

LAW on securities and stock exchanges*

CHAPTER I General provisions

Art. 1. – The present law shall regulate the status of the National Securities Commission, the creation and functioning of securities markets with the institutions and operations specific to these markets, for the purpose of mobilizing the money savings and financial availabilities through the agency of securities under adequate conditions for the investors' protection.

Art. 2. – In the meaning of the present law, the terms and phrases below shall have the following significations:

a) *securities* shall be negotiable instruments in material form or recorded in an account, imparting to their holders patrimonial rights on the issuer, according to the law, and under the specific conditions of their issue. Securities can be shares, bonds as well as derived financial instruments or any other credit titles classified by the National Securities Commission in this category;

b) *investor* shall be any person who, on his or her own account shall buy, hold, or sell securities without performing intermediation as an act of trade;

c) *significant shareholder* shall be any person who, directly and alone or through the agency of, or together and in connection with other people, shall hold or is the owner of shares or other securities, entitling to shares which, cumulatively, would represent either at least five per cent of the issuer's subscribed capital, or would impart to him at least five per cent of the total voting rights in the issuer's general meeting;

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d) *control position* shall be any participation in the share capital imparting to its holder(s), acting in concert, at least one third of the total voting rights in the issuer's general meeting, either alone or together with the votes which might be obtained by the holder(s) of the respective participation acting in concert, by conversion of convertible bonds or by exercising the rights relating to other titles subscribed by the issuer and belonging to the holder of the respective participation in the capital or to its holders acting in concert;

e) *majority position* shall be any participation in the capital imparting to its holder, or holders acting in concert, either more than half of the total voting rights defined under paragraph (d), or sufficient voting rights in order to elect or revoke a majority of the members of the issuer's board of management;

f) *takeover* shall be a transaction or a series of transactions with securities, imparting to the person or group of persons involved, through the titles thus acquired, alone or together with those already held or controlled, a controlling or a majority position in the participation in the issuer's capital;

g) *related person* shall be the spouse or a relative up to thrice removed, or an in-law relative up to second degree of the person who, alone or together with other related persons, shall hold a controlling position as defined under paragraph (d), or a legal person in which such a natural person, alone or together with other related persons, shall hold a controlling position. In the case of legal persons, a related person shall be considered that person holding a controlling position, either directly and alone, or directly, respectively indirectly, acting in concert with other natural or legal persons;

h) *issuer* shall be the legal person pledging to recognize and pay the rights embodied in the negotiable instrument, according to the clauses stipulated under the title and according to the law by which it is governed; likewise, issuer shall be considered the legal person engaged in the procedure of a public offer;

i) *issue* shall be the operation by which securities are offered for subscription to virtual investors;

j) *public offer* shall be the proposition made by an issuer, by investors or intermediaries to sell, buy, transform, change, or transfer by any other way securities or rights due to them, disseminated through mass media or communicated by other ways, but under condition of the equal possibility of reception by at least one hundred unselected people in any way whatsoever by the author of the proposition.

The public offer shall be primary or secondary:

1) the *primary offer* shall have as an object securities proposed by the issuer to be subscribed on the date of issue for the purpose of being placed in the market;

2) the *secondary offer*, subsequent to the issue, shall have as an object a block of previously issued securities, and initially acquired by private investment;

k) *open company* shall be a trading joint-stock company constituted by public subscription or a trading joint-stock company issuing securities of which at least one class makes or has made the object of a regularly promoted public offer;

l) *intermediation of securities* shall be an activity carried on by persons licensed according to the law, consisting in buying and/or selling of securities or rights appertaining to them or deriving from these as well as in accessory or connected operations authorized by the National Securities Commission;

m) *intermediary for securities* shall be the legal person legally licensed by the National Securities Commission to exercise the intermediation of securities professionally, as an act of trade, either on its own account (dealer) or on the account of third parties (broker);

n) *agent for securities* shall be a natural legally licensed person, who, acting as exclusive representative of a securities company, carries out selling and/or buying orders of securities under the name and on account of that company;

o) *guaranteed investment* shall be a contract concluded with a legally licensed intermediary, by which the latter undertakes to subscribe or to buy an amount of financial titles for the purpose of placing them in the securities market with the obligation to take over on its own account all the financial titles which were not placed under the conditions of the contract;

p) *stock exchange* shall be an institution with legal personality, providing the public, through the agency of licensed intermediaries, with adequate systems, machinery, and procedures for the continuous, orderly, transparent, and equitable carrying out of transactions with securities, and which shall constitute the organized and official market for the negotiation of the securities accepted for listing, offering to the savings invested in them moral guarantee and financial security by continually measuring the liquidity of the respective securities;

q) *confidential information* shall be information of any kind whatsoever with regard to an issuer or to any of the securities issued by it, inaccessible to the public or which have not yet become public, and whose disclosure might affect the price or other aspects of the transactions with securities of the issuer or of the associated trading companies or of such companies in which the issuer holds a majority position;

r) *privileged information* shall be information of any kind whatsoever with regard to an issuer, or to any of the securities issued by it, which are not known to the public and are susceptible to affect the decision of a reasonable investor, the persons aware of it being obliged not to disclose them, nor exploit them directly or indirectly, personally or through intermediaries.

The terms and phrases set out under paragraph 1 shall have the signification established for them through this paragraph whenever they are used in the dispositions that follow, when these dispositions refer to prerogatives, powers, or acts of some public authorities or institutions, to obligations of records, information and publicity, conditions of authorization or exemption concerning interme-

diaries, agents, or investors subject to the present law, to markets of or transactions with regulated, controlled or only supervised securities, to intermediaries and issuers of, or investors in securities, circulating in such markets, or forming the object of such transactions.

In case of doubt, the classification of a person, institution, situation, piece of information, operation, or of a legal act or negotiable instrument, with regard to its inclusion within or exclusion from the sphere of the terms and phrases with the signification established under paragraph 1, with a view to the determination of the effect of the dispositions of the present law shall be made by the National Securities Commission *ex officio* or at the request of the interested party.

Any dispute with regard of one of the classifications provided under paragraph 3 shall be of the competence of the courts of appeal, which shall deliver judgment by irrevocable decision.

Art. 3. — The issue of bonds and other similar securities by the state, county, town, commune, and by authorities of the local and central public administration shall not be submitted to the provisions of the present law. The intermediation of these securities shall be regulated by the present law to the extent in which it is carried out by intermediaries subject to its provisions.

The securities issued by trading companies incorporated, functioning according to the Law No. 31/1990, even though such companies be subject to special legal regimes in consideration of the object of their activity, they shall be subject to the provisions of the present law if and only when the shares, bonds and other titles imparting rights on these companies shall make or shall have made the object of a public offer in the sense of Article 2 paragraph 1 sub-paragraph (j).

The certificates of ownership issued by the Private Ownership Funds can be negotiated at stock exchanges by selling or buying orders, and may be offered or demanded for exchange with other securities under the conditions of the stock exchange market, they being admitted *de jure*

for listing on any stock exchange by the fact and from the day of registration by the Private Ownership Funds of the issuing documents at the Securities Record Office.

Art. 4. — The administration of the present law and its enforcement as well as the supervision and control of the observance of its provisions shall be entrusted to the National Securities Commission invested to this end with powers of regulation, decision, licensing, exemption, interdiction, intervention, investigation, and administrative and disciplinary sanctioning, in the terms, modalities and limits established by the provisions that follow.

CHAPTER II

The National Securities Commission

Art. 5. — The National Securities Commission shall be set up through the present law as an autonomous administrative authority with legal personality.

The National Securities Commission shall exercise its authority over the whole territory of Romania.

The seat of the National Securities Commission shall be in the Municipality of București.

The National Securities Commission may set up agencies in any locality on Romania's territory.

Art. 6. — The National Securities Commission shall have the following tasks to discharge:

a) to favour the good functioning of the securities market;

b) to insure the protection of investors against unloyal, abusive, and fraudulent practices;

c) to achieve information of the holders of securities and of the public on people who publicly appeal to money savings and on the securities issued by them;

d) to establish the framework of the activities of the intermediaries and agents for securities, the regime of the professional associations constituted by them, and of the bodies charged to ensure the functioning of the securities market;

Art. 7. — Expenses with regard to the setting up, organization and functioning of the National Securities

Commission as well as those required for the initial material endowment of the stock exchanges set up by it shall be financed from the state budget.

For the needs of the National Securities Commission, of its agencies, and of the stock exchanges it will set up, the Government and the authorities of the local public administration, through a Government order, as the case may be, shall assign to the National Securities Commission the administration of real estate (land and buildings) from the local or national public domain, as the case may be, within sixty days after the request of the National Securities Commission.

Any rights, charges and fines established by law and collected or applied by the National Securities Commission as well as the tariffs established and gathered by it shall be made revenue to the state budget.

Art. 8. — The National Securities Commission shall be composed of five members, the chairman and vice-chairman included. They shall be appointed and may be revoked by Parliament in a common sitting of the two Chambers.

The appointment of the members of the National Securities Commission shall be made from a common list proposed by the Senate's Privatization Commission and the Budget and Finance Commission and by the Chamber of Deputies' Economic Policy, Reform and Privatization Commission, and Budget, Finance and Banks Commission.

Art. 9. — The term of the mandate of a member of the National Securities Commission shall be of five years. Each member can be reinvested only once.

The first members of the National Securities Commission shall be appointed for mandates with different terms so that in each year the mandate of one of them shall expire. The chairman shall be appointed for a mandate of five years, the vice-chairman, for a mandate of four years. Members whose mandates have expired shall continue to remain in office until the appointment of their successors.

In case of a final impossibility of exercising the mandate by one of the members, the parliamentary commis-

sions mentioned under Article 8 paragraph 2 shall propose a person to be appointed by Parliament for the remaining period of the mandate.

There shall be considered a final impossibility of exercising the mandate any circumstance which creates an unavailability over a duration of ninety consecutive days.

Art. 10. – Members of the National Securities Commission shall be Romanian citizens having their permanent domicile in Romania; they shall be at least thirty-five years of age, and they shall have a good reputation and professional training in the economic, financial, banking, or juridical domains, and a length of service time in their speciality of at least five years.

