annual and other periodical reports	19

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
34.	If the answer to the above question is "yes":				
	(1) whether the law or regulation require a timely distribution of the report?	✓		Art. 107 of the Capital Markets Law, Art. 174 and Art. 204 of Regulation 15/2004.	19
	(2) whether the regulatory framework requires that the accounts of a CIS be prepared in accordance with high quality, internationally acceptable accounting standards?	✓		Art. 108 of the Capital Markets Law, Art. 174 and 204(2) of Regulation 15/2004 The financial statements must be prepared in accordance with the Accounting regulations harmonised with Directive IV of the European Economic Community and with the Accounting International Standards applicable to entities regulated and supervised by CNVM.	
ASSET VALUATION					
35.	Whether CIS operators are required to have the CIS net asset value (NAV) ¹⁴ calculated on a regular basis? If "yes", please indicate the frequency.	✓		Art. 107 of the Capital Markets Law, Art. 174, 193, 198 of Regulation 15/2004 NAV must be calculated daily for open-end CIS and monthly for closed-end CIS.	20

¹⁴ The calculation of the net asset value (NAV) of a CIS is extremely important, as the NAV reflects the price which an investor pays when investing in a CIS (subject to any additional up-front charges) and the price an investor will receive (subject to any additional exit charges) should a holding be liquidated.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
36.	Whether the valuation of the CIS assets is required to be checked by independent auditors?	✓		Art. 174(7), 193 of Regulation 15/2004 The valuation of the CIS assets must be certified by the depository. The financial statements of the CIS must be audited.	20
37.	Whether there are specific regulatory requirements in respect of fair valuation of assets where market prices are not available?	✓		Art. 88, 99-101 and 202 of Regulation 15/2004	20
PRICING AND REDEMPTION OF INTEREST					
38.	Whether the operator of a CIS is required to disclose or publish the price of the CIS unit on a regular basis?	✓		Art. 91(3), 99(2) of the Capital Markets Law, Art. 193, 198 of Regulation 15/2004.	20
39.	Whether CIS operators are subject to an on-going obligation to disclose, in a timely fashion by way of notices or announcements, information which is material to the value of a CIS or otherwise significant to holders of interests in a CIS?	✓		See answer to question D 33 above	19
40.	Whether there is a maximum time period for making payment of redemption proceeds? Please specify	✓		Art. 81(2) of the Capital Markets Law, Art. 216(3) of Regulation 15/2004 10 business days for open-end CISs, 15 business days for close-end funds, no deadline specifically provided for close-end investment companies.	20
41.	Whether there are rules governing the fees or charges payable by investors on the purchase or redemption of shares or units of a CIS?	✓		Art. 89, 90, 216 and 233 of Regulation 15/2004	20
42.	Whether there are rules or mechanisms in place to address errors in respect of the price of the CIS units or the value of CIS assets?		✓		20
43.	Whether suspension or deferral of routine valuation and pricing and regular redemption of shares or units of a CIS is permissible under certain circumstances? If "yes", please briefly the circumstances.	✓		Art. 121, 122 of the Capital Markets Law In exceptional circumstances (not described by law) and only for investors protection, the CIS operator may temporarily suspend the redemption of units.	20

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				In addition, CNVM may temporarily suspend/limit the issuance/redemption of the units.	
44.	Whether the regulator has the power to demand, delay or stop the deferral or suspension of redemption rights?	✓		Art. 96(3) of Regulation 15/2004 Art. 121 of the Capital Markets Law	20

Section E – Market Intermediaries

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance	
AUTHORISATION AND LICENSING						
1.	Whether licensing is required to conduct business as:					21
	(i) Market intermediaries ¹⁵ ?	✓		Art. 5 of the Capital Markets Law		
	(ii) Investment Advisers ¹⁶ ?	✓		Art. 5 of the Capital Markets Law		
2.	Whether the relevant law or regulations establish minimum standards or criteria that all applicants for licensing must meet before a license is granted?		✓	The criteria is different depending on the type of entity acting as intermediary (e.g. financial investment services companies or credit institutions).	21	
3.	Whether the circumstances in which a license application may be refused are clearly set forth in the law or regulation? If "yes", please briefly describe.	✓		Art. 10 of the Capital Markets Law, Art. 8 of Regulation 32/2006 - with respect to financial investment services companies. Circumstances include, e.g., insolvency, incompatibility of the significant shareholders, directors or managers,	21	

¹⁵ "Market intermediaries" include those who are in the business of managing individual portfolios, executing orders and dealing in, or distributing, securities.

¹⁶ "Investment advisers" for the purpose of this assessment are those engaged in the business of advising others regarding the value of securities or the advisability of investing in, purchasing or selling securities. They offer only advisory services without offering other investment services.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				convictions etc. No clear criteria is provided for the refuse of CNVM to register credit institutions acting as intermediaries (which are authorised by the National Bank of Romania and registered with CNVM). However, the criteria for registration with CNVM is clearly regulated.	
4.	If the answer to the above question is "yes", whether these requirements include:				
	(1) an assessment of whether the applicant has the appropriate financial resources (e.g., minimum initial capital) to carry on the proposed business? If "yes", please specify	✓		Art. 10, 7 of the Capital Markets Law The law provides various amounts of the minimum initial capital, depending on the type of services that are to be provided.	21
	(2) an assessment of whether the applicant has adequate operational systems and controls for the businesses it proposes to carry on, such as proper books and records, internal controls, risk management, and supervisory systems?	✓		Art. 8 of the Capital Markets Law	
	(3) an assessment of whether the applicant has senior management and directors with the knowledge, skills and experience necessary to perform their proposed roles?	✓		Art. 8 of the Capital Markets Law	
(4) an assessment of whether the applicant has a proven track record/past conduct?	✓		The financial investment services companies are set up when they are authorised by CNVM. In the case of their board of directors and senior managers, there are requirements of proven track record/past conduct (Article 6, 7 and 8 of CNVM Regulation no. 32/2006)		

