The National Securities Commission – CNVM

Regulation No. 13/2005
on the authorisation and functioning of the central depository, the clearing houses and central counterparties

In force as of 4 November 2005
The **consolidation of 14 July 2015** is based on the publication in the Official Journal of Romania Part I No. 983 of 4 November 2005 and includes the modifications made by the following acts: Regulation No. 17/2005, Regulation No. 8/2006, Regulation No. 31/2006, Regulation No. 2/2007, Regulation No. 5/2010, Regulation No. 18/2011, Regulation No. 10/2012, Regulation No. 13/2014, Regulation No. 4/2015
Last amendment as at 30 March 2015

TITLE I GENERAL PROVISIONS

The Capital Market Law no. 297/2004
Art. 1 (1) *This law regulates the setting up and the functioning of the financial instruments markets, with their specific institutions and operations, as well as of collective investment undertakings in order to circulate funds through investments in financial instruments.*
(2) This law is applied to the activities and operations referred to in paragraph (1), carried out on the territory of Romania.
(3) The National Securities Commission, hereinafter referred to as C.N.V.M is the competent authority that enforces this law by enforcing the prerogatives established in its statute.
(4) The provisions of this law are not applied to the money market instruments that are regulated by the National Bank of Romania, and to the government securities issued by the Ministry of Public Finance, if the issuer chooses for trading these instruments on a market other than the regulated market as defined in article 125.
(5) The provisions of this law are not applied in case of the public debt management where the National Bank of Romania, the central banks of the Member States and other national entities with similar functions in the Member States, the Ministry of Public Finance, as well as other public entities are involved.
Art. 2
(1) For the purposes of this law, the terms and expressions mentioned below carry the following meanings:
1. ***significant shareholder*** *– a natural/legal person or group of persons acting in concert and directly or indirectly hold in a firm 10% or more of the share capital or of the voting rights, or hold enough to exercise a significant influence over the decisions taken in the General Meeting of the Shareholders or in the Board, by case.*
2. ***netting*** *– the conversion into one net claim or one net obligation of all claims and obligations resulting from transfer orders which a participant or participants either issue to, or receive from, one or more other participants with the result that only a net claim can be demanded or a net obligation owed;*
3. ***joint investment business*** *– an investment business carried out for the account of two or more persons over which two or more persons have rights that may be exercised by means of the signature of one or more of those persons;*

4. ***issuer*** *– entity that holds legal status or not and that has issued, is issuing or plans to issue financial instruments;*
5. ***regulated entities*** *– natural and legal persons as well as entities with no legal personality whose activity is regulated and/or supervised by C.N.V.M.;*
6. ***subsidiary*** *– a place of business where there is one partner or shareholder under one of the situations referred to in paragraph 27;*
7. ***investment fund*** *– collective investment undertaking with no legal personality;*
8. ***open- end investment fund –*** *undertakings for collective investment in transferable securities with no legal personality,*
whose units are subject to ongoing issuing and repurchasing ;
9. ***group*** *– an association of companies made up of a parent company, its subsidiaries and the entities where the parent company or its subsidiaries hold equity participation, as well as companies tied together by a relationship that requires account consolidation and annual report consolidation ;*
10. ***credit institution*** *– entity defined according to article 1 of the Law no. 58/1998 on banking activity with subsequent amendments and completions ;*
11. ***financial instruments*** *mean:*
a) transferable securities;
b) units in collective investment undertakings;
c) money market instruments including government securities with maturity less than one year and depositary receipts;
d) financial-futures contracts, including equivalent cash-settled instruments;
e) forward interest-rate agreements, hereinafter referred to as FRA;
f) interest-rate, currency and equity swaps;
g) options to acquire or dispose of any instruments falling within the scope of subparagraphs a) – d), including equivalent cash-settled instruments; this category includes options on currency and on interest rates;
h) derivatives on commodities;
i) any other instrument admitted to trading on a regulated market in a Member State or for which a request for admission to trading on such a market has been made;
12. ***derivative financial instruments –*** *instruments referred to in paragraph 11 subparagraph d), g), h), combinations of these, as well as other instruments classified as such according to the regulations*
of C.N.V.M.;
13. ***money market instruments -*** *those classes of instruments which are normally dealt in on the money market;*
14. ***intermediaries*** *– investment firms authorised by C.N.V.M., credit institutions authorised by the National Bank of Romania according to the relevant banking legislation, as well as other such entities authorised in Member or non-Member States to carry out investment services such as those referred to in art. 5;*
15. ***qualified investor:***
a) legal entities which are authorised to operate in financial markets, including credit institutions, investment firms, other authorised or regulated financial institutions, insurance undertakings, collective investment undertakings, investment management companies, pension
funds as well as entities not so authorised or regulated whose corporate purpose is solely to