Members of the National Securities Commission shall not:

a) be spouses or relatives, in the sense of Art. 2 paragraph 1 subparagraph (g) of the present law, of the President of Romania, of chairmen of the Chambers of Parliament, of members of the Government, of the Governor of the National Bank of Romania, and they shall not be related among themselves;

b) be members of a political party;

c) exercise another remunerated, private or public, office, except that of members of a university teaching staff;

d) be members of the management boards of legal persons subject to the supervision of the National Securities Commission or of the National Bank of Romania, or significant shareholders of such legal persons, as defined under Article 2, paragraph 1, sub-paragraph (c) of the present law.

e) have been declared bankrupt;

f) have criminal record.

The membership of the National Securities Commission shall cease in the following situations:

a) at the expiry of the appointment term;

b) on resignation;

c) on dismissal by Parliament;

d) on the appearance of an incompatibility or of an impediment from among those provided under paragraph 2 sub-paragraphs (a) to (f);

e) on replacement according to Article 9 paragraph 3.

Members of the National Securities Commission shall have the obligation to notify to Parliament immediately, in writing, the appearance of any of the incompatibility situations provided under Article 10 paragraph 2.

Up to the Parliament's decision, the member of the National Securities Commission shall be suspended *de jure*.

Art. 11. – The chairman shall be the representative by right of the National Securities Commission as a autonomous administrative authority and as a legal person under the public law.

In case of temporary impossibility of the chairman, by absence or another unavailability, the legal representation of the National Securities Commission shall devolve upon the vice-chairman.

The National Securities Commission shall deliberate validly in presence of at least three of its members, its chairman, or in his absence, the vice-chairman included.

Decisions shall be adopted by the vote of the majority of the members present. In case of balloting, the chairman's vote, or in his absence, that of the vice-chairman shall be decisive. The decision adopted shall be obligatory for all members of the National Securities Commission; members having voted against as well as absent ones may record their separate opinion in the minutes of the respective sitting.

Art. 12. – In exercising its powers, the National Securities Commission shall collaborate with other public authorities with a view to ensuring the protection of investors in securities and of the transparency of the securities market.

The National Securities Commission may co-operate with foreign institutions having as an object the regulation or supervision of securities markets, and may participate in international organizations acting in this field.

Art. 13. – For the achievement of its tasks established under Article 6, the National Securities Commission shall

exercise the prerogatives it is invested with under Article 4 by adoption of norms, issue of individual acts, and establishment of measures under the signature of the chairman, after deliberation in sittings held according to Article 11 paragraphs 3 and 4.

The National Securities Commission shall adopt norms by regulations and instructions that shall be enforced by order of the chairman. Individual acts shall be decisions, ordinances, attestations and notices.

The National Securities Commission shall, by its interior regulations, establish the organization chart (organizational structure), and the powers of management and execution of its staff.

Art. 14. — Regulations shall establish norms with regard to:

- a) the organization and operation of the stock exchanges and other securities markets;
- b) the authorization and operation of collective bodies of placement and investment in securities as well as of the companies that manage them;
- c) the organization and operation of securities collective depositing systems;
- d) the operation of the Securities Record Office;
- e) the authorization and performance of the intermediation of securities;
- f) the activity of independent external auditors and of investment advisers;
- g) the promotion and realisation of public offers of securities;
- h) the approval and modification of the regulations regarding stock exchange operations;
- i) the operation of offices for the compensation and settlement of transactions with securities; the approval and modification of their regulations;
- j) any other bodies and operations specific to the securities markets regulated, controlled, or supervised, according to the law, by the National Securities Commission.

Instructions shall establish rules with regard to:

a) the constitution and operation of professional associations of intermediaries for securities and of agents for securities;

b) reports, data, and information to be communicated to the National Securities Commission, and those to be published for the public's information by issuers and holders of securities, and by intermediaries for such securities, way of keeping the records, the procedures, the cases and terms of communication and/or publication;

c) the regime of confidential and of privileged information;

d) transactions involving significant shareholders and the carrying out of private transactions with securities;

e) the transfer of control positions and of majority positions;

f) exemptions that can be granted by the National Securities Commission;

g) any other record keeping, reporting, or publicity obligations that the law might institute for ensuring the protection of investors.

The National Securities Commission may adopt any other norms it might consider necessary in the enforcement of legal provisions.

Art. 15. — Decisions shall be acts by which the National Securities Commission sets up institutions or bodies or winds them up, grants or withdraws licenses, voids or confirms acts of its agents, grants exemptions, delegates or withdraws powers, approves regulations of institutions and bodies of the securities market.

Ordinances shall be acts by which the National Securities Commission shall give dispositions with regard to the presentation of documents, reports and information, hearings, imposes interdictions or suspensions of licences or activities, orders inquiries or other investigations, orders preservation measures as the taking away or depositing of documents or titles, the rendering inalienable of certain goods or funds, applies administrative and disciplinary sanctions.

Attestations shall be acts by which the National Securities Commission shall approve public offer prospectuses, and confirm or acknowledge situations or qualities, reports or communications of data and information.

Advices shall be acts by which the National Securities Commission shall formulate official answers to questions regarding the enforcement of the law and regulation norms, or give qualifications on the basis of Article 2 paragraph 3.

Art. 16. — The National Securities Commission may delegate to some of its agents, or to institutions or bodies of the securities market one or more of the prerogatives which it is invested by law with.

The delegation of power provided under the previous paragraph shall designate the person invested, the prerogatives and acts by which that person shall exercise it, the measures that person can take, and the duration of the delegation. The delegation of power may not have as an object the adoption of norms, but only individual acts issued on behalf of the National Securities Commission.

The individual acts adopted and the measures taken in exercising the delegation of power may be challenged before the National Securities Commission, which may confirm, modify, or annul them by hearing of the invested person, and, if it so appreciates, of those to whom such acts apply. The National Securities Commission may dispose, on request or *ex officio*, the suspension of the acts adopted and of the measures disposed in the exercise of a delegation of power.

The withdrawal of the delegation of power shall be made by the National Securities Commission only by the hearing of the person to whom it was granted.

Art. 17. — The regulations and instructions adopted by the National Securities Commission as well as its individual acts may be challenged for unlawfulness by an appeal in the courts of appeal. The exception of unlawfulness may be brought up at any stage of the judgment, in the first instance or in appeal, with suspension of the judgment and sending the exception to be settled at the com-

petent court of appeal, which shall rule by irrevocable decision, by following up the procedure of the Law on administrative contention.

Art. 18. — The National Securities Commission shall have an active processual legitimation and may intervene in any lawsuit with regard to the norms adopted or individual acts issued by it, without obligation to prove an interest.

Art. 19. — Acts issued by the National Securities Commission shall be official documents and shall benefit by the proving force of authentic documents, whose contents can be disproved only by the procedure of proving them false.

The National Securities Commission shall edit and periodically publish a bulletin with regulations adopted by it and the situation of their application, in which it shall also publish announcements with regard to the situation of the securities markets concerning the institutions and bodies, the issuers, holders, intermediaries, and operations.

Access to documents held by the National Securities Commission, both those with regard to situations and data on issuers, intermediaries, and holders of securities, and those with regard to analyses and findings of the National Securities Commission shall be made under the conditions established by it.

Art. 20. — Members and employees of the National Securities Commission shall be obliged to preserve the strict confidentiality of any information obtained in the course or as a result of the exercise of their powers, and which have not become accessible to the public at large, they being subject with regard to such information, to the legal regime of service secrets.

The National Securities Commission shall be directly responsible for prejudice caused by any violation of the obligation to preserve confidentiality by or through the fault of any of its members or employees.

Art. 21. — The National Securities Commission shall set up its own securities record office to which all necessary

information shall be transmitted with regard to securities subject to the provisions of the present law and their respective issuers and with regard to all other natural and legal persons subject to the supervision of the National Securities Commission.

Titles provided under Article 3 paragraphs 1 and 3 shall be registered on receipt of the document of issue.

The registers kept by the Securities Record Office shall be accessible to the public.

The registrations of securities at the Securities Record Office shall be struck off in the following cases:

a) patrimonial liquidation of the issuer as a result of its winding up or bankruptcy;

b) integral amortization or redemption of the securities registered with the Securities Record Office, including the case of the issuer's merger;

c) when the National Securities Commission shall find an excessive concentration of the holding of registered securities, leading to a decrease in the public's interest below the level justifying the maintenance of the registration;

d) at the justified request of the issuer;

e) serious or repeated infringement by the issuer of the provisions of the law or norms adopted for its application and considered to be essential for the protection of investors.

When the striking off is operated for the reasons established under paragraphs (d) and (e), the issuer or its principal shareholders, as the case may be, shall make a public offer of redemption of the existing securities, in agreement with the conditions and procedures established by regulations of the National Securities Commission.

Art. 22. — The National Securities Commission shall present to Parliament a yearly work report not later than April 30.

Parliament may at any time dispose a verification of the activity of the National Securities Commission.

Art. 23. — The professional deontology rules for members of the National Securities Commission, those regar-

ding its staff and their disciplinary regime as well as the remuneration of the staff and members of the National Securities Commission shall be established by law.

CHAPTER III The public offer

Art. 24. — The primary public offer, defined under Article 2 paragraph (j) sub-paragraph (1) of the present law, can be made by the issuer, or, on its behalf, by licensed securities company. The secondary public offer, defined under Article 2 paragraph (j) subparagraph (2) can be made by the holders of the respective securities, or, in their name, by a licensed securities company. The secondary public offer can be of sale, of buying, and of exchange of securities.

The public offer in which a licensed securities company is involved may be performed either by a guaranteed placement, or by the method of the best possible execution, in the latter case the licensed securities company acting as an agent of the offerer.

The public offer having as a result the acquirement of a controlling or majority position, defined under Article 2 paragraphs (d) and (e) or for the purpose of a takeover, defined under Article 2 paragraph (f) may be performed through a licensed securities company, acting as an agent of the offerer. If such an offer involves listed shares it shall compulsorily be carried out in the respective stock exchange.

Art. 25. — Any public offer of securities according to Article 2 paragraph (j) and regulated by the present law shall require, previous to the publication of its prospectus, the licensing of the National Securities Commission.