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
ONGOING REQUIREMENTS					
5.	In the event that a market intermediary fails to meet ongoing requirements, whether the regulator has the power to:				21
	(1) suspend the intermediary's license?	✓		Art. 11 of the Capital Markets Law	
	(2) revoke the intermediary's license?	✓		Art. 12 of the Capital Markets Law	
	(3) impose conditions or restrictions on the intermediary's business operations?	✓		CNVM has the power to impose conditions or restrictions on the intermediary's business operations (art. 17 of the Statute, Art. 272 (1), letter c), point 3 of Law no. 297/2004;	
	(4) take effective steps to seek the removal of persons employed at the intermediary which have committed securities violations?	✓		Art. 27 of Regulation 32/2006 CNVM is entitled to revoke the authorisation of the persons employed at the intermediary which have committed securities violations	
	(5) impose other sanctions? If "yes", please specify.	✓		Art. 273 of the Capital Markets Law - warnings, fines amounting to 0.5% and 5% of the share capital	
6.	Whether intermediaries are required to immediately report to the regulator on the occurrence of the following events:				21
	(1) significant change in the ownership of the firm?	✓		Art. 12 of Regulation 32/2006. CNVM shall also approve/reject the acquiring of a significant shareholding in the intermediary.	
	(2) change in the senior management or directors of the firm?	✓		Art. 13(1)d of Regulation 32/2006. Such change must also be approved by CNVM.	
	(3) change in the information delivered during the licensing process or a material change in the intermediary's circumstances?	✓		Art. 14 of Regulation 32/2006	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(4) other specific events? If "yes", please specify.	✓		Art. 13 of Regulation 32/2006. CNVM must also authorise (i) the increase/decrease of the share capital; (ii) the amendment of the business activity; (iii) the change of headquarters; (iv) the setting up/winding up of secondary offices; (v) the change of name.	
7.	Whether the following information about intermediaries is required to be made publicly available:				21
	(1) the existence of a license, its category and status?	✓		Art. 126 of Regulation 32/2006. This applies to the publicity made by the intermediary	
	(2) the scope of its permitted activities, the names of its senior management and other individuals authorised to act in the name of the intermediary?	✓		See answer to question 7(1) above.	
INVESTMENT ADVISERS					
8.	Does the regulatory framework on investment adviser include detailed requirements setting out the disclosures to be made by the adviser to potential clients, including:				21
	(i) descriptions of the adviser's educational qualifications,	✓		The rules regarding disclosure requirements to potential clients include description of the adviser's education qualifications (Article 41 (1) letter g) and 4) and Article 43 (1) letters i) and j) of CNVM Regulation no. 32/2006).	
	(ii) investment strategies	✓		Art. 41(1)g, 43(i) of Regulation 32/2006	
	(iii) fee structure and other client charges,	✓			
	(iv) potential conflicts of interest, and	✓			
(v) past investment performance? <i>[please specify for each of the items]</i>	✓				

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
CUSTODIANS¹⁷					
9.	In case of custodians, does regulation provides for the protection of client assets, including segregation and periodic or risk-based inspections (either by the regulator or an independent third party)?	✓		Art. 24 (b)(c) of the Capital Markets Law, Art. 90 of Regulation 32/2006.	21
CAPITAL ADEQUACY REQUIREMENTS					
10.	Whether intermediaries are required to calculate and maintain a minimum amount of capital on an on-going basis? If "yes", please briefly describe.	✓		Art. 1, 3, 7, 8 Law 297/2004 on capital markets; Art. 4 CNVM Regulation 9/2004 Art. 2, 4-15 CNVM Regulation 13/2006 on minimum requirements for credit institutions and investment firms; Art. 11 - 15 BNR/CNVM Regulation 22/2006 on capital adequacy for credit institutions and investment firms; Art. 3 CNVM Order 23/2006 on additional requirements on capital adequacy in case of	22

¹⁷ For the purpose of this assessment, custodians are c those professionals who do not deal, but are permitted to have custody of client assets (i.e., to hold securities on behalf of clients).

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				intra-group transactions and risk concentration; Art. 22 CNVM Regulation 23/2006 on own funds of the credit institutions and investment institutions Art. 153, 192, 218 CNVM Regulation 32/2006 on services of financial investments; Capital varies based on types of operations performed.	
11.	Does the regulatory framework provide for different minimum capital requirement for intermediaries depending on the risks undertaken?	✓		Art. 1, 3 Law 297/2004 on capital markets; Art. 6-12 CNVM Regulation 9/2004 Art. 2 - 6 CNVM Regulation 13/2006 on minimum requirements for credit institutions and investment firms; Art. 20 CNVM Regulation 20/2006 on the treatment of credit risk for credit institutions and investment companies based on internal rating models; Art. 6-8 BNR Regulation 24/2006 on determining minimum capital requirements for credit institutions and investment companies regarding operational risk Art. 8 – 24 BNR/CNVM Regulation 22/2006 on capital adequacy for credit institutions and investment firms; Art. 2, 22 CNVM Regulation 23/2006 on own funds of the credit institutions and investment institutions; Art. 64, 67, 80, 116, CNVM Regulation	22

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				32/2006 on services of financial investments	
12.	Whether intermediaries are required to provide audited financial statements or other audited reports to the regulator?	✓		Art. 23, 108, 258 Law 297/2004 on capital markets Art. 1-9 Instructions 2/2007 on filing and registering of annual financial statements by entities authorized, supervised and regulated by CNVM;	23
13.	Whether the regulatory framework require intermediary to have specific liquidity and solvency requirements (e.g., enough capital to run the business for three months)?	✓		Art. 1, 3, 8 Law 297/2004 on capital markets; Art. 4 CNVM Regulation 9/2004 Art. 2, 4 CNVM Regulation 13/2006 on minimum requirements for credit institutions and investment firms In general the requirements provide for maintaining a specific percent of the total minimum own funds	22
14.	Whether an intermediary is required to give notice to the regulator if its capital falls below the minimum requirements?	✓		Art.9, 134, Law 297/2004 on capital markets; Art. 7-12 CNVM Regulation 9/2004; Art. 23 BNR/CNVM Regulation 22/2006 on capital adequacy for credit institutions and investment firms	22
15.	Whether there are regulatory measures that the regulator can take in the event that a market intermediary's capital falls below a required minimum? If "yes", please list them.	✓		Art. 11, 12 Law 297/2004 on capital markets; Art. 140 CNVM Regulation 9/2004; Art. 46 CNVM Regulation 32/2006 on services of financial investments; The activity may be suspended or event the authorization may be withdrawn.	22

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
16.	Whether capital adequacy requirements take into consideration trading book ¹⁸ positions?	✓		Art. 8 Law 297/2004 on capital markets; Art. 20 CNVM Regulation 20/2006 on the treatment of credit risk for credit institutions and investment companies based on internal rating models Art. 9, 21 BNR/CNVM Regulation 22/2006 on capital adequacy for credit institutions and investment firms	22
MANAGEMENT AND SUPERVISION					
17.	Whether market intermediaries are required to establish and maintain:				23
	(1) appropriate standards of conduct to ensure that the firm complies with all applicable laws and regulations? <i>Please describe</i>	✓		Art. 64, 67, 68 of Regulation 32/2006 Intermediaries must adopt various internal rules and procedures (with respect to e.g. internal control mechanisms, risk valuation and management, safety and control of the IT systems) and must maintain an audit committee.	

