MOLDOVA

LAW OF THE NATIONAL COMMISSION ON FINANCIAL MARKET

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THE LAW OF THE REPUBLIC OF MOLDOVA OF THE NATIONAL COMMISSION ON FINANCIAL MARKET

The Parliament approves the present organic law.

Chapter 1

GENERAL PROVISIONS

Article 1.
(1) The National Commission on the Financial Market (here-and-after referred to as the National Commission) is an independent body of central public administration reporting to the Parliament, which regulates and authorizes the activity of professional participants to the non-banking financial market and supervises observance of legislation by them. It is invested with the power to make decisions, grant benefits, interfere, monitor, put under a ban, and impose administrative and disciplinary penalties pursuant to the legislation.
(2) The National Commission is a legal person, has a stamp with the State Emblem and its name. Authority of the National Commission is in force throughout the Republic of Moldova.
(3) The National Commission has its situ in the Municipality of Chisinau and if necessary is entitled to open its local representation offices or agencies displaying their performances on the basis of regulations approved by the latter.

Article 2.
(1) The National Commission undertakes its activity pursuant to the requirements of the Constitution, present law, other normative acts, stipulations of its regulation and is independent when implementing its plenary powers.
(2) The National Commission presents to the President of the Republic of Moldova, to the Parliament and Government as well as to the public the annual report on its activity and operation of the financial market.

Article 3.
The National Commission pursues its core objective, which is confined to enhancing stability, transparency, security and efficiency of the non-banking financial sector, to reduce systemic risks and to prevent manipulation on non-banking financial market with the scope of protecting the rights of participants to non-banking financial market.

Article 4
(1) The authority of the National Commission refers to the participants (subjects) of the non-banking financial market: the issuers of securities, investors, insurance institutions, self-regulatory organizations on the securities market, National Bureau of Motor Insurer of the Republic of Moldova, members of lending and savings associations, and clients of micro-financing organizations and professional participants of non-banking financial market.
(2) Professional participants of the non-banking financial market (here-and-after referred to as the professional participants) are the professional participants of the securities market, professional participants of insurance market, non-state pension funds, lending and savings associations, micro-financing organizations, mortgage organizations and credit bureaus.
(3) Attributions of the National Commission regarding regulation, authorization and supervision of professional participants do not interfere with the attributions of the National Bank of Moldova.

**Article 5.**
(1) National Commission has the right to cooperate with the corresponding specialized international organizations and be their member.
(2) National Commission has the right to provide assistance and to exchange information with the non-banking financial market and its participants, with specialized international organizations and similar authorities from other states.

**Article 6.**
(1) The National Commission is financed integrally of the following:
a) charges of up to 0.5 percent of the value of securities issued, excepting the issue of bonds for which it shall be applied charges of up to 0.1 percent from the amount of the issue;
b) charges of up to 0.1 percent of the value of securities issued with the scope of consolidation, stock-splitting, denomination or conversion of prior issued securities;
c) charges for buying-selling transactions conducted at the stock exchange:
   - charges of up to 0.1 percent for transactions in the interactive market;
   - charges of up to 0.5 percent for transactions on the direct market;
d) charges of up to 1 percent of the value of civic transactions with securities conducted on the over-the-counter market;
e) charges of up to 1 percent of the value of civic transactions conducted with securities other than those specified under paragraph (2) c) and d);
f) fees for approval of the insurer portfolio transfer of up to 1 percent from the amount of the transfer;
g) fees for appraisal of specialists in view of activities displayed in the non-banking financial market but not more than 400 lei;
h) regulatory fees paid by the professional participants of the financial market as follows:
   - Fees paid to investments managers worth up to 0.1 percent of the average annual value of net assets transferred into the management of investment manager;
   - Fees paid by the insurance institutions worth up to 0.5 percent of annual gross subscribed premiums;
   - Fees paid by the insurance brokers worth up to 0.5 percent of the commissions received;
   - Fees paid by the non-state pension funds, lending and savings associations and micro-financing organizations worth up to 0.5 percent of the average annual value of assets.
i) charges for issuing licenses pursuant to the legislation;
j) proceeds from issuing special periodical publications of the National Commission;
k) sanctions for administrative contraventions applied pursuant to the legislation;
l) sources originating from donations or any other legal sources.
(2) The specific size of fees and charges within the limits specified in paragraph (1) are established in the annual budget of the National Commission. The budget of the National Commission shall be approved by the decision of the Parliament, after its examination and positive approval by the specialized parliamentary commission. National Commission presents the draft of its budget for the next financial year until November, 1.
(3) Regulatory fees and charges shall be transferred to the treasury account of the National Commission within the terms established by the normative acts issued by the National Commission. Incomplete or delayed transfer to the account of the National Commission implies paying penalty worth 0.05 percent of unsettled amount for every day of delay.
(4) The management and use of financial resources accumulated on the account represents the exclusive competence of the National Commission. Balance of resources accumulated and unused in the course of
Article 7.
(1) Within the process of executing its attributions, the National Commission cooperates with public authorities in order to fulfill its objectives and to protect the rights of investors and the public.
(2) The Government, the National Bank of Moldova, ministries and departments, other bodies of public administration shall coordinate with the National Commission the drafts of the normative acts, related to the object and subject of the present law.