At the request of the offer's initiator, the National Securities Commission may exempt a public offer from the need for a licence under the conditions established by the regulations mentioned under Article 14 paragraph 2 sub-paragraph (f).

The public offer made without a licence or an exemption or not complying with the conditions established by

the licence shall be void by right and entail for the guilty parties the application of the sanctions provided by law; towards the partners in good faith the offerer shall be held to the obligation of restitution and shall be liable for the damages resulting from the nullity of the transactions possibly concluded on the basis of such an offer.

Art. 26. – For the licensing of a public offer of securities, as an object of the present law, or for the granting of exemption, the offerer shall present to the National Securities Commission the prospectus of an offer containing the essential elements of the transaction depending on the titles making its object, and all relevant information with regard to the offerer and to the securities which are to be offered publicly regardless of whether such information is or is not among those subject to the statutory obligation of publicity, reporting, or registration.

Information that has to be included in the prospectus of the offer shall be certified by the offerer, who shall be responsible for their reality, accuracy, and completeness. In the cases regulated by the National Securities Commission, the information contained in the prospectus of an offer shall also be certified by the external auditors of the issuer and, respectively, of the securities company involved.

The minimum information content that the prospectus of an offer must include in order to be given licence or an exemption as well as their form of presentation, by classes of offers, according to Article 24 paragraph 1, shall be established by the National Securities Commission through the norms it shall adopt.

Art. 27. – The petition for a licence or an exemption shall be deposited together with the prospectus of the offer with the National Securities Commission, which must rule with regard to the licensing or exemption within thirty days from the registration .

Failing a decision of the National Securities Commission within the term provided under the previous paragraph, the offer of securities object of the petition shall be considered a private offer, which can be promoted freely.

Art. 28. – For the observance of the regulations regarding the content, mode of presentation and distribution of the prospectus, the National Securities Commission may dispose the verification of the issuer's records, accounts, and other data sources, of its subsidiaries, or of his majority shareholders, of the auditors of the securities company engaged as well as of the persons involved.

Art. 29. – In case of authorizing or granting of an exemption, the registered prospectus of the offer shall become a public offer of securities, with the content and in the form in which it has been registered or with the amendments – supplements, suppressions, modifications – possibly established by the National Securities Commission by the licensing, respectively exempting decision as a result of the examination of the information presented, or of an extension of its verification, as the case may be.

By the licensing respectively exempting decision, the National Securities Commission shall establish the final form in which the offer may be published, communicated, or otherwise distributed to possible interested parties; again by decision, the National Securities Commission may establish conditions, limitations, or restrictions that shall have to be observed during the promotion of the public offer of securities.

On the date of issue of the licensing, respectively exempting decision, the visa of the National Securities Commission, referring to the decision and bearing the authorized signature shall be applied on the offer, finalized according to the preceding paragraph, two original copies being given to the offer's initiator, and one copy registered in the records of the National Securities Commission. The text of the public offer cannot be published, communicated, or otherwise distributed, nor can it be an object of publicity, unless bearing the visa of the National Securities Commission.

The licensing, respectively exempting decision, referred to on the text of the finalized offer, shall not be worth a guarantee or an appreciation in any way by the National

Securities Commission with regard to the opportunity, advantages or disadvantages, profit or risks that transactions to be concluded might present by acceptance of the public offer object of the decision; the decision only certifies the compliance of the offer with the exigencies of the law and of the norms adopted in respect of its application.

Any form of publicity inciting to acceptance of the public offer of securities, made with presentation of the offer as benefitting by the advantages or other qualities following from the licensing or exempting decision, as the case may be, invoked or otherwise mentioned contrary to the provisions of the previous paragraph shall constitute fraud by abusive or mendacious publicity, that viciate transactions proved to be motivated by such a presentation, and the National Securities Commission may dispose the withdrawal of the licence or exemption, as the case may be, granted to the offer involved, with application of civil sanctions to the persons at fault if, according to the law, the deed does not constitute a penal trespass.

Art. 30. — The validity term of the public offer of securities shall be that stipulated by the offerer, but it cannot be longer than one hundred and eighty days from the date of the visa of the National Securities Commission. Failing a contrary express mention, the public offer of securities may produce its effects from the date of publication.

At the request of the offerer, the validity of the public offer of securities may be extended once only, for a duration of not more than one hundred and eighty days from the expiry day of the initial term. The National Securities Commission shall approve the extension of the validity of the public offer of securities only if all items of information contained in the prospectus have been actualized, and among these items, a financial statement checked by an auditor, referring to a date not earlier than ninety days from the expiry of the initial term.

In case of unfavourable market conditions, the National Securities Commission may, *ex officio*, in agreement with its own regulations, grant short term extensions, not exceed-

ing fifty days, by which shall benefit all offers which are within the validity term.

A public offer of securities shall produce all its effects, if the reality, accuracy, and completeness of the information contained in the prospectus are preserved over the duration of its validity. On expiry of its validity, the public offer of securities shall become void.

Art. 31. — The National Securities Commission may dispose the suspension of the carrying out of the public offer, if, on the basis of an analysis of the market circumstances, it shall appreciate that, temporarily, these do not allow normal transactions with securities constituting the object of the offer, affecting either the protection of investors, or the legitimate interests of the offerer of titles.

The National Securities Commission shall dispose the voiding of the licensing, respectively exempting decision, if the carrying out of the public offer is made with violation of the provisions of the law, and of the regulations and instructions adopted by the National Securities Commission or with the non-fulfillment of the conditions, and non-observance of the limits or restrictions established by the decision.

The National Securities Commission may dispose the revocation of the licensing, respectively exempting decision, in the following situations:

- a) if it appreciates that circumstances subsequent to the decision cause fundamental modifications of the elements and data that have justified it;
- b) when the offerer informs the National Securities Commission that he retracts the offer which has not yet produced effects conformable to Article 30 paragraph 1.

The National Securities Commission shall annul the licensing, respectively exempting decision, if it was obtained on the basis of spurious or misleading information.

Art. 32. — The suspension of the offer's carrying out shall stop the lapse of its validity term; on abolishing or ceasing of the suspension the carrying out of the offer shall be resumed.

Transactions concluded up to the day of revocation shall remain unaffected, except those concluded under the condition of exhaustion of the offer.

The annulment of the licensing, respectively exempting decision shall deprive of effects the transactions with securities concluded up to the day of the annulment, giving rise to the restitution of the titles, respectively of the funds received by the offerers, and to the application of civil or penal sanctions, as the case may be.

CHAPTER IV Intermediation of securities

Art. 33. – The intermediation of securities as defined under Article 2 paragraph (1) of the present law shall be achieved in organized markets, set up and operating according to the licence and under the supervision of the National Securities Commission.

The intermediation of securities outside of the regulated markets or without observance of the provisions in the regulations with regard to the transparency of the market and the protection of the investors against frauds shall be null and void *de jure* drawing upon the parties, as well as on the intermediaries involved, the sanctions provided by law.

Art. 34. – The intermediation of securities shall include:

- a) the selling and buying of securities on the clients' account;
- b) the selling and buying of securities on one's own account;
- c) the guaranteeing of the placing of securities on occasion of primary or secondary offers;
- d) the transmission of the clients' orders for the purpose of their execution by other licensed intermediaries;
- e) the holding of the clients' funds and/or securities for the purpose of executing orders with regard to the respective securities;
- f) the administration of the clients' accounts of individual portfolios of securities;

g) the keeping of the clients' funds and/or securities for the purpose and in the course of the administration of their portfolios, of for other purposes expressly authorized by the regulations of the National Securities Commission;

h) the granting of credits for financing the clients' transactions within the limit of a maximum established by the National Bank of Romania with consultation of the National Securities Commission;

i) other securities intermediation activities provided in the regulations issued by the National Securities Commission.

The licence granted by the National Securities Commission to the any securities company shall mention expressly the operations the company may carry out.

Art. 35. – The intermediation of securities regulated by the present law shall be carried out exclusively by intermediaries licensed by the National Securities Commission, securities companies, in the juridical form of a joint-stock company having as its exclusive business objective the intermediation of securities.

The securities companies shall achieve their intermediation activity through natural persons, employees or exclusive representatives, acting as securities agents. These natural persons shall carry on their activity on behalf and on account of the company from which they have received transaction orders, and they may not undertake securities intermediation activities on their own name and/or account. The National Securities Commission shall establish the situations of incompatibility and the licensing procedures of agents for securities as well as the suspension regime and the consequences with regard to the withdrawal and cancellation of the licences.

Banking companies and other credit institutions subject to the supervision of the National Bank of Romania may not carry out, nor make intermediation of securities on their own account or on account of third parties. They may participate, in the terms of the present law, in

securities companies, which shall operate under the supervision of the National Securities Commission.

The National Securities Commission may license only Romanian legal persons to engage in specific activities regarding the intermediation of securities in Romania, according to the present law.

No natural persons may engage in the intermediation of securities without a licence from the National Securities Commission.

The unlicensed exercise of any intermediation activity of securities as well as any unlicensed use of the phrases „intermediation of securities“, „intermediary for securities“, „agent for securities“, or of any other analogous or similar collocation shall entail responsibility according to the law.

Art. 36. – In order to obtain the licence for carrying out intermediation of securities, the securities companies shall have to comply with the following conditions:

a) to have the intermediation of securities as their exclusive business objective;

b) to bring evidence of a minimum of subscribed and wholly paid up capital, with the obligation to maintain a minimum level of net capital, which shall be established by the National Securities Commission, as follows;

1. for the securities companies having as business objectives the operations enumerated under Article 34 paragraphs (a), (b), (d), (e), (f), (g), the sum specified as minimum subscribed and wholly paid capital;

2. for the securities companies having as business objectives the operations enumerated under Article 34 paragraphs (a), (d), (e), half the sum established under subparagraph (1);

3. for all other securities companies, three times the sum established under subparagraph (1);

c) to conform with the risk coefficients regarding assets, as they shall be established in the regulations of the National Securities Commission;

d) at least seventy-five per cent of the total assets held to be recognized as assets of the securities markets as they

shall be defined by the regulations of the National Securities Commission;

e) not to hold, itself or its significant shareholders, any participation whatsoever in another securities company. Members of the board of management or of the managing committee as well as the agents for securities of a securities company may hold shares in another securities company only if this is a public company with listed shares on a stock exchange, and only on condition that their individual and cumulated holdings shall not exceed five per cent, and respectively twenty per cent of the subscribed capital of such a securities company as well as on condition that they shall not be elected as members in the management of such a securities company.