¹⁸ The trading book of an institution shall consist of all positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book (Art.111 of EC Directive 2006/49).

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(2) appropriate systems of risk management and internal controls? <i>Please describe</i>	✓		Art. 24 of the Capital Markets Law, Art. 64 of Regulation 32/2006 See answer to question 17(1) above.	
CUSTOMER PROTECTION					
18.	Whether a market intermediary is required to “know its customer” before providing specific advice to a customer?	✓		Art. 130 of Regulation 32/2006, Art. 27(c) of the Capital Markets Law.	23
19.	Whether market intermediaries are subject to a general duty to put the interests of a client ahead of its own interests?	✓		Art. 137(2) of Regulation 32/2006	23
20.	Whether market intermediaries are required to disclose to the clients where there is a potential for conflicts of interest?	✓		Art. 98 of Regulation 32/2006	23
21.	Whether market intermediaries are required to treat all clients equally in case where conflicts of interest arise between several of the firm's clients?	✓		Art. 27(e) of the Capital Markets Law	23
22.	Whether market intermediaries are required to enter into written contracts with all clients?	✓		Art. 28 of the Capital Markets Law, Art. 112 of Regulation 32/2006	23

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
23.	Whether market intermediaries are required to provide clients with:				23
	(1) transaction reports and/or confirmations? [<i>Please specify the frequency</i>]	✓		Art 122, 123 of Regulation 32/2006 The frequency depends on the type of reports/confirmations (e.g. one day, within six months etc).	
	(2) account statements? [<i>Please specify the frequency</i>]	✓		Art 125 of Regulation 32/2006 Once a year	
PROCEDURES FOR DEALING WITH INTERMEDIARY IN FINANCIAL DIFFICULTY					
24.	Whether the regulator has a contingency plan or other measures to deal with the financial difficulty (i.e., a situation which could potentially lead to insolvency) of a market intermediary, including a combination of activities to restrain conduct, to ensure assets are properly managed and to provide information to the market as necessary?	✓		Title IX of the Capital Markets Law	24
25.	Whether there is an investor compensation fund/scheme ¹⁹ in place?	✓		Chapter IX of the Capital Markets Law	24
26.	Does the regulatory framework provide for early warning systems or other mechanisms (e.g., a specified threshold below which a market intermediary is		✓	However, certain specific provisions are provided in Regulation 13/2005, allowing	24

¹⁹ The investor compensation fund (or scheme) is a fund set up usually with contributions of market intermediaries (or the state) aiming to compensate investors in case of an intermediary insolvency. It is not a banking deposit insurance scheme.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	considered in financial difficulty and the regulator's action is required) to give the regulator notice of financial difficulty by a market intermediary and time to address the problem and to take corrective actions?			the central depository to assess, monitor and minimise the risks related to the participants to the settlement band clearing system.	
27.	In the event of financial difficulty of a market intermediary, whether the regulator has the power to:				24
	(1) restrict activities by the intermediary?	✓		Title IX of the Capital Markets Law	
	(2) require the intermediary to take specific actions (e.g., moving clients accounts to another intermediary)?	✓		Code of the Central Depository	
	(3) freeze or seize assets held by the intermediary or by a third party on behalf of the intermediary?	✓		Title IX of the Capital Markets Law	
	(4) appoint a monitor, receiver, or other administrator?	✓			
	(5) require that the relevant information is disclosed to the market?	✓			

Section F – Secondary Market

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
LICENSING OF EXCHANGES AND TRADING SYSTEMS					
1.	Whether prior authorisation or licensing [<i>please specify</i>] is required in respect of:				
	(1) a securities exchange? [<i>please specify is this authorisation/licensing is different from the one of market intermediary</i>]	✓		Art. 124 of the Capital Markets Law The authorisation is different from the one of market intermediary.	25
	(2) a trading system ²⁰ ? [<i>please specify is this authorisation/licensing is different from the one of market intermediary</i>]	✓		Art. 139(4) of the Capital Markets Law The approval is different from the one of market intermediary.	
2.	In connection with an application by an exchange or trading system for authorisation or licensing, whether the regulatory framework requires:				
	(1) evidence of the operational or other competency or fitness of the system operator as a secondary market ?	✓		Art. 126 of the Capital Markets Law, Art. 64 of Regulation 2/2006	25

²⁰ A trading system means essentially any organization, association, person, group of persons, or system that constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange. The main difference between a trading system and the stock exchange is that the former does not set rules governing the conduct of subscribers other than the conduct of such subscribers' trading on such organization, association, person, group of persons, or system; or discipline subscribers other than by exclusion from trading (for a different definition under EU law, see Art. 4, item 14 and 15 of Directive 2004/39/EC dated 21 April 2004 on markets in financial instruments – so-called MiFID).

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(2) the operator of the system assuming risks ²¹ to comply with prudential and other requirements designed to reduce the risk of non-completion of transactions (e.g., mandatory margin assessment and collection, capital or financial resources, member contributions, compensation scheme, credit or position limits)?		✓	This is not specifically provided as part of the authorisation procedure. However, the exchange must submit internal rules regarding working, surveillance and internal control procedures.	
	(3) the regulator to be informed of the types of securities to be traded?	✓		The regulator has to be informed of the types of securities to be traded (Article 3 (4), 39 (1), 64 (1) d) and (2) c) of CNVM Regulation no. 2/2006);	
	(4) the regulator to give approval of the rules [and any amendments thereof] governing the admission of securities to be traded?	✓		Art. 125(b) of the Capital Markets Law	
	(5) all persons with direct access to the system to be authorised or licensed? [please specify if the same rules apply to the trading system and stock exchange]	✓		All persons with direct access to the system have to be authorised or licensed as a consequent of the fact that only intermediaries can have access to the system. These intermediaries are authorised by CNVM. (Article 6, 134 (1) and (2) letter a), 139 (4), (5) letter c) Law no. 297/2004); Only intermediaries can have access to the	