Chapter II
COMPETENCIES AND RIGHTS OF THE NATIONAL COMMISSION

Article 8.
(1) With the scope of implementing its objectives the National Commission enjoys the following competences:
a) work out and, in common with the Government approves the strategy for development of the non-banking financial market;
b) exercises legal prerogatives with regard to regulation and supervision of the non-banking financial market by adoption of decisions and disposing of executory measures in dealing with the professional participants of the non-banking financial market, as well as ensures upon solicitation or ex-officio official interpretation of its legal norms;
c) issues, recalls, suspends and renewals licenses and authorizations held by the professional participants and grants authorizations for their reorganizations pursuant to the legislation;
d) issues to the associations of professional participants the status of self-regulatory organization and delegates, pursuant to the effective legislation, one or more competencies from its own package;
e) establishes mandatory requirements vis-à-vis professional participants of the financial market in regard to qualification, functioning and financial efficiency, including requirements vis-à-vis the size its own regulatory capital, financial prudence norms, creation of guarantee and investments protection funds;
f) ensures ongoing monitoring of the financial situation as well as compliance of the subjects of financial supervision with the activity requirements prescribed by the legislation; issues orders to carry out control over the activity displayed by the latter;
g) establishes requirements vis-à-vis co-owners/significant shareholders as well as persons vested with the responsibility representing professional participants of the financial market; establishes requirements of qualification of specialists representing professional participants;
h) establishes routine, form and contents and rules for maintaining the internal register by the professional participants of the financial market, including requirements on maintaining register of securities holders and rules of keeping such;
i) works out and jointly with the Ministry of Finance approves standards and rules of specialized accounting and reporting to be followed by the professional participants of the financial market, issuers and self-governed organizations;
j) creates and maintains informational network required for conducting supervision over the professional participants of the financial market as well as public information network with regard to the issuers, license
holders and functioning of the financial market; offers information to public on its activity as well as on the
development of the non-banking financial market;
k) establishes the way of registering, registers public and tender offers regarding securities, as well as the
results of their execution;
l) establishes the way of placement and circulation of foreign securities on the securities market of the
Republic of Moldova;
m) maintains state register of securities, register of the professional participants of the securities market,
register of licenses issued for displaying professional activity in the securities market as well as certificates
of qualification to conduct operations with securities, state register of insurers (reinsurers), insurance or/and
reinsurance brokers, as well as other registers in accordance with legislation;
n) jointly with the National Agency for Competition Protection exercises control over the observance of
antimonopoly legislation in the non-banking financial market;
o) registers issues of securities of the Moldovan issuers and issues permits to the issuers for circulation of
securities externally;
p) publishes on monthly basis prices on securities circulating outside the Stock Exchange, determines
periodical publications in which the professional participants and issuers of securities are obliged to publish
and disclose information in compliance with the effective legislation;
q) issues approvals of acquiring qualified participation in the charter capital of the insurers (reassurers),
approvals on opening branches and representation offices of the insurers (reassurers) both in the territory of
the Republic of Moldova and abroad;
r) supervises activity displayed by the National Bureau of Vehicles Insurance in the Republic of Moldova;
s) establishes procedure of record keeping of insurance contracts (insurance policies) by the insurers and
approves transfer of ensurers portfolio;
t) use other competencies in compliance with the legislation governing activity displayed by the
participants of the financial market, the present law and other legislative acts.