Whenever the National Securities Commission shall license other activities connected with the intermediation of securities, according to Article 34 paragraph (i) of the present law, it shall establish the minimum level of the capital for such activities, as the case may be.

Art. 37. – The National Securities Commission shall not grant a licence for the intermediation of securities to a trading company if:

a) the trading company is in one of the stages of the bankruptcy procedure as well as in those preceding this, according to the law, or if such a procedure has been initiated against its legal predecessor;

b) the trading company was excluded from a stock exchange;

c) any of its significant shareholders, members of the board of management, management staff, or agents for securities shall:

1. be incompatible, under the situations set out under paragraphs (a) and (b) or holds such a position in a trading company being in one of the situations set out under paragraphs (a) or (b);

2. have previous penal convictions;

3. have been sanctioned by the National Securities Commission with the interdiction to exercise any profes-

sional activity regulated by the present law, for the period over which this interdiction remains in force.

Art. 38. — The National Securities Commission shall establish rules of conduct for the securities companies, and for natural persons who carry out transactions on their behalf as agents for the intermediation of securities.

The securities companies and their agents shall have the obligation to ensure the carrying out with priority the clients' orders under the best conditions existing in the market, not to compete against, nor manipulate the execution of the clients' orders, or to determine the execution of these orders under conditions of price and cost less advantageous for the clients than for the intermediary, or for an involved person.

Securities companies and agents for securities shall not be allowed to fulfill their functions and powers in situations of conflict of interests between client and intermediary.

Contractual disputes between the securities companies as well as between these and their clients may be submitted to arbitration.

Art. 39. — The securities companies shall follow uniform procedures for transactions registration, internal control machineries as well as systems of accounting and administrative organization established by the National Securities Commission.

The securities companies under Article 36 paragraph (b) sub-paragraph (3) shall present to the National Securities Commission their financial positions, at least once every month, and the securities companies mentioned under Article 36 paragraph (b) sub-paragraph (1) and (2), at least once quarterly.

The National Securities Commission may establish shorter reporting periods for specific purposes. The form and content of the periodical reports shall be established by the National Securities Commission. Supervision may also be effected by periodical inspections.

Securities companies shall submit to the preliminary licensing of the National Securities Commission any

modification in their manner of operation and organization, any increase or decrease in their capital as well as the issue of securities, notifying the National Securities Commission of any changes in the management of the company and in the holding of the registered capital.

Art. 40. — Securities companies shall be prohibited:

a) to alter artificially the free balance between supply and demand of securities by registering fictitious transactions, or by price fluctuations not based on an effective transfer of ownership on the respective securities;

b) to carry out transactions on their own account before having carried out all the clients' competing orders for securities of the same issuer;

c) to carry out transactions on the basis of privileged and/or confidential information;

d) to carry out transactions contrary to the other provisions of the National Securities Commission's regulations.

The securities companies which buy and sell according to the provisions of Article 34 paragraph (1) sub-paragraph (a) shall not charge commissions above the levels established by the National Securities Commission.

The National Securities Commission may settle freely negotiable commissions within a maximum ceiling, which may not be exceeded by intermediaries for securities.

The sharing of commissions among several intermediaries shall be regulated by the National Securities Commission.

Art. 41. — The National Securities Commission shall suspend the licence of securities companies and/or agents for securities for a period from five to ninety days in case of non-observance of the provisions of the present law or of the regulations of the National Securities Commission only if conditions for the withdrawal of the licence or for other sanctions provided by the law are not met.

The National Securities Commission shall cancel the licence if this was obtained on the basis of false or misleading information.

By the cancellation of the licence, the securities company shall be dissolved by right. By the decision of cancellation of the licence to carry out intermediation of securities, the National Securities Commission may prohibit the principal shareholders, members of the managing board, management staff, and agents for securities of the respective company to engage, either temporarily, or for an indefinite period, in the intermediation of securities or in any other activity subject to the provisions of the present law, and to the regulations of the National Securities Commission.

The National Securities Commission may withdraw the licence to carry out specific activities or any intermediation of securities in the following cases:

- a) if subsequent events create an incompatibility in obtaining a licence to carry out intermediation of securities;
- b) if the causes of the suspension were not removed within the suspension period, or, if they have been removed, their re-occurrence would meet the conditions for another suspension;
- c) if the securities companies or their agents for securities have carried out activities prohibited under Article 40;
- d) at the request of the interested parties, on condition that all claims on such a securities company should have been extinguished;
- e) for other reasons established by the National Securities Commission.

Art. 42. — Securities companies, their agents for securities and other persons professionally involved in the intermediation of securities may set up professional associations having as an objective the improvement of the professional standards of securities intermediation, the establishment and enforcing of rules of conduct and professional ethics as well as the organization and operation of reporting and public broadcasting systems of information with regard to securities transacted by them outside the stock exchanges.

The National Securities Commission shall adopt regulations with regard to the setting up licence, association con-

tract as well as the supervision of licensed associations. The National Securities Commission may delegate competences of self-regulation to licensed professional associations.

Art. 43. — To the extent in which they do not contravene the provisions under Article 33, direct transactions with regard to securities regulated by the present law shall be permitted if:

- a) the parties are spouses or relatives or in-laws up to thrice removed, or legal persons controlled by such persons, on condition that the activity of the respective legal persons should not be subject to the regulations of the present law;
- b) none of the parties to a private transaction is, or, as a result of such a transaction, shall become a significant shareholder, according to Article 2 paragraph (c);
- c) the private transactions with securities of any issuer, and which involve any natural or legal person, shall not exceed, over a period of twelve months, a number of securities equivalent to one per cent of the total of the respective securities in circulation;
- d) the transactions are registered within three working days with the National Securities Commission and if the securities are listed at a stock exchange, they are registered with the latter.

Transactions concluded otherwise than by public offer, in which one of the parties is a securities company, a significant shareholder, a member of the board, of management, or of the managing staff, an agent for securities as well as an investment counsellor or an auditor of a securities company, shall be prohibited.

CHAPTER V The stock exchange

Section 1 Setting up, supervision, organization, and administration of stock exchanges

Art. 44. — Stock exchanges shall be set up as public institutions by decision of the National Securities

Commission, and they shall be invested with legal personality, being qualified to receive donations, legacies, and subventions.

The National Securities Commission shall decide the setting up of stock exchanges only after at least five securities companies requested and received the licence of negotiating on the stock exchange.

By the setting up decision, the National Securities Commission shall establish the seat of the stock exchange, assign the premises in which it will operate and allocate the initial means for constitution, set terms for the formation of the management and administrative bodies, and appoint the commissioner-general of the stock exchange.

The resources for the initial material endowments, for the opening and operation of the stock exchanges in the first year of activity shall be allocated from the state budget, on the basis of a proposition forwarded by the National Securities Commission.

The resources provided under the previous paragraph shall be recovered by the National Securities Commission from the stock exchange, beginning with the third year of operation of the respective stock exchange, within a term of three years, and the recovered sums shall be paid by the National Securities Commission to the state budget.

The decisions of the National Securities Commission for the setting up of stock exchanges shall be published in the *Monitorul Oficial* (Official Gazette of Romania).

Art. 45. – The supervision and control of the stock exchange, both with regard to administration and operation as well as the regime of operations and the discipline of the securities companies and of agents for securities shall be exercised directly and permanently by the commissioner-general of the stock exchange, who shall supervise the strict and integral observance of the provisions of the present law, of the regulations given in its application, and of the stock exchange regulations.

The commissioner-general of the stock exchange shall be appointed by the National Securities Commission for a mandate of five years, and may be reinvested by succes-

sive mandates. The eligibility conditions, incompatibilities, and impediments with regard to the office of commissioner-general shall be those provided by the present law for the members of the National Securities Commission.

In case of impossibility to continue the mandate for reasons of incompatibility, legal impediment, demise or resignation, the National Securities Commission shall designate another commissioner-general for a new mandate.

The office of commissioner-general of the stock exchange shall be assimilated to that of director general in the National Securities Commission.

The commissioner-general may be revoked by the National Securities Commission and shall be disciplinarily accountable before it.

Art. 46. – In exercising the supervision and control of the stock exchange, the commissioner-general shall:

a) participate, without having a voting right, in all meetings of the stock exchange association being permitted to formulate observations and objections, and to request their recording in the minutes of the meeting;

b) assist at the meetings of the stock exchange committee, being permitted to formulate observations and objections, and to request their recording in the minutes of the meeting;

c) supervise stock exchange operations, having free access to all precincts, documents, information, and records of the stock exchanges;

d) transmit to the National Securities Commission his findings with regard to the infringement of the provisions of the law, of the regulations given in its application, and of the stock exchange regulations, proposing measures to be taken, and sanctions to be applied by the National Securities Commission;

e) propose to the National Securities Commission the cancellation of the acts of the stock exchange committee, respectively of the director general of the stock exchange, when they are appreciated as being contrary to the present law, or to the regulations adopted for its application; if it considers necessary, the National Securities Commission

shall notify the stock exchange committee, respectively the director general of the stock exchange in respect of notification served by commissioner-general, suspending the challenged acts as from the date when the notification was received; the National Securities Commission shall decide within five working days after the submission of the case to the commissioner-general, by voiding or confirming the challenged acts, the solution being immediately notified to the stock exchange committee, respectively to the director general. In absence of a decision of the National Securities Commission within this term, the challenged acts shall remain final and executory;

f) draw up and transmit to the National Securities Commission the quarterly report on the activity of the stock exchange.

Art. 47. — Stock exchanges shall provide the necessary means for the fulfillment of the commissioner-general's powers.

Art. 48. — By a decision notified to the stock exchange committee, the National Securities Commission may delegate to the commissioner-general the exercise of one or more of its powers of intervention, investigation, and interdiction conferred on it by law.