²¹ I.e., principal risk, settlement risk, guarantee risk and performance risk.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				system; The rules require explicit disclosed standards or procedures governing trade execution (Article 3 (4), 35 (2) letter c), Article 64 (1) letter d), (2) letter a) of CNVM Regulation no. 2/006);	
	(6) the same financial capacity, integrity, or performance criteria as those for market intermediary must be met by persons with direct access to the system or exchange?		✓	See answer to question 2(2) above.	
	(7) clearly disclosed standards or procedures governing trade execution (e.g., requirements with respect to precedence of client orders, prohibitions on front-running ²² or trading ahead of customers, etc)? If "yes", please describe.		✓		
ONGOING SUPERVISION					
3.	Whether the regulatory framework requires the regulator to have arrangements in place for continuous monitoring, surveillance and supervision of the trading system and the conduct of its participants?	✓		Art. 142 of the Capital Markets Law, Art. 76, 77(2) and 78(2) of Regulation 2/2006	26
4.	Whether the regulatory framework provides the system operator, the regulator	✓		Art. 137 of the Capital Markets Law, Art. 87	25

²² The illegal practice of taking a position based on information not publicly available regarding an imminent transaction, possibly ahead of a customer order. (e.g., a broker who buys himself 200 shares in a stock just before his or her brokerage plans to buy a large block of 400,000 shares).

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	or others have the power to suspend or halt trading, set margins, set position limits or otherwise intervene in case unusual or potentially improper trading occurs? If "yes", please briefly describe.			and 88 of Regulation 1/2006 CNVM (or the market operator) is entitled to suspend trading if the investors' interests are affected.	
5.	Whether the regulatory framework requires the regulator to have a procedure in place to assess the continuing compliance of the trading system or exchange with the initial authorisation requirements?	✓		CNVM Regulation no. 2/2006 (Section 6, Chapter 1, Title II) contains provisions regarding the continuing compliance of the trading system of exchange with the initial authorisation requirements;	26
6.	Is the regulator determines that the exchange or trading system is unable to comply with the conditions of its initial authorisation, does the regulatory framework provide the regulator with the power to:				26
	(i) re-examine the exchange or trading system conditions of authorisations/licensing and impose a range of actions, such as restrictions or conditions on the market operator?	✓		Art. 136 of the Capital Markets Law	
	(ii) withdraw the exchange or trading system's authorization?	✓		Art. 65 of Regulation 2/2006, Art. 128 of the Capital Markets Law	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
TRANSPARENCY OF TRADING					
7.	Whether the regulatory framework includes				27
	(i) requirements or arrangements for providing (a) pre-trade (i.e., posting bids and offers) and (b) post-trade (i.e., last sale price and volume of transactions) information to market users? If "yes", please indicate the frequency and timing of reports and what is reported.	✓		Art. 133 of the Capital Markets Law, Art. 46, 48, 72, 73 of Regulation 2/2006 The answer is applicable to both pre and post trade. Market operators must make public, in due time and reasonable commercial terms, the price, volume and date of trading of financial instruments. Also, the law provides that market operators must make available to public, throughout the normal trading hours and according to reasonable commercial terms, the current prices and sale and purchase quantities for financial instruments.	
	(ii) Requirements or arrangements that information on completed transactions be provided on an equitable basis to all participants?	✓		Art. 133 of the Capital Markets Law, Art. 46, 48, 72, 73 of Regulation 2/2006	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
8.	Does the regulatory framework allow the exchange or trading system's operator to permit derogation from the objective of real-time transparency ²³ ? If yes, are conditions clearly defined?	✓		Art. 47, 49, 72, 74 of Regulation 2/2006 The conditions are not clearly defined by law, but may be established through procedures to be approved by CNVM.	
DETECTION OF UNFAIR PRACTICES					
9.	Whether there is legislation prohibiting the following conduct in respect of securities admitted to trading on authorised exchanges and regulated trading systems:				28
	(1) market or price manipulation?	✓		Art. 133, 244-250 of the Capital Markets Law, Art. 44 of Regulation 2/2006	
	(2) misleading information?	✓		Article 244 (5) of Law no. 297/2004 refers to misleading information when defining market manipulation, while Article 248 explicitly prohibits market manipulation, including misleading information;	

²³ The degree of transparency of a market can be measured as a deviation from a real-time standard. However, there is no single standard of "timeliness." Most exchanges and regulatory systems provide for a certain degree of deviation from a real-time standard, such as, permitting some degree of opaqueness of quote information for block transactions, adopting different definitions of "real-time," adopting a "promptness" standard that varies from several minutes to a longer time, allowing exceptions to real-time based on the size of the trade, type of trade (dealer mediated rather than auction market) or type of dealer. Indeed, each type of market microstructure delivers market fairness, efficiency and transparency in slightly different ways.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(3) insider trading?	✓		Art. 244-250 of the Capital Markets Law	
	(4) front-running ²⁴ ?		✓	No specific provision is provided, but there is a general provision requiring compliance with applicable law and trading rules	
	(5) excessive leverage in the system (e.g., trading on margin ²⁵)?		✓		
	(6) other fraudulent or deceptive conduct and market abuses?		✓		
10.	Does the regulatory framework provide the regulator with the power to supervise and inspect (i) securities position limits, (ii) quotation display rules, (iii) order handling rules, (iv) settlement price rules or market halts?		✓	Art. 135, 136(2), 142 of the Capital Markets Law refer to CNVM's general power to supervise and inspect regulated markets and alternative trading systems, without referring specifically to the items listed in the question. Article 1 (3) and 2 (5) of Law no. 297/2004 entitle CNVM to inspect and supervise regulated entities and their operations on the capital market.	28

²⁴ The unethical practice of a broker trading an equity based on information from the analyst department before his or her clients have been given the information.