Article 9.
(1) The National Commission has the following rights:
a) qualify securities (determine their types) pursuant to the legislation of securities;
b) in cases, stipulated by the legislation to suspend the issuance of securities or cancel the respective issue
of securities;
c) impose, in accordance with legislation, restrictions on the activity of financial market participants,
including such as suspending bank operations on their accounts;
d) expedite instructions to the financial market participants for mandatory execution, including such on
holding general shareholders meetings, require from the participants of the financial market presentation of
accounting and other required documents as well as verbal and written explanations;
e) following the established periodicity to request and examine reports on the activity displayed by the
professional participants in the financial market;
f) establish for the professional participants of the financial market mandatory size of equity to limit
systemic risk, including restrictions on diversification of investment portfolio of the professional
participants of financial market into different financial instruments;
g) appoint independent registrar; the issuer, that has violated the provision of maintaining the register of
securities holders is obliged to sign with the registrar a contract on maintaining such;
h) suspend placement of securities and their circulation at the Stock Exchange and at the secondary market,
clearing and settlement of transactions with the scope of protecting the interests of investors and public and
in case of violation of the provisions set forth by the law of securities;
i) suspend any activity at the financial market, which contradicts to the effective legislation as well as such
activity that is not provided for by the legislation;
j) apply legal sanctions in regard to natural persons – participants of the financial market in case of violation by the latter of the effective legislation;
k) examine materials on administrative contraventions in the field of financial market and apply administrative penalties following procedure established by the law;
l) launch with the judiciary instance actions on the matters referred to its competencies, including through invalidation of transactions made with securities;
m) establish requirements on protection of materialized securities forms and through cooperation with the respective authorities establish control over the observance of these requirements;
n) monitor the circulation of securities in the country;
o) pursuant to the legislation on securities, qualify the activity of securities market participants as manipulations in the securities market;
p) apply measures provided for by the legislation on financial recovery, reorganization or if necessary, on insolvency of the insurers (reassurers) and insurance/reassurance brokers;
q) with the scope of implementing its competencies, it has the right to create work groups, including interministerial;
r) use other rights arising from the legislation governing activity displayed by the participants of the financial market, the present law, other legislative acts and Regulation issued by the National Commission.
(2) With the scope of ensuring transparency and disclosure by all the participants of the securities market information concerning their financial activity as well as events and actions affecting such activity and with the scope of informing shareholders on the general meetings, the National Commission shall found its specialized periodical publications.

Chapter III
ORGANIZATION AND MANAGEMENT OF THE NATIONAL COMMISSION

Article 10.
(1) The National Commission is managed by the Administrative Council.
(2) The Administrative Council is a collegial body composed of five members, including chairman and deputy chairman of the National Commission.
(3) Members of the Administrative Council and employees of the National Commission are civil servants.

Article 11.
All members of the Administrative Council are appointed by the Parliament according to the proposal of the Speaker of the Parliament and pursuant to prior positive consent of the respective parliamentary commission. The Chairman of the Administrative council is appointed for a period of 4 (four) years, Deputy – 3 (three) years, one member – 3 (three) years and other two members - 2 (two) years. Each members of the Administrative Council has the right to be reelected for two consecutive terms.