The delegated power exercising acts shall be communicated by the commissioner-general to the National Securities Commission, which may *ex officio* and discretio- narily reform, revoke, or void them, after hearing the commissioner-general. Likewise, the commissioner-general shall communicate to the director-general of the stock exchange the acts adopted in exercising the delegated powers.

The power delegation provided under paragraph 1 may be revoked by the National Securities Commission only after hearing the commissioner-general.

Art. 49. — Within the framework of each stock exchange shall be instituted a stock exchange association, which shall operate according to the provisions of the present law and of the statute, which it shall adopt at its first gene-

ral meeting, submitting it to the approval of the National Securities Commission.

The stock exchange association shall be formed and operate on the basis of the community and complementarity of interests of its members with regard to the good administration of the stock exchange, and to the ensuring the continuous, orderly, efficient, equitable, and transparent execution of the transactions with securities listed on stock exchange, under adequate conditions of protection of the investors.

Members of the stock exchange association shall be the securities companies licensed to negotiate in the respective stock exchange.

Art. 50. — The membership of the stock exchange association shall be acquired at the date of registration in the register of associates of the interested securities company, on the basis of the licence to deal on the stock exchange.

The membership of the stock exchange association shall cease by the member's withdrawal, or by revocation of the licence to deal on the exchange, and shall come into effect on the date of the erasure from the register of associates operated at the notification of the member's withdrawal, or revocation of the licence to deal on the stock exchange.

Art. 51. — The stock exchange association shall hold ordinary general meetings twice a year; extraordinary general meetings can be called together whenever necessary, at the request of a least one third of the total number of members of the association, or of the stock exchange committee.

The general meeting shall be regularly constituted in presence of one half plus one of the total number of members of the association; if, at the first convocation, this quorum is not formed, a new general meeting shall be called for a date at least ten days after that at which the quorum was not formed, this meeting being regularly constituted and its proceedings valid with any number of members present. Participation in the general meeting shall also be possible by representation by a member present, on condition that the total number of members represented be not greater than the number of members present.

Art. 52. – In the general meeting of the stock exchange association each member shall have one vote.

Decisions shall be taken with an absolute majority of the votes of the members present and represented.

Except the general constitutive meeting, members who are not up-to-date with the payment of their membership dues shall not be able to exercise their voting right in the general meeting.

Art. 53. – The membership dues quota shall be established yearly and paid up entirely, regardless of the date when, in the course of a calendar year, the membership of the stock exchange association has been acquired or lost.

The regime of the dues quota shall be established through the statute of the stock exchange association.

Cessation of the membership of the stock exchange association according to Article 50 paragraph 2 shall not exempt from the payment of the dues for the current year.

To cover the expenses necessary for their working, stock exchanges may, through their internal regulations, establish tariffs on admittance of companies' titles for listing.

Art. 54. – The general meeting of the stock exchange association shall have the following powers:

a) to adopt and modify the regulations of the association, on condition of their approval by the National Securities Commission;

b) to elect members in the stock exchange committee;

c) to approve the budget of the stock exchange, presented by the stock exchange committee;

d) to approve the balance sheet of the stock exchange, presented by the stock exchange committee, and accompanied by the auditors' report;

e) to designate three auditors of the stock exchange for a mandate of five years, submitted to the regime established in chapter VII of the present law;

f) to designate the persons to be entered on the list of arbitrators of the chamber of arbitration of the stock exchange;

g) to adopt proposals with regard to the working of the stock exchange, which it shall forward to the stock exchange committee.

Art. 55. – The management of the stock exchange shall be entrusted to the stock exchange committee, elected by the stock exchange association for a mandate of five years and composed of five to nine members.

If the number of members of the stock exchange association exceeds the figure nine, the general meeting shall be convoked forthwith, which, by a majority of two thirds of the total number of members of the stock exchange association shall elect a new stock exchange committee composed of nine members. If, at the first convocation the quorum is not formed, the provisions under Article 51 paragraph 2 shall be applied. The stock exchange committee thus elected shall continue to exercise its mandate irrespective of the increase or decrease in the number of members of the stock exchange association; it may be revoked only *in corpore* by the general meeting with a majority of two thirds of the total number of members of the stock exchange association, likewise under the conditions of the present paragraph.

When the number of members of the stock exchange association sinks below five by withdrawal or revocation of the licence for negotiation on stock exchange, the commissioner-general of the stock exchange shall inform the National Securities Commission, which shall decide the continuation of the working of the respective stock exchange or its dissolution, taking into account the situation of the securities market, the interests of the issuers and investors.

Art. 56. – Members of the stock exchange committee, designated according to Article 55, must be validated individually by the National Securities Commission before beginning the exercise of the mandate. In case of invalidation of a designated member, another person shall be designated according to the provisions under Article 55 paragraph 2.

Members of the stock exchange committee must be Romanian citizens, residing permanently in Romania, at least thirty years old with at least five years' professional practice and knowledge in the fields of economy, finance, banking, business, or law. They shall have to enjoy a good civic reputation and moral integrity.

Members of the stock exchange committee may not hold any public office, except that of member of a university teaching staff and of scientific investigator in the domain, and they may not be members of the committee of another stock exchange.

In case of the appearance of a situation of incompatibility or of a legal impediment, of a final impossibility to exercise the mandate, or in case of vacancy of the post, the stock exchange association or its entitled member, as the case may be, shall designate another person, who shall be validated by the National Securities Commission to exercise the mandate up to its expiry.

Art. 57. – After their validation, members of the stock exchange committee shall elect from among themselves a chairman and two vice-chairmen. The chairman shall be the representative by right of the stock exchange as a public institution; in case of unavailability of the chairman, the legal representation of the stock exchange shall devolve upon the oldest of the vice-chairmen.

The stock exchange committee shall meet at least once every month, and it shall deliberate validly in presence of the majority of its members.

The meetings shall be chaired by the chairman, and in case of unavailability by one of the vice-chairmen. Decisions shall be adopted by a majority of votes of the stock exchange committee members, each member having one vote.

Art. 58. – The stock exchange committee shall have the following powers:

- a) to appoint and dismiss the director general of the stock exchange;
- b) to adopt and modify the stock exchange organization and working regulations;

c) to adopt and modify the regulations with regard to stock exchange operations;

d) to adopt the draft budget of the stock exchange, which it shall submit to the approval of the stock exchange association;

e) to present and submit to the approval of the stock exchange association the balance sheet together with the auditors' report;

f) to settle the levels and ceilings of the commissions and tariffs to be practised in the stock exchange;

g) to settle the guarantees to be constituted by intermediaries in the stock exchange and their agents in order to ensure the complete liquidation at maturity, according to operation kind, of transactions with securities negotiated on the stock exchange as well as the utilization and reconstitution regime of the respective guarantees;

h) to watch over the observance of the legal provisions, of regulations of the National Securities Commission and of the stock exchange regulations by intermediaries in the exchange and their agents as well as by the stock exchange staff as a whole disposing adequate measures.

Art. 59. – All stock exchange regulations mentioned under Article 58 paragraphs (b) and (c) as well as their modifications shall come into force after their approval by the National Securities Commission.

Art. 60. – The administration of the stock exchange shall be entrusted to the director general, appointed for a five years mandate by the stock exchange committee.

The appointment and the dismissal, as the case may be, of the director general shall be decided by a majority of two thirds of the votes of all the members of the stock exchange committee and shall come into effect on the date of their confirmation by the National Securities Commission.

The director general of the stock exchange shall have the status of a public servant with powers involving the exercise of public authority.

The conditions of eligibility for the office of director general shall be those provided under Article 56 paragraph 2, with those set out in the law for public servants added.

The director general, his/her spouse, or their relatives in the sense of Article 2 paragraph 1 sub-paragraph g) of the present law cannot be shareholders in a securities company, nor managers, members of the managing staff, or agents for securities of such a company; at the same time, in relation to such persons, they must not be related in the sense of Article 2 paragraph 1 sub-paragraph g).

Art. 61. — In case of temporary unavailability the director general shall be replaced as stipulated in the organization and working regulations of the respective stock exchange.

In case of incompatibility, legal impediment, final impossibility to exercise the mandate, or vacancy of the post, the stock exchange committee shall appoint another person to be confirmed by the National Securities Commission to exercise the office of director general for the remaining duration of the mandate.

Art. 62. — The director general shall be the legal representative of the stock exchange as a legal person, before public authorities and in relations with Romanian and/or foreign natural and legal persons.

By his signature, the director general shall engage patrimonially the stock exchange as a legal person.

The director general shall have and exercise the competencies of administration of the stock exchange, those of hiring the staff, of organizing and working of the respective stock exchange included, adopting acts and establishing adequate measures for the observance and application of the norms of the National Securities Commission with regard to stock exchanges and the regulations of the exchange.

Documents including data and information with reference to the stock exchange, the declarations, communiqués, attestations, petitions, contestations, notifications, renunciations to the rights, and similar acts made in the

name of the stock exchange as a legal person shall have to be signed by the director general.

Documents establishing situations or facts with regard to the stock exchange, its patrimonial engagements or rights, and bearing the director general's signature shall be opposable to third parties and have the proving force of authentic acts; their content can be denied only by the procedure of proving them false.

Art. 63. — The staff employed by stock exchanges shall have the legal status of public servants.

Art. 64. — A stock exchange shall acquire legal personality on the date of confirmation by the National Securities Commission of the director general of the respective stock exchange.

The suspension of the activity of a stock exchange or its dissolution may be decided only by the National Securities Commission.

By the dissolution decision of a stock exchange, the National Securities Commission shall also designate its liquidators, which may conclude only juridical acts, and dispose only the operations necessary for the patrimonial liquidation of the stock exchange dissolved.

The net proceeds of the liquidation shall be taken over by the National Securities Commission, and appropriated to the purposes assigned to it by the present law, inclusive to another stock exchange it might set up.

The legal personality of the dissolved stock exchange shall cease on the date of registration of the liquidation balance sheet with the National Securities Commission.

Section 2

Stock exchange operations

Art. 65. — Stock exchange operations shall be all negotiations on stock exchange during exchange meetings, and which shall be registered according to the regulations of stock exchange operations.

Any regularly made and registered stock exchange operation shall be an act of trade giving rise to a valid obligation, to which cannot be set off the exception of gaming.