²⁵ This practice is about trading with borrowed money, which can be extremely risky because both gains and losses are amplified. That is, while the potential for greater profit exists, this comes at a hefty price - the potential for greater losses. Margin also subjects the investor to a number of unique risks such as interest payments for use of the borrowed money.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
11.	In case of detection of trading violations, whether the following actions can be taken by the relevant authority:				28
	(1) liquidation of positions?	✓		Art 12 of Section 3 of Title VI, Book II of the Bucharest Stock Exchange Code	
	(2) suspension of trading?	✓		Art. 137 of the Capital Markets Law, Art. 87 and 88 of Regulation 1/2006	
	(3) fines?	✓		Art. 273 of the Capital Markets Law	
	(4) revocation or suspension of membership or access authorisation?	✓		Art. 273 of the Capital Markets Law	
	(5) other sanctions [<i>please explain</i>]?	✓		Art. 273 of the Capital Markets Law e.g., warnings (could you please add some additional information?)	
	(6) required arbitration or mediation?		✓	This is not mandatory.	
MONITORING OF LARGE EXPOSURES					
12.	Whether the relevant regulatory framework requires the clearing firm, the market, and/or the regulator to monitor trading in order to identify large exposures ²⁶ ? If "yes", please briefly describe (i) how the law defines "large exposure" and (ii) the monitoring functions conducted (e.g., reporting		✓	Section 7, Chapter III, Title II of Regulation 13/2005, Chapter II, Title II of the Code of the Central Depository. The Central Depository must daily calculate exposures and request participants to guarantee the	29

²⁶ The terms "large exposure" refers to open positions or credit exposures that are sufficiently large to expose a risk to the market or to a clearing firm.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	requirement, inspections etc.)			settlement process. Large exposures are not clearly defined.	
13.	Whether the regulator or the market has the power to compel customers or market members carrying or controlling large positions to reduce their exposures or to post increased margin?	✓		Section 7, Chapter III, Title II of Regulation 13/2005, Chapter II, Title II of the Code of the Central Depository.	29
14.	In case a market member does not make relevant required information needed to evaluate an exposure available to the market authority, whether the following action can be taken by the relevant market authority:			Not specifically provided for failure to provide required information	29
	(1) impose limitations on future trading?		✓		
	(2) require liquidation of positions?		✓		
	(3) increase margin requirements?		✓		
	(4) revoke trading privileges?		✓		
	(5) suspend from trading?	✓		Art. 66 of Chapter II, Title II of the Code of the Central Depository.	
	(6) require to increase capital of the market member?		✓	Not specifically provided for failure to provide required information	
DEFAULT PROCEDURES					
15.	Whether the market is required to have contingency plans or emergency procedures in dealing with a market disruption or system failure?	✓		Art. 134(2)i of the Capital Markets Law	29
16.	Whether the regulatory framework requires markets and/or the clearing and settlement system(s) promptly to isolate the problem of a firm in financial difficulty by addressing its open positions or otherwise protect customer funds and assets from an intermediary's default under national law?	✓		Section 7, Chapter III, Title II of Regulation 13/2005, Chapter II, Title II of the Code of the Central Depository.	29
17.	Whether the regulatory framework requires intermediaries to separate and segregate customers' assets from other funds and assets?	✓		Art. 24 of the Capital Markets Law	29
18.	If yes, in the event of intermediary's insolvency, does the framework enable customer's positions to be moved by a receiver to a solvent intermediary?		✓	No specific procedures provided in the bankruptcy legislation	29

Section G – Clearing and Settlement

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	CPSS / IOSCO Relevance
AUTHORISATION AND LICENSING OF SECURITIES SETTLEMENT SYSTEMS					
1.	Whether the clearing and settlement systems are subject to direct supervision either by the regulator or the relevant market authority?	✓		Art. 144, 148, 157 of the Capital Markets Law	18
2.	If the regulator has oversight responsibility regarding the clearing and settlement system, whether the regulator has the power to:				
	(1) license clearing and settlement systems?	✓		Art. 144, 148, 157 of the Capital Markets Law	30
	(2) issue rules mandating specific standards for clearing and settlement systems?	✓		Art. 149, 162 of the Capital Markets Law Regulations regarding the organisation and operation of the central depository are approved by CNVM	
	(3) approve changes to a clearing and settlement system's rules and procedures?	✓		Art. 149, 148(2), 159(3) of the Capital Markets Law	
	(4) conduct surveillance of the operations of clearing and settlement systems?	✓		Art. 153(1), 165 of the Capital Markets Law	
	(5) inspect, audit or require a third party inspection or audit of clearing and settlement systems?	✓		144(2), 154, 165 of the Capital Markets Law	
	(6) require the clearing organization to file reports?	✓		154, 165 of the Capital Markets Law	
(7) bring regulatory actions against a clearing and settlement systems for violations of the securities laws and regulations or for failure to enforce its own rules?	✓		Art. 273, 274 of the Capital Markets Law		
TRADE CONFIRMATION AND DELIVERY VERSUS PAYMENT					
3.	Whether the regulatory framework requires that confirmation of trades between direct market participants occur no later than trade date (T+0)?	✓		Title II, Chapter 1, Section 4, Sub-section 4 of the Code of the Central Depository	2
4.	Whether the regulatory framework requires that trades be settled within three days from the trade date (T+3)?	✓		Title II, Chapter 1, Section 4, Sub-section 1, Art. 11 of the Code of the Central	3

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	CPSS / IOSCO Relevance
				Depository, Art. 74 of Regulation 13/2005	
5.	Does the technical, legal and contractual framework ensure that delivery of securities takes place if, and only if, payment is received? (i.e., DVP - delivery versus payment)?	✓		Art. 145 of the Capital Markets Law	3
TRANSPARENCY					
6.	Do entities that provide the clearing, settlement and custodial infrastructure of securities markets make clear disclosures to market participants about their rules, regulations, relevant laws, governance procedures, risks, steps taken to mitigate risks, and the rights and obligations of participants?	✓		Art. 95, Art. 191 of Regulation 13/2005	17
CENTRAL DEPOSITORY²⁷					
7.	Are securities issued on a dematerialised basis (i.e., electronic issue opposed to the issuance as a physical certificate)?	✓		Art. 37 of Regulation 13/2005	6
8.	Does the transfer of securities require any form of physical delivery?		✓	See answer to question 7 above	6
9.	Does a central securities depository (CSD) exist? If NO, please briefly	✓		Art. 146 of the Capital Markets Law	6