Article 12.
(1) Appointed as members of the Administrative Council could be citizens of the Republic of Moldova, having experience record in finance, economy or banking of at least 10 (ten) years, good civic and professional reputation and having no incompatibilities whatsoever with such provisions as set forth by Article 27 paragraph (3).

Article 13.
(1) Appointment of the members of the Administrative Council is made with due written consent of the candidates.
(2) If a candidate to the Administrative Council is a member of a party or any other social-political organization, he should quit his membership with the party or any other social-political organization.
Article 14.
The plenary powers of the member of the Administrative Council are suspended in cases as follows:
a) expiry of the term of mandate;
b) revoking of a member by the Parliament at the suggestion of its Chairman. Revoking could be also initiated by the Chairman of the National Commission;
c) resignation;
d) death.

Article 15.
(1) The Parliament proceeds to revoking members of the Administrative Council in cases as follows:
a) if as a result of inadequate exercising of their competencies, actions or failure to act, committed were grave consequences to the financial market inflicting substantial prejudices to the clients and investors;
b) if they have record of prior court verdict that was not lifted;
c) if they become negligible towards emergence of certain incompatibilities with the provisions set forth by Article 27 paragraph (3);
d) if they fail to exercise their competencies due to physical or mental incapacity proven by medical examination certificate.
(2) The members of the Administrative Council are revoked by the simple majority of votes (50%+1 vote) from the total number of deputies of the Parliament.
(3) Members of the Administrative Council whose mandates have expired shall remain in the office until the appointment of their successors.

Article 16.
Affiliated with the National Commission could be an advisory body called the Board of Experts. The National Commission is entitled to establish independently the procedure of constituting, composition and competencies of this body.

Article 17.
The National Commission has the right to attract scientists and practice-specialists for conducting consultations, audit and examinations, paying their services, pursuant to the legislation;

Chapter IV
DECISIONS OF THE NATIONAL COMMISSION
AND PROCEDURE OF THEIR APPROVAL

Article 18.
(1) The Decisions of the National Commission are made in the course of the sittings of the Administrative Council, which could be ordinary or extraordinary. Minutes of the sittings are signed by the Chairman of the Commission. Ordinary sittings are called when necessary, but no less than two times a month. Extraordinary meetings are called at the initiative of the Chairman or of at least two members of the Administrative Council.
(2) The sittings of the Administrative Council could be public or closed. Closed sittings are held when there is a danger to cause damages to the financial market or its members. Decision on holding closed sitting is made by voting.

Article 19.
(1) The sittings of the Administrative Council are considered deliberative when at least 3 (three) members are taking part and they are managed by the Chairman, and in its absence by the Deputy.
(2) The decisions of the National Commission are approved by the majority of voting present at the sitting of the Administrative Council. In the event of equal votes, the vote of the Chairman or, in his absence, of his Deputy is considered the casting vote.

(3) Members of the National Commission have the right to express special opinion on specific questions and register it in the Minutes of the respective sitting.

**Article 20.**

(1) The National Commission makes decisions in form of resolution or decrees, which shall be signed by the Chairman or, in his absence, by his Deputy.

(2) The Administrative Council could deliberate and take decisions during its sittings by making respective entries into the Minutes in regard to any other issues stipulated in its regulation, within the limits that, pursuant to the provisions of the present law, do not require adoption of a decision in the form of a resolution or decree.

**Article 21.**

(1) Resolutions of the National Commission may stipulate creation and liquidation of different institutions, including territorial agencies; issuance, suspension and cancellation of permits, licenses; approval and modification of normative acts on regulation of the capital market; approval of regulations on the activity displayed by the professional participants of the financial market; granting and recalling of plenary powers; putting under a ban and other duties in accordance with legislation.

(2) Through the Decrees the National Commission exercises competencies provided for by Article 9 par.1 c) and h) as well as expertise and control functions.