The regime of stock exchange operations with regard to elements, form, machinery, conditions, effects, terms, liquidation and registration shall be established by classes in the regulations of stock exchange operations.

Art. 66. — Only securities companies members of the stock exchange association may negotiate and conclude transactions on stock exchange, through their regularly licensed agents.

In order to grant a licence for negotiation on stock exchange the National Securities Commission shall verify the fulfillment by the soliciting securities company of the requirements established by the regulations of the National Securities Commission, and of the specific ones from regulations of the stock exchange for which the licence is requested as well as the observance of the following conditions:

a) to hold a valid licence as securities company, and to carry on only the activities provided in the licence;

b) not to have lost the membership of the stock exchange association for reasons imputable to it, nor be successor to a securities company that has lost for reasons imputable to it the membership of a stock exchange association;

c) that none of its principal shareholders, the members of the board of management, of the management staff, or its agents for securities should have held one of these positions in a securities company, which shall have lost for reasons imputable to it the membership of a stock exchange association;

d) that the companies or persons mentioned under subparagraph c) should not have been declared bankrupt, and that none of these persons should have been convicted for a criminal charge.

If, after the licence for negotiation on stock exchange has been delivered, the commissioner-general of the stock exchange or the director general of the stock exchange shall find out that a securities company did not, wittingly or out of ignorance, fulfill the conditions provided under paragraph 2 at the date when the licence was granted,

access to the exchange of the respective company shall be prohibited, and the situation shall be immediately communicated to the National Securities Commission, which shall dispose the suspension of the licence until the situation shall have been regularized, in case this should be still possible, and if not, the withdrawal of the licence for dealings on stock exchange.

In the cases provided under the previous paragraph, The National Securities Commission shall also apply the sanctions established by its regulations, if it should consider it necessary.

If a securities company should fall under the situation of non-fulfillment of the conditions provided under paragraph 2 for circumstances subsequent to the granting of the licence for negotiation on stock exchange, whether imputable or not to the respective company, the procedure to be followed shall be that provided under paragraphs 3 and 4.

When the situations provided under paragraphs 3 and 5 shall have been caused by an agent of the securities company licenced for negotiation on stock exchange, its access to the exchange shall be prohibited and the licence suspended, according to the same paragraphs; and the National Securities Commission shall order the discharge of the respective agent and the appointment of another agent, whilst from the day of the discharge the interdiction of access shall cease and the suspension of the licence for negotiation on the exchange shall be removed.

Art. 67. — The licence for negotiation on exchange shall grant to the titular securities company the right to negotiate and conclude transactions of any class, from among those admitted and practiced according to the regulations of the respective stock exchange, if exclusions or limitations of operations are not expressly provided in the licence, and if the procedures established by the regulations of the exchange include special provisions for the protection of investors, especially by transparent and equitable transactions, the best possible conditions for clients, with avoidance of situations of conflicting interests and

prohibition of activities enhancing the benefits of intermediaries to the clients' detriment.

Art. 68. – If the licence for dealing on stock exchange fails to mention by name the agents for securities who shall carry out stock exchange operations under the name and on the account of the titular securities company, or if the titular company discharges an agent and hires another, the titular company shall have to obtain the approval of the National Securities Commission for each agent hired by it and to ask his registration with the stock exchange.

In exercising their prerogatives, the commissioner-general and the director general of the stock exchange may prohibit agents for securities the access into the exchange in the situation of non-observance of the provisions of the law, of the regulations of the National Securities Commission, and of the provisions of the stock exchange regulations.

Art. 69. – Ceasing of the membership of the stock exchange by renunciation to the licence for dealings on stock exchange, or by its withdrawal by the National Securities Commission shall not affect the obligations resulting for the respective securities company from the transactions concluded on its own account or on account of its clients.

Art. 70. – Over the duration of the suspension by the National Securities Commission of the activity of a stock exchange conformably to Article 64, transactions with securities shall no longer be negotiated, and those already concluded shall be settled at the established terms.

As from the date of the dissolution decision of a stock exchange according to Article 64, transactions with securities shall no longer be negotiated, and the negotiation orders registered by the intermediaries and not yet carried out up to that date shall become void, giving rise to the restitution of the deposits of titles and sums of money, respectively of the commissions cashed; transactions concluded up to that date shall be liquidated at their terms, the

intermediaries being held liable according to the contracts concluded with their clients.

Art. 71. – Only securities listed on stock exchange shall be accepted as the object of stock exchange transactions. From this rule shall be excepted transactions disposed by judgments and those determined by regulations of the National Securities Commission.

Stock exchanges may approve for listing only securities registered at the Securities Record Office.

The acceptance for listing of an issue of securities shall extend over all securities of the same type or class of the respective issuer, which are in circulation at the registration date.

Titles mentioned under Article 3 paragraphs 1 and 3 shall by right be listed on reception by the stock exchange of the respective issue document.

Acceptance of all the other securities registered with the Securities Record Office shall be at the discretion of the stock exchange.

The procedure and conditions of approval for listing shall be established by the stock exchange regulations approved by the National Securities Commission, adapted as much as possible to those established internationally.

Art. 72. – Listed securities on the stock exchange shall make the object of withdrawal from listing at the same time as the striking off their registering at the Securities Record Office.

The stock exchange committee may dispose the withdrawal from listing if it shall appreciate that an orderly market of the respective securities can no longer be maintained or restored.

The decision of withdrawal from listing on stock exchange of some publicly offered shares or other securities bearing claims on the issuer shall be made with the approval of the National Securities Commission.

Art. 73. – Shares and other transferable securities incorporating the right to a claim on the issuer, and which are listed on the stock exchange may be negotiated only by

securities companies members of the stock exchange association, and only in the stock exchange.

Listed securities other than those provided under paragraph 1 may also be negotiated on other supervised markets, but by securities companies other than those which are members of the respective stock exchange.

Companies members of the stock exchange association shall be obliged to notify to the stock exchange all their transactions with securities.

Art. 74. — The director general of the stock exchange may suspend the negotiation in securities of a certain issuer if, for lack of adequate information with regard to the issuer or the respective securities, or for other well-founded reasons, he/she should appreciate that the maintenance of an orderly market for those securities is impossible.

Art. 75. — All transactions with listed securities and carried out by licensed companies shall compulsory be settled by the settlement system of the stock exchange, if a centralized compensation and settlement system of transactions with securities is not in operation.

Settlement procedures shall be established by the stock exchange regulations.

Art. 76. — For transactions having as an object securities declared as stolen, lost, or destroyed the following rules shall be applied, as the case may be:

a) if the negotiation shall have taken place before publication of the theft, loss, or destruction, the buyer may claim the reimbursement of the price of the titles through his intermediary; if the intermediary declares the ordering seller, he/she shall be discharged of responsibility;

b) if the negotiation shall have taken place after publication of the theft, loss, or destruction, the intermediary shall be liable for the reimbursement of the value of the negotiated titles.

The intermediary shall have the right to regress against the seller according to common law, and the appreciation of the good faith shall be made from the rules of the maximum diligence in business.

The rules provided under paragraphs 1 and 2 shall also apply with regard to faked titles, the publication having as an object the declaration of the fake.

Art. 77. — The disputes between intermediaries, between securities companies and their agents, between agents, and those between clients and intermediaries may be submitted for settlement to the Arbitration Chamber of the stock exchange.

The National Securities Commission shall adopt the Arbitration Chambers' procedural Regulations.

In order that a dispute might be submitted to arbitration, an arbitral convention of the parties is necessary, either in form of a compromise clause, or in form of a compromise.

Failing an express contrary stipulation in the arbitration convention, the parties shall be considered to have accepted the Arbitration Chamber's procedural Regulations.

Art. 78. — The parties may resort to an *ad-hoc* arbitration, in which case the arbitration convention shall have to include, under sanction of nullity, provisions regarding the composition of the instance and the arbitral procedure.

By express clauses in the arbitral convention, the parties may invest the arbitral instance to settle the difference in equity and it may dispense it from motivating the arbitral sentence, whether it is a question of an institutional arbitration or an *ad-hoc* arbitration.

Both in the arbitration organized by the Arbitration Chamber, and in the *ad-hoc* arbitration, the provisions of Book IV of the Code of civil procedure shall apply.

CHAPTER VI

The protection of investors

Art. 79. — Investors shall have the right of access to certain, correct, sufficient information and made public at the convenient moment with regard to securities, their issuers, and their activity in the market.

The National Securities Commission shall elaborate adequate regulations for investors to have equal access to the

mentioned information, and shall impose their observance on intermediaries and other participants in the market.

Art. 80. – The minimal information that the offer prospectus of securities shall have to include, as well as the supplementary information required by the National Securities Commission, if such be the case, whether they shall refer to issuers, to the securities, or to the holders of titles, shall be established by instructions adopted by the National Securities Commission, and when this information is not among that subject to a legal obligation of publication or registration, investors shall have access to it under the terms established by regulations of the National Securities Commission.

Art. 81. – Issuers of shares or other securities offered to the public, registered with the Securities Record Office shall distribute an annual report to investors in their securities by publication and other adequate means, at a date previous to the shareholders' general meeting.

Art. 82. – The annual report shall compulsory include the activities of such an issuer, together with the financial statements, elaborated on the basis of the application of generally accepted accounting principles, and checked by independent external auditors registered with the National Securities Commission.

The minimum content, form, and publishing term of the annual report shall be established by the National Securities Commission.

The issuers of securities registered with the Securities Record Office shall have the obligation to elaborate, present, distribute, and publish half-yearly non-certified reports, within forty-five days after the semester closing date.

The National Securities Commission may regulate the elaboration, presentation, distribution, and publication of certain quarterly financial situations and reports.

Art. 83. – Issuers of shares or other securities offered to the public, registered with the Securities Record Office shall be obliged immediately to inform investors about the appearance of important events.

In the meaning of the present law, an *important event* shall be the appearance of any circumstance concerning one or more issuers of securities or referring to one or more issues or types of securities which, being made public, might exercise a significant influence on the price or on another aspect of the evolution in the market of the respective securities.

The National Securities Commission shall establish the rules to be followed for the carrying out of such an information.