²⁷ There are several different ways for owners to hold securities. In some jurisdictions, physical securities circulate and beneficial owners may keep securities in their possession, although owners typically employ a custodian to hold them to reduce risks and safekeeping costs. The costs and risks associated with owning and trading securities may be reduced considerably through immobilisation of physical securities, which involves concentrating the location of physical securities in a depository. The immobilisation or dematerialisation of securities and their transfer by book entry within a CSD significantly reduces the total costs associated with securities settlements and custody.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	CPSS / IOSCO Relevance
	describe the settlement system.				
10.	If the answer to the above question is "yes", does an entry in the CSD result automatically in the transfer of the legal title to the securities in the official register of the issuer? If NO, please specify which rights are given by the entry	✓		The Central Depository is the official registrar of the issuers.	6
11.	Are securities immobilised or dematerialised and transferred by book entry in a CSD?	✓		Art. 37 of Regulation 13/2005	6
OVERSIGHT					
12.	Is the clearing and settlement systems required to:				30
	a) file periodic reports to the regulator?	✓		154, 165 of the Capital Markets Law, Chapters 4 of Title II and Title III of Regulation 13/2005	
	b) submit to periodic and/or special audits and inspections?	✓		Art. 153(1), 165 of the Capital Markets Law Art. 112, 201(b) of Regulation 13/2005	
DERIVATIVES					
13.	Whether derivative securities clear and settle on a different system through a specialised trading and/or clearing system?	✓		Art. 157 of the Capital Markets Law	30
14.	If the answer to the above question is "yes", whether the legislative framework addresses the treatment of derivatives risks?	✓		Chapter 3, Title II of Regulation 13/2005	30
PROTECTION OF CUSTOMERS' SECURITIES					
15.	Does the legal or regulatory framework provide any arrangements to protect customers' securities from theft, loss or misuse and to ensure that they will not become subject to claims of the custodian's creditors (e.g., segregation of assets insurance, compensation schemes)?	✓		Art 24 of the Capital Markets Law, Art. 90, 91 of Regulation 32/2006	12
16.	Are the entities holding securities in custody subject to mandatory internal or external audit, or both, to determine if there are sufficient securities to satisfy		✓	The purpose of the audit is not clearly provided.	12

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	CPSS / IOSCO Relevance
	customer claims?				

Section H – Accounting and Auditing of Financial Reports

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
DISCLOSURE OF FINANCIAL RESULTS					
1.	Whether issuers are required to publish financial and other information at regular intervals (i.e. annual and periodic financial reports, please specify)?	✓		Art. 112 ¹ CNVM Regulation 1/2006 further amended by Regulation 31/2006 Art. 28, 29 Law 82/1991 on accounting Art. 52 Government Emergency Ordinance 99/2006 on credit institutions and capital adequacy Issuers publish an annual report and a half-yearly report.	14
2.	If the answer to the above question is "yes", (1) Whether the issuer or other persons (depending on the circumstances, they might be the underwriter, sponsor, advisor, etc.) is legally responsible for the contents of these reports?	✓		Art. 112 ¹ c) CNVM Regulation 1/2006 further amended by Regulation 31/2006 Art. 226 (3) Law on Capital markets Art. 5, 6 Law 82/1991 on accounting Art. 3 (3) Finance Order 1752/2005 approving the accounting regulations as per the European directives	14

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(2) Whether companies are required to file these reports with the regulator for review/approval?	✓		Art. 23 Law on Capital markets Art. 5,. Art. 112 ¹ CNVM Regulation 1/2006 further amended by Regulation 31/2006	
	(3) Whether the regulator has the power to take action for incomplete or misleading information in these reports?	✓		Art. 254-257 Law 297/2004 on capital markets; Art. 109, 110 CNVM Regulation 1/2006 further amended by Regulation 31/2006; Art. 41-43 Law 82/1991 on accounting	
EXTERNAL AUDITOR					
3.	Whether the relevant law or regulation requires that annual financial statements published by issuers should be audited by external auditors?	✓		Art. 227 (4) Law 297/2004 on capital markets; Art. 112 ¹ d) CNVM Regulation 1/2006 further amended by Regulation 31/2006; Art. 33 Law 82/1991 on accounting; Ministry of Art. 5 Finance Order 1752/2005 approving the accounting regulations as per the European directives	16
4.	Does the regulatory framework require that an issuer's governance body independent in both fact and appearance of the management of the company (e.g., shareholders or a statutory or corporate audit oversight body) oversee the process of selection and appointment of the external auditor?	✓		Article 112 (2) letter b.1 of company Law no. 31/1990 requires the auditor to be appointed by the general shareholder meeting;	16
5.	Whether the regulatory framework requires issuer to change the external auditor after a certain number of years (i.e., rotation)? If yes, please specify the rotation period		✓	Art. 113 CNVM Regulation 1/2006 as further amended. Any change of the auditor together with the causes that determined this change has to be notified to CNVM.	16
6.	Whether issuers are required to provide audited financial statements in public offering prospectuses?	✓		Art. 184 (1) Law 297/2004 on capital markets;	16

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				Art. 89 CNVM Regulation 1/2006 further amended by Regulation 31/2006.	
7.	Whether the required audited financial statements include the elements listed below:				
	(1) a balance sheet or statement of financial position?	✓		Art. 107, 237, Law 297/2004 on capital markets; Art. Art. 113, CNVM Regulation 1/2006 further amended by Regulation 31/2006; Art. 3, 4 Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives.	16
	(2) a statement of the results of operations?	✓		Art. 107 (5) Law 297/2004 on capital markets; 113 CNVM Regulation 1/2006 further amended by Regulation 31/2006; Art. 3, 4 Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives.	
	(3) a statement of cash flow?		✓		
(4) a statement of changes in ownership equity or comparable information included elsewhere in the audited financial statement or footnotes?	✓		Art. 107 Law 297/2004 on capital markets; Art. 113 CNVM Regulation 1/2006 further amended by Regulation 31/2006;		
ACCOUNTING STANDARDS					
8.	Are financial statements required in public offering and publicly available annual reports required to be prepared and presented in accordance with a comprehensive body of accounting standards?	✓		Art. 4 Law 82/1991 on accounting; Art. 7 Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives; Art. 2 Ministry of Finance Order 907/2005 on categories of entities applying IFRS	16
9.	If the answer to question above is “yes”, are these accounting standards of a high and internationally acceptable quality?	✓		Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives; Ministry of Finance	16

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
				Order 907/2005 on categories of entities applying IFRS	
10.	Whether an organisation responsible for the establishment and timely interpretation of accounting standards is set out by the relevant law or regulation? If "yes", please state the name of the body and its composition.	✓		Art. 4, 5 Law 82/1991 on accounting Ministry of Economy and Finance	16
11.	If the answer to the above question is "yes", whether the standard setting body is subject to regulatory oversight? If "yes", please indicate who the supervisory authority is.		✓		16
12.	Whether the accounting standards used in preparing financial statements and financial reporting address the general topics listed below:				16
	(1) presentation of financial information?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS; Art. 7-30 Law 82/1991 on accounting.	
	(2) consolidation of financial information?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS; Art. 7-30 Law 82/1991 on accounting.	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(3) business combinations?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS; Art. 7-30 Law 82/1991 on accounting.	
	(4) tangible and intangible assets (including impairment of assets)?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS; Art. 7-30 Law 82/1991 on accounting.	
	(5) leases?		✓	Yes, when IFRS applied and notes included (this is an exception. The general rule is no). See: Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	
	(6) income taxes?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(7) employee benefits (e.g., pension, stock compensation, etc.)		✓	Yes, when IFRS applied (this is an exception. The general rule is no).. See: Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	
	(8) provisions and contingencies?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	
	(9) financial instruments (including derivative financial instruments)?		✓	Yes, when IFRS applied (this is an exception. The general rule is no).. See: Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	
	(10) securitisation?		✓		
13.	Whether the accounting standards used in preparing financial statements and financial reporting address the following areas of particular interest to investors:				16
	(1) earnings per share?		✓		
	(2) interim financial reporting?		✓		