**Article 22.**

(1) Resolutions and decrees of the National Commission are published in the "Official Monitor of the Republic of Moldova".

(2) Resolutions of the National Commission come into force from the day of publication, if there are no other terms stipulated.

(3) Decrees of the National Commission come into force from the day of their issue.

**Article 23.**

Decisions of the National Commission may be appealed in court, but this fact does not suspend the execution of the decisions of the National Commission until the final result is adopted by the court.

**Chapter V**

**THE RIGHTS AND OBLIGATIONS ENJOYED BY THE MEMBERS OF THE ADMINISTRATIVE COUNCIL AND STAFF OF THE NATIONAL COMMISSION**

**Article 24.**

(1) Members of the Administrative Council are independent in exercising their service duties and abide by the law exclusively.

(2) Members of the Administrative Council cannot be detained, arrested or called for administrative or criminal responsibility unless upon summons issued by the General Prosecutor and with due consent of the Parliament.

**Article 25.**

(1) The Chairman of the National Commission:

a) manages the activity of the National Commission, responds to the Parliament on implementation of the assignments, stipulated by the present Law and regulation of the Commission;
b) represents the National Commission in relations with public bodies, as well as in specific international organizations;
c) calls the sittings of the Administrative Council, presides and provides the implementation of the approved decisions;
d) distributes the duties and plenary powers of the Administrative Council members, approved through the Commission's decree;
e) organizes holding of tenders on vacancies in the executive body and territorial agencies of the National Commission;
f) appoints and fires employees of the National Commission and territorial agencies. If it is necessary, imposes disciplinary penalties, pursuant to the regulation;
g) signs conclusions, reports, official answers and other current correspondence.
(2) In the absence of the Chairman of the National Commission the functions, stipulated in paragraph (1), are undertaken by his Deputy.

Article 26.
The Chairman of the National Commission takes part in the sittings of the Parliament and the Government, with the agenda related to regulation and function of the non-banking financial market.

Article 27.
(1) Members and executives of the Administrative Council are obliged to proceed as follows:
a) keep the confidentiality of the information, received within the process of implementation of the functions;
b) abstain from any activity or actions incompatible with the activity as a member of the Administrative Council or executive of the National Commission.
(2) When joining the office and subsequently every year, members of the Administrative Council are obliged by the law to submit declarations of income and estate.
(3) Members of the Administrative Council are not fit for the office in cases as follows:
a) be a close relative or be in close relations with the President of the Republic of Moldova, the Speaker of the Parliament, the Prime-Minister, the Governor of the National Bank of Moldova;
b) have previous convictions;
c) undertake any other paid activity, with the exception of scientific, teaching and art activity;
d) be members of administrative boards, board of directors, managing committee, inspection commission and other managing bodies of legal persons, which are subject of supervision on behalf of the National Commission;
e) hold more than 0,5% stake (participation share) or of other securities with the professional participants of the financial market and the issuers;
f) abuse their plenary powers for the purpose of publicity.
(4) Executives of the National Commission are not fit for the office in cases as follows:
a) undertake any other paid activity, with the exception of scientific, teaching and art activity;
b) be members of supervisory boards, board of directors, managing committee, inspection commission and other managing bodies of legal persons, which are subject of supervision on behalf of the National Commission;
c) hold more than 0,5% shares (participation share) or of other securities of issuers and license holders;
d) abuse their plenary powers for the purpose of publicity.

Article 28.
Members and executives of the Administrative Council and executives of the National Commission undertake administrative and criminal responsibility in the event of violation of the stipulations of Article 27.
Article 29.
Members of the Administrative Council and executives of the National Commission are authorized to request from the participants of the financial market any documents, verbal or written explanations, necessary for the National Commission in carrying out controlling functions.

Article 30.
Members of the Administrative Council and executives of the National Commission are not authorized to delegate their powers to other persons.

Chapter VI
FINAL AND TRANSITORY PROVISIONS

Article 31.
The present law comes into force from the day of publication.