If such an information cannot be given immediately without the risk of significant unfavourable consequences for the issuer, the National Securities Commission shall be informed, and it shall take the necessary measures for the purpose either of maintaining an orderly market of the respective securities, or of suspending their negotiation until such a publication can be made.

Art. 84. – Until the information referred to under Article 83 shall not have been given to the investors, that information shall be privileged and/or confidential.

Art. 85. – In the meaning of the present law, any person shall be considered holder of confidential information or initiated to it if that person:

a) has access to information:

1. as a member of the supervision or management structure, or of any similar entity of the issuer;
2. over the duration of his employment by the issuer, or over the duration of his professional activity in the issuer's service;
3. as investor in the issuer's securities;

b) has access to such information owing to a position, or relation identical with those under paragraph a) with a legal person having itself access to such information;

c) has obtained such information from any of the above-mentioned persons, or in any other way.

Art. 86. – No person in the situation of holder of confidential and/or privileged information shall turn to good account the respective information, nor make it public, or

facilitate its publication to its own advantage or that of third parties.

The National Securities Commission shall issue regulations with regard to the application procedure of interdictions with reference to the unlawful use of confidential and/or privileged information.

Art. 87. — The National Securities Commission shall establish the form and content of the records of transactions at all securities companies as well as their turning to good account, by means of information distributed clearly and in time to investors and stock exchanges inclusive.

The National Securities Commission may delegate to the stock exchange competences for the application and enforcement of these regulations upon member companies.

The National Securities Commission may delegate to the stock exchange competences with regard to the transactions of securities companies non-members of the stock exchange.

Art. 88. — Any person who, acting directly or indirectly, individually or conjointly, and in connection with third parties, shall acquire or hold, and, under the provisions of the present law, became the holder or owner of shares bearing voting right, or of securities conferring rights to such shares, which, cumulatively represent five per cent or more of the total number of voting rights of the respective issuer, according to Article 2 paragraph 1 sub-paragraph c), shall inform the National Securities Commission, and, if the securities are listed in a stock exchange, shall also inform the respective stock exchange within two days after the date when the transaction shall have been carried out.

The natural or legal person to which paragraph 1 refers shall inform the National Securities Commission, and also the stock exchange, if such be the case, about any transaction of acquisition or alienation of an issuer's securities as long as the position held represents five per cent or more of the voting rights as well as, if, as a result of the transaction, such a natural or legal person shall cease to hold five

per cent of the voting rights in the issuer's general meeting.

The National Securities Commission shall establish regulations with regard to the supervision of the observance of the reporting and publicity requirements.

Art. 89. — A person who, directly and alone or conjointly and in connection with other persons shall intend to acquire securities under the provisions of the present law, and who, together with those already held or owned, would confer a controlling position on the issuer shall make a public offer for the acquisition of these securities.

The person who, directly and alone or conjointly and in connection with others, intends to acquire securities regulated by the present law, and who, together with those already held or owned, would confer on that person or group of persons a majority position in the issuer's general meeting shall make a public offer to buy all of the respective issuer's shares still in circulation.

Art. 90. — The natural or legal person who shall intend to acquire securities by public offer according to the provisions under Article 89, shall previously solicit a licence from the National Securities Commission.

The National Securities Commission shall condition the issue of the licence by the presentation of guarantees that the offerer or offerers shall respect equality for all shareholders of the issuing company.

The National Securities Commission shall establish criteria that must be respected for the licensing and the procedure to be followed up in the execution of the take-over requests.

If the offers provided under the previous paragraph concern petitions for listed securities, these shall be carried out in a stock exchange.

Art. 91. — The National Securities Commission shall issue regulations with regard to the ambit, content and form of presentation of the issuer's information as well as the publicity of the take-over conditions, the guarantees constituted by or on the offeror's account, the right to a counter-offer as well as provisions concerning the proportional execution of

the excess offer, insuccess or withdrawal of the take-over requests, the specific conditions under which these shall take place as well as other administrative aspects.

CHAPTER VII External auditors

Art. 92. — The financial statements of all issuers of securities found under the provisions of the present law as well as of any legal person subject to the licensing, supervision, or control by the National Securities Commission shall be elaborated in conformity with the accounting principles and in agreement with the specific requirements established by the regulations of the National Securities Commission.

Art. 93. — The annual financial statements shall be verified and certified by independent external auditors.

The independent external auditors shall be obliged to register themselves with the National Securities Commission.

Art. 94. — The National Securities Commission shall establish the incompatibilities and conditions to be fulfilled for the registration of independent external auditors, drafting norms of conduct for such auditors, and defining their responsibilities in the performance of specific services, the provisions for the administrative sanctioning of auditors, their suspension in case of non-observance of the law and regulations, or of the norms included in the rules of conduct and professional integrity, and the cancellation of their registration with the National Securities Commission included.

Issuers and other legal persons subject to the licensing, supervision, or control of the National Securities Commission may contract freely the professional services of auditors lawfully registered with the National Securities Commission.

CHAPTER VIII Investment advisers

Art. 95. — The performance of professional advisory services concerning investments in securities, to the public,

by any natural or legal person, shall be made only subject to an authorization granted by the National Securities Commission.

The National Securities Commission shall establish the conditions for obtaining the licence.

Art. 96. — The licensed performance of investment in securities advisory services shall include the analysis of securities, portfolio selection services, estimation services as well as publishing activities.

The performance of these services shall exclude the acceptance, processing, execution, and settlement of clients' orders of acquiring and alienating securities, the holding of money availabilities or securities on the clients' account included.

Art. 97. — By its regulations regarding the performance of investment in securities advisory services, the National Securities Commission shall:

a) formulate rules of conduct and define the levels of professional qualification for the performance of such services;

b) stipulate sanctions, the suspension and voiding of the respective licence included, in case of non-observance of the legal requirements, of those in the regulations of the National Securities Commission, or of those in the rules of conduct and professional integrity;

c) establish procedures and systems for investment advisers, with regard to their supervision, inspection, and reporting.

CHAPTER IX Securities collective depositing and compensation systems

Art. 98. — The settlement of transactions with securities, the safeguarding of securities, the transfer of the property rights on them, and the securities payment and registration services as well as any connected operations shall be performed by licensed legal persons.

The legal persons specialized in the performance of the operations provided under paragraph 1 shall be set up

with the previous licensing of the National Securities Commission after examination of the company's contract, of the statute, and of their internal regulations. Any modifications made in the constitutive documents or internal regulations must have the endorsement of the National Securities Commission.

Compensating activities of transactions with securities, and depositing activities of securities shall be achieved under supervision by the National Securities Commission.

Art. 99. – Legal persons having as business objectives the activities provided under Article 98 paragraph 1 shall be incorporated as trading joint-stock companies.

The minimum subscribed capital and the minimum paid up capital of collective securities depositing and compensating companies shall be established by regulations of the National Securities Commission, and they shall be divided exclusively into registered shares.

Shareholders of collective securities depositing and compensating companies can be banks and other credit institutions regulated by Law No. 33/1991, stock exchanges, licensed securities companies, insurance companies, securities issuing trading companies regulated by the present law as well as other legal persons established by the National Securities Commission.

The National Securities Commission may establish maximum percentages of shareholdings in a securities collective depositing and compensating company, both for each separate holder, and for the same sector of activity.

Art. 100. – Securities collective depositing and compensating companies shall adopt a management structure that should ensure operational and administrative independence against the potential competing interests of the shareholders of the respective companies.

Art. 101. – Securities collective depositing and compensating companies shall carry out operations with securities received in deposit through depositing and compensating agents according to the contracts concluded with them.

Collective depositing and compensating agents may be stock exchanges, securities companies, banks and other

credit institutions regulated by Law no. 33/1991, insurance companies as well as any other person licensed by the National Securities Commission to this end.

Art. 102. – The internal regulations and operational procedure shall ensure adequate levels of confidentiality and protection of data from the investors' accounts.

Securities deposits opened on behalf of depositing and compensating agents shall have to be recorded in such a way that a clear difference should be made between securities held on the depositing and compensating agent's account and those held on the account of third parties.

Depositng and compensating agents shall have the obligation to hold individualized securities subaccounts on behalf of their clients. The identity and structure of these accounts shall be strictly confidential to the depositing and compensating company towards any person except deliberate requests of lawful authorities or in case of injunctions by judgments or ordinance of the National Securities Commission.

CHAPTER X Responsibilities and sanctions

Art. 103. – Infringement of the provisions of the present law and of the regulations adopted in respect of its application shall be sanctioned disciplinarily or administratively, as the case may be, by the National Securities Commission.

Art. 104. – The following deeds shall constitute contraventions, unless according to the conditions under which they were carried out, they are not provided by the criminal law as penal trespasses:

a) non-observance of the provisions with reference to the methods of carrying out the public offer provided under Article 24 paragraph 3 and Article 25;

b) non-observance of the provisions under Article 29 paragraph 4 with regard to the value of the licensing decision, respectively the granting of an exemption for the public offer of securities;

c) negotiation, claiming or sharing of commissions for the intermediation of securities under conditions different from those provided in the regulations of the National Securities Commission;

d) keeping of records by securities companies under conditions different from those provided by the law or by the norms adopted in respect of its application;

e) non-observance of the financial statements certifying obligations according to Article 93, or their certification by unlicensed persons;

f) the unlicensed performance of any activities for which the present law provides the obligation of obtaining a licence from the National Securities Commission;

g) non-observance of the regime established by the provisions of the law and the regulations of the National Securities Commission for the privileged, and for the confidential information.

Art. 105. — The act of committing on purpose or by fault, by commission or omission of one of the contraventions established under Article 104 shall be sanctioned with:

a) a fine;

b) the withdrawal of the licence;

c) voiding of the licence;

d) temporary or final interdiction, for natural or legal persons, of the securities intermediation for one class, for some or for all classes of operations which it includes.

The sanction with fine may be applied cumulatively with any of the sanctions provided under paragraph 1 subparagraphs b) to d).

The sanction of withdrawing or voiding the licence shall be applied cumulatively with the temporary or final interdiction to practice the intermediation of securities.

Art. 106. — The commitment of the contraventions provided under Article 104 shall be ascertained by agents empowered to this end by the National Securities Commission.