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	(3) information about business segments?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	
	(4) related party transactions?	✓		Appendix 1 and 2 of the Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives regarding the enactment of Accountancy Regulations compatible with Directives IV and VII EC; Ministry of Finance Order 907/2005 on categories of entities applying IFRS	
	(5) leases?		✓		
AUDITING STANDARDS					
14.	Are audited financial statements included in public offering and publicly available annual reports, required to be audited in accordance with a comprehensive body of auditing standards?	✓		Art. 8, 258 Law 297/2004 on capital markets; Art. 69 CNVM Regulation 1/2006 further amended by Regulation 31/2006; Art. 4 Law 82/1991 on accounting; Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives.	16

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
15.	Are these auditing standards of a high and internationally acceptable quality?	✓		Please also see 9 above. Law 297/2004 on capital markets; CNVM Regulation 1/2006 further amended by Regulation 31/2006; Law 82/1991 on accounting; Ministry of Finance Order 1752/2005 approving the accounting regulations as per the European directives; Art. 6 Internal Regulations of the Chamber of Auditors of Romania	16
16.	Does the regulatory framework provide for an organization responsible for the establishment and timely interpretation of auditing standards?	✓		Art.4 Law 82/1991 on accounting	16
17.	Do auditing standards expressly require the auditor to:				
	(1) use due professional care in the performance of the audit?	✓		Art. 18 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 82 Internal Regulations of the Chamber of Auditors of Romania	16
	(2) adequately plan and supervise the audit?	✓		Art. 5, 20 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 85 Internal Regulations of the Chamber of Auditors of Romania	
	(3) obtain an understanding of the internal control system of the entity?	✓		Art. 5, 20 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 85, 86, 87, 88 Internal Regulations of the Chamber of Auditors of Romania	
	(4) obtain sufficient evidence to determine whether the financial statements are free of material misstatements?	✓		Art. 5, 20 Government Emergency Ordinance 75/1999 on Auditors; Art. 4 Internal Regulations of the Chamber of Auditors of Romania	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
18.	Whether an auditor report is required to disclose:				16
	(1) any exceptions to the application of accounting principles used?	✓		Art. 22 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 82 Internal Regulations of the Chamber of Auditors of Romania	
	(2) any material uncertainties in the financial statements?	✓		Art. 22 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 82 Internal Regulations of the Chamber of Auditors of Romania	
	(3) any going-concern issues?	✓		Art. 22 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 82 Internal Regulations of the Chamber of Auditors of Romania	
19.	Whether the regulatory framework requires auditors to be independent from the issuer? If "yes", please define "independence"	✓		Art. 18 Government Emergency Ordinance 75/1999 on Auditors; Art. 4, 66, 67, 70, 71 Internal Regulations of the Chamber of Auditors of Romania. The auditor shall be independent while providing the audit services, being only obliged to comply with applicable legal regulations and have no other restrictions. In addition, the auditor shall observe the standards of audit and the professional regulations issued by the Chamber of Auditors.	16
20.	Whether auditors are required to be licensed or approved and to satisfy specific education criteria and other qualifications in order to practice?	✓		Art. 11 Government Emergency Ordinance 75/1999 on Auditors; Art. 5 Internal Regulations of the Chamber of Auditors of Romania.	16

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
21.	Whether auditors are subject to continuing professional education requirements after they are licensed or approved to practice?	✓		Art. 5 Government Emergency Ordinance 75/1999 on Auditors; Art. 6 Internal Regulations of the Chamber of Auditors of Romania.	16
22.	Does the regulatory framework provide for a mechanism for enforcing compliance with accounting standards such as requiring restatements of financial statements that deviate from accepted standards?		✓	The legislation in force sets out a general obligation to prepare accounts in compliance with the applicable accounting standards. In case of breach of this obligation, the relevant financial authority may levy fines and the statements not considered.	16

Section I – Money Laundering

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	FATF Relevance
SCOPE OF THE CRIMINAL OFFENCE OF MONEY LAUNDERING					
1.	Whether there is legislation in place to address the issues of money laundering (ML)? If "yes", please identify the name of such legislation and when it was adopted <i>[if a special law exists, please include details of the law in Section I, above]</i>	✓		Law 656/2002 for the prevention and sanction of money laundering and for the enforcement of measures for preventing and fighting terrorist acts	1
2.	Whether the following conventions have been signed and ratified (please specify in your comments):				
	(i) 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention)?	✓		Law 118/1992 ratifying the 1871 UN Convention on Psychotropic Substances and the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	1 and 35
	(ii) 2000 UN Convention against Transnational Organized Crime (the Palermo Convention)?	✓		Law 565/2002 ratifying the 2000 UN Convention against Transnational Organized Crime	
(iii) 2003 UN Convention against Corruption?	✓		Law 365/2004 ratifying the 2003 UN Convention against Corruption		
3.	Does the law provide for the confiscation of property (including funds and securities) that has been laundered or which constitutes (i) proceeds from; (ii) instrumentalities used in; and (iii) instrumentalities intended for use in the commission of any ML, financing of terrorism (FT) or other predicate offences, and property of corresponding value.	✓		Law 656/2002 for the prevention and sanction of money laundering and for the enforcement of measures for preventing and fighting terrorist acts and Criminal Code	3
CUSTOMER DUE DILIGENCE AND RECORD-KEEPING					
4.	Does the regulatory framework require that financial institutions obtain senior management approval before establishing business relationships with politically exposed persons?		✓		6

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	FATF Relevance
5.	Does the regulatory framework require financial institutions to maintain all necessary records on transactions, both domestic and international, for at least five years following completion of the transaction regardless of whether the account or business relationship is ongoing or has been terminated?	✓		Law 82/1991, Ministry of Finance Order 1418/1997. The legislation refers to accounting documents and the documents that support the registrations in the accounting books.	10
6.	Are financial institutions required to undertake customer due diligence measures including identifying and verifying the identity of their customers?	✓		Government Emergency Ordinance 99/2006 on credit institutions and capital adequacy; BNR Norm 3/2002 on “know your client” standards; CNVM Regulation 32/2006 on services of financial investments; BNR Regulation 8/20006 regarding the “know your client” standards for non-banking financial institutions; Law 656/2002 for the prevention and sanction of money laundering and for the enforcement of measures for preventing and fighting terrorist acts	5
7.	Does the regulatory framework prohibit from opening/maintaining (i) anonymous accounts, (ii) accounts in fictitious names, (iii) numbered accounts and (iv) non registered (i.e., bearer) securities?	✓		Government Emergency Ordinance 99/2006 on credit institutions and capital adequacy; BNR Norm 3/2002 on “know your client” standards; CNVM Regulation 32/2006 on services of financial investments; BNR Regulation 8/20006 regarding the “know your client” standards for non-banking financial institutions; Law 656/2002 for the prevention and sanction of money laundering and for the	5

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	FATF Relevance
				enforcement of measures for preventing and fighting terrorist acts (the answer is YES for all item listed in the question)	
REPORTING OF SUSPICIOUS TRANSACTIONS AND COMPLIANCE					
8.	Does the regulatory framework require financial institutions to report to the relevant authority suspicious transactions (i.e., when it suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity or terrorism financing), regardless of the amount of the transaction?	✓		CNVM Regulation 32/2006 on services of financial investments; CNVM Regulation 31/2006; BNR Norm 3/2002 on “know your client” standards; BNR Regulation 8/20006 regarding the “know your client” standards for non-banking financial institutions; Law 656/2002 for the prevention and sanction of money laundering and for the enforcement of measures for preventing and fighting terrorist acts;	13
9.	Does the regulatory framework require market intermediaries to have in place policies and procedures designed to minimise the risk of using an intermediary's business as a vehicle for money laundering?	✓		CNVM Regulation 32/2006 on services of financial investments	8
INTERNATIONAL COOPERATION					
10.	Does the regulatory framework allow the relevant authority to cooperate with foreign authorities for AML purposes (e.g., search and seizure of information, taking of evidence or statements from persons, providing originals or copies of relevant documents and records)?	✓		Law 565/2002 ratifying the 2000 UN Convention against Transnational Organized Crime; Law 157/2005 ratifying Romania's and Bulgaria's accession to the EU; Government Decision 793/2005 on the national strategy on fraud fighting and protecting EU financial interests in Romania	36-38

Section J –Financial Instruments

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
VARIETY OF FINANCIAL INSTRUMENTS TRADED					
1.	Does the regulatory framework provide for a definition of financial instruments/securities or similar? <i>[Please provide the definition in your answer]</i>	✓		Art. 2.11 of the Capital Markets: financial instruments mean: a) transferable securities; b) units in collective investment undertakings; c) money market instruments including government securities with maturity less than one year and deposit certificates; d) financial-futures contracts, including equivalent cash-settled instruments; e) forward interest-rate agreements, hereinafter referred to as FRA ; f) interest-rate, currency and equity swaps; g) options to acquire or dispose of any instruments falling within the scope of subparagraphs a) – d), including equivalent cash-settled instruments; this category includes options on currency and on interest rates; h) derivatives on commodities; i) any other instrument admitted to trading on a regulated market in a Member State or for which a request for admission to trading on such a market has been made;	

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
2.	Does the regulatory framework provide comprehensive regulation for listing and trading of: (please note that the question refer to comprehensive regulation and not simply the definition)			Title III of Regulation 1/2006 Title II, Chapter II, Section 2 of the Bucharest Stock Exchange Code.	25
	(i) commercial bonds	✓			
	(ii) government bonds	✓			
	(iii) municipal bonds	✓			
	(iv) derivatives	✓			
3.	Whether there is a specific regulation applicable to the issuance of financial instruments to the benefit of employees as an employee share purchase plan?		✓	This aspect is not clearly regulated by the capital markets legislation.	14, 25
DERIVATIVES					
4.	Does the regulatory framework clearly provide that derivative contracts are enforceable without exceptions? ²⁸		✓	The enforceability of derivative contracts is not entirely clearly regulated. Certain issues concerning the capacity of certain parties to enter into derivatives transactions are raised.	14, 25
5.	If a market for derivatives exists, does the regulatory framework require disclosure of the terms of the contracts traded, the mechanisms of trading and	✓		Art. 40 of Regulation 2/2006	14

²⁸ In some jurisdictions, the enforceability of derivatives is limited due to a concurring provision addressing unenforceability of gaming bets. In some other countries enforceability of derivatives is limited only to licensed financial institutions.

#	Issue	Yes (✓)	No (✓)	Relevant provision number/citation of law/regulation; Remarks/Other Comments	IOSCO Relevance
	the risks?				
CROSS-BORDER ISSUANCE					
6.	Does the regulatory framework provide for any limits/restrictions to the issuance and the selling of financial instruments by a foreign issuer in your market? <i>Please describe</i>	✓		Art. 50 of Regulation 1/2006 For issuers in non-EU member states, the offering prospectus must be approved by CNVM	14-16
7.	Does the regulatory framework provide for any limits/restrictions to the issuance and the selling of financial instruments by a national issuer in a foreign market? <i>Please describe</i>	✓		Chapter V, Section 1 of Regulation 1/2006 For offers made in non-EU member states, the offering prospectus must be approved by the foreign regulator.	14-16
SPONSOR/UNDERWRITER					
8.	In the case of Initial Public Offering, whether the issuer is required to have a sponsor or an underwriter?	✓		Art. 183(2) of the Capital Markets Law The issuer is required to make the offer through an intermediary (the concept of sponsor or underwriter are not clearly defined by law).	14
CONCENTRATION RULE					
9.	Does your regulatory framework require that all relevant transactions be conducted on a stock exchange?		✓	All transactions must be performed through the stock exchange or alternative trading system.	14
PRIVATE PLACEMENT					
10.	Whether there is a specific regulation for private placement of financial instruments? Please define private placement.		✓	Art. 183 of the Capital markets Law However, there are certain situations when a public offer can be made without the publication of an offering prospectus.	14

This Assessment does not constitute legal advice. Readers are advised to seek appropriate legal advice before entering into any transaction, making any determination or taking any action related to matters discussed herein.

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