The National Securities Commission may delegate to the agents provided under paragraph 1 the power to apply

only the fining sanction under the terms and within the limits established by its regulations.

On receiving the finding documents of its agents, the National Securities Commission may dispose the extension of the investigations, the taking of conservation measures, and the hearing of the related persons.

The sanctioning decision shall be signed by the chairman of the National Securities Commission, and it shall produce effects from the date of its notification to the sanctioned person.

Art. 107. — At the individualization of the sanction, the circumstances, personal and real, of the commitment of the deed, and the offender's conduct shall be taken into account.

In case of repeated commitment, over a period of three years, of one of the contraventions provided under Article 104, or in case of the commitment of the contravention by a person convicted, over a period of three years, previous to its finding, of another contravention from among those provided under Article 104, the maximum of the fine provided for this former contravention shall be applied cumulatively with the sanction provided for the last contravention committed.

In case it shall be found that two or more contraventions that have to be sanctioned shall have been committed, the maximum fine provided for each one of them shall be applied.

For the contraventions committed in the terms of paragraphs 2 and 3, the application of the provisions of paragraph 1 shall be made only with regard to the establishment of the duration of the interdiction to exercise the intermediation of securities.

Art. 108. — The limits of the fines shall be established as follows:

a) from nought point one to one per cent of the paid up capital, depending on the gravity of the deed committed;

b) from nought point one to one per cent of the paid up capital for each day exceeding the terms established by law or by the regulations of the National Securities Commission

for the presentation, publication, registration, or reporting of statements, information and documents;

c) from one to three per cent of the paid up capital in case of the drawing up and presentation of false, incomplete, or inaccurate financial statements or other reports or publications;

d) between the half and the whole value of the transaction, or from the whole to the double amount of the profit obtained or of the loss avoided by the transaction achieved with commitment of the contravention provided under Article 104 paragraph g), the highest sum having to be applied when double the profit obtained or loss avoided is larger than half the value of the transaction.

When the fine shall be applied to natural persons, its limits shall be established from one hundred thousand to one million lei.

Art. 109. — In case of a sanction with fine, the provisions of Articles 25 and 26 of Law No. 32/1968 with regard to the establishment and sanctioning of contraventions shall not be applied.

Art. 110. — The National Securities Commission may sanction with written or published warning the deeds committed by fault, which did not cause significant patrimonial damages or prejudices of another kind to the natural or legal persons coming under the provisions of the present law or to the protection of investors, if such deeds are not committed in the terms of Article 107 paragraphs 2 or 3.

Art. 111. — Interdiction of exercising intermediation of securities for a period of minimum five years shall also be applied on voiding of the licence.

Art. 112. — In case of the sanctioning of legal persons, the National Securities Commission may apply sanctions at the most equal in gravity, for the respective contravention, also to the natural persons to whom the respective contravention is imputable as managers, lawful representatives, or exercising *de jure* or *de facto* management offices, or as professionals in the intermediation of securities, or in other activities regulated by the present law, because,

although they could and should have to prevent its commitment, they failed to do so.

The natural persons provided under paragraph 1 shall also be kept liable to the repair of the patrimonial prejudices caused by the contravention constituting deed. If the fact is imputable to several persons, these shall be made jointly and severally liable to the repair of the prejudice caused.

Art. 113. — The contraventions established by the present law shall be prescribed within a term of three years, which shall start after the date when the deed was committed.

Art. 114. — There shall constitute penal trespass and be punished with imprisonment from three months to two years, or with a fine the intermediation of securities without a licence from the National Securities Commission, committed by managers, directors of trading companies and any natural persons.

CHAPTER XI

Transitory and final provisions

Art. 115. — Within a term of one hundred and twenty days after setting up, the National Securities Commission shall elaborate and apply the regulations required for the enforcement of the provisions of the present law.

Art. 116. — The first members of the National Securities Commission shall be appointed within a term of thirty days after the day of coming into force of the present law. The chairman shall be designated for a mandate of five years, the vice-chairman, for a mandate of four years, and the other three members, in the age decreasing order, for a mandate of three, two, and one year, respectively.

Art. 117. — The National Securities Commission shall be authorized to bring up to date all the maximum and minimum levels of the sums to which the present law refers, expressed in the national currency, including, but not limiting to it, the minimum capital required, the guarantees and fines, in correlation either with the development

of the securities market, or with the evolution of the general conditions predominating in the economy.

The new levels of the minimum capital required shall be applied to all companies soliciting a licence, starting from the day of the last bringing up to date operated by the National Securities Commission. Those who perform activities based on a licence issued previous to the bringing up to date shall benefit by a period of grace of not more than a year.

Art. 118. – The elaboration, presentation, and publication of financial statements in agreement with accounting principles, and their submittance to the scrutiny of independent external auditors on the basis of uniform control standards shall be obligatory for all issuers of securities, forming the object or the present law, and for all other legal persons subject to the supervision or control of the National Securities Commission. The financial statements thus elaborated shall be presented and published annually or at other intermediate terms, as soon as the respective principles and standards have been officially adopted by the regulating authority in the field of accounting, and their compulsory application has been established by the National Securities Commission over the regulation and supervision area attributed to it by law.

Art. 119. – Until supervised trading systems shall be established, outside stock exchanges, that shall be in a position to offer adequately to investors, according to the appreciation of the National Securities Commission, the conditions of a transparent and equitable market for securities which are not listed at a stock exchange, the National Securities Commission shall decide whether the shares or other securities incorporating or giving the right to a claim on the issuer, registered with the Securities Record Office according to Article 21, shall be listed on a stock exchange or not.

Art. 120. – Until the enforcement of the law on remuneration of the members and staff of the National Securities Commission as well as stock exchanges, the remuneration system provided by Law No. 40/1991*, appendices Nos 4

and 6 of the respective law, shall be applied by assimilation.

Art. 121. – The Securities Agency** shall cease its activity on the setting up day of the National Securities Commission. The activity and the staff of the Securities Agency shall be taken over by the National Securities Commission.

Art. 122. – The present law shall come into force thirty days after the day of its publication in the „Monitorul Oficial” (Official Gazette of Romania).

Any contrary provisions shall be abrogated after the day of the coming into force of the law, except those provided under paragraph 3.

Until the day of coming into force of the regulations provided under Article 115 of the present law, existing legal provisions shall remain in force.

* The Law No. 40/1991 was republished in „Monitorul Oficial” (Official Gazette of Romania), Part I, No. 162, from 14 July 1993.

** The Securities Agency was set up through the Government Statutory Order No. 18/1993, published in „Monitorul Oficial” (Official Gazette of Romania), Part. I, No. 206, from 26 August 1993.

SUMAR

| | |
|---|----------|
| LEGE privind valorile mobiliare și bursele de valori..... | 3 |
| CAPITOLUL I | |
| Dispoziții generale..... | 5 |
| CAPITOLUL II | |
| Comisia Națională a Valorilor Mobiliare | 10 |
| CAPITOLUL III | |
| Oferta publică | 18 |
| CAPITOLUL IV | |
| Intermedierea de valori mobiliare | 22 |
| CAPITOLUL V | |
| Bursa de valori..... | 29 |
| <i>Secțiunea 1</i> | |
| Înființarea, supravegherea, organizarea și administrarea burselor de valori..... | 29 |
| <i>Secțiunea a 2-a</i> | |
| Operațiunile de bursă | 38 |
| CAPITOLUL VI | |
| Protecția investitorilor..... | 43 |
| CAPITOLUL VII | |
| Cenzori externi..... | 47 |
| CAPITOLUL VIII | |
| Consultanți de plasament..... | 48 |
| CAPITOLUL IX | |
| Sisteme de compensare și depozitare colectivă a valorilor mobiliare | 49 |
| CAPITOLUL X | |
| Răspunderi și sancțiuni | 51 |
| CAPITOLUL XI | |
| Dispoziții tranzitorii și finale | 54 |

SOMMAIRE

| | |
|--|-----------|
| LOI sur les valeurs mobilières et les bourses de valeurs | 57 |
| CHAPITRE I^{er} | |
| Dispositions générales..... | 59 |
| CHAPITRE II | |
| La Commission Nationale des Valeurs Mobilières..... | 64 |
| CHAPITRE III | |
| L'offre publique..... | 73 |
| CHAPITRE IV | |
| Intermédiation des valeurs mobilières..... | 78 |
| CHAPITRE V | |
| La Bourse de valeurs..... | 86 |
| <i>Section 1^{re}</i> | |
| Création, surveillance, organisation et administration des bourses de valeurs..... | 86 |
| <i>Section 2</i> | |
| Opérations de bourse..... | 96 |
| CHAPITRE VI | |
| Protection des investisseurs..... | 102 |
| CHAPITRE VII | |
| Censeurs externes..... | 106 |
| CHAPITRE VIII | |
| Consultants en placement..... | 107 |
| CHAPITRE IX | |
| Systèmes de compensation et dépôt collectif des valeurs mobilières..... | 108 |
| CHAPITRE X | |
| Responsabilités et sanctions..... | 110 |
| CHAPITRE XI | |
| Dispositions transitoires et finales..... | 114 |

CONTENTS

| | |
|---|------------|
| LAW on securities and stock exchanges..... | 117 |
| CHAPTER I | |
| General provisions..... | 119 |
| CHAPTER II | |
| The National Securities Commission..... | 124 |
| CHAPTER III | |
| The public offer..... | 133 |
| CHAPTER IV | |
| Intermediation of securities..... | 138 |
| CHAPTER V | |
| The stock exchange..... | 145 |
| <i>Section 1</i> | |
| Setting up, supervision, organization, and administration of stock exchanges..... | 145 |
| <i>Section 2</i> | |
| Stock exchange operations..... | 155 |
| CHAPTER VI | |
| The protection of investors..... | 161 |
| CHAPTER VII | |
| External auditors..... | 166 |
| CHAPTER VIII | |
| Investment advisers..... | 166 |
| CHAPTER IX | |
| Securities collective depositing and compensation systems..... | 167 |
| CHAPTER X | |
| Responsibilities and sanctions..... | 169 |
| CHAPTER XI | |
| Transitory and final provisions..... | 173 |

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