invest in securities;
b) local and central public administration authorities, central credit institutions, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations;
c) other legal entities that meet two of the following three criteria:
1. an average number of employees during the financial year higher than 250;
2. a total balance sheet exceeding the equivalent of 43,000,000 euro;
3. an annual net turnover exceeding the equivalent of 50,000,000 euro;
d) certain natural persons, subject to mutual recognition. C.N.V.M. may choose to authorise natural persons who are residents in Romania and who apply to be considered as qualified investors if these persons meet at least two of the following criteria:
1. the investor has carried out transactions of a significant size on a regulated market at an average frequency of, at least, 10 per quarter over the previous four calendar quarters;
2. the size of the investor's securities portfolio exceeds 500,000 euro;
3. the investor works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;
e) certain SMEs, subject to mutual recognition. C.N.V.M. may choose to authorise SMEs which have their registered office in Romania and which apply to be considered as qualified investors. For the purpose of this law, „small and medium-size enterprises" are those companies, which, according to their last financial statements reported, do not meet two of the three criteria set out in subparagraph c);
16. ***close links*** *– the situation in which two or more natural or legal persons are linked by:*
a) participation, which shall mean the ownership, direct or by way of control, of 20% or more of the voting rights or share capital of an undertaking;
b) control, which shall mean the relationship between a parent company and a subsidiary or a similar relationship between any natural or legal person and a company; any subsidiary of a subsidiary shall also be considered a subsidiary of the parent company which is at the head of those companies; a situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship shall also be regarded as constituting a close link between such persons.
17. ***offer or person making an offer –*** *means a legal entity or individual which offers securities to the public or offers to buy securities;*
18. ***offer of securities to the public****– means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable the investor to decide to sell, purchase or subscribe to these securities. This definition shall also be applicable to the placing of securities through financial intermediaries;*
19. ***takeover bid*** *– public purchase offer that results, for the entity that launches it, in the purchase of more than 33% of the voting rights in a company;*
20. ***collective investment undertakings*** *– organised undertakings, with or without legal personality, hereinafter called O.P.C. which attract, either privately or publicly, the financial resources of natural and/or legal persons, in order to invest them in accordance with the provisions of this law and with the regulations issued by C.N.V.M.;*
21. ***person*** *– any natural or legal person;*
22. ***involved persons:***
a) persons that control or are controlled by an issuer or that are under joint control;

b) persons that participate directly or indirectly in the conclusion of agreements in order to obtain or exercise voting rights jointly, if the shares subject to the agreement grant controlling position;
c) natural persons within issuing companies that are part of the company's control and management;
d) spouses, relatives and in-laws, second rank ones included, of the natural persons referred to in subparagraph a), b) and c) ;
e) persons that are able to appoint the majority of Board members within an issuer;
23. ***persons acting in concert*** *– two or more persons, linked by a concluded agreement or by a gentlemen's agreement in order to enforce a common policy regarding an issuer. The following persons are presumed to act in concert, if no adverse evidence is in place:*
a) involved persons;
b) the parent company together with its subsidiaries, as well as any of the subsidiaries of the same parent company among themselves;
c) a firm with its Board members and with the involved persons, as well as these persons among themselves;
d) a firm with its pension funds and with the management company of these funds;
24. ***insolvency proceedings*** *- collective measure provided by the Law no. 253/2004 on settlement finality in payment and securities settlement systems or by the foreign legislation either to wind up a participant or to reorganise it, where such measure involves the suspending of, or imposing limitation on, transfers or payments;*
25. ***offering programme*** *– a plan which would permit the issuance of non-equity securities, in a continuous or repeated manner during a specified issuing period;*
26. ***alternative trading system*** *– a system which brings together more parties which buy and sell financial instruments, in a manner that results in the conclusion of contracts, also called multilateral trading system;*
27. ***parent undertaking*** *– legal person, shareholder or associate of a firm which can be found in one of the following situations:*
a) holds directly or indirectly the majority voting rights in the company;
b) may appoint or discharge the majority members of management and control or other decision-making persons in the company;
c) may exercise significant influence over the entity where it acts as shareholder or associate, based on the clauses included in the contracts signed with that entity or based on certain provisions included in the instruments of incorporation of that entity;
d) he is shareholder or associate in an entity and:
1. has appointed alone, as a result of exercising his voting rights, the majority members of management and control bodies or the majority managers of subsidiaries during the last two financial years, or,
2. it controls, on its own, based on an agreement signed with the other shareholders or associates, the voting rights majority;
28. ***Member States*** *– the Member States of the European Union and the other states which belong to the European Economic Area;*
29. ***home Member State:***
a) the Member State where the registered office of the investment company or the management company is situated; if, under its national law, the firm has no registered office, the home Member State is that in which its head office is situated;

b) the Member State where the registered office of the body which provides trading facilities is situated; if, under its national law, the body has no registered office, the home Member State is that in which the body's head office is situated;
c) the Member State where the registered office of a management company of an undertaking for collective investment in securities, established as open end investment fund, is situated, as well as the Member State where the registered office of the investment company is situated, in the case of an undertaking for collective investment in securities established as an investment company;
30. ***host Member State:***
a) the Member State in which an investment company or a management company has a branch or provides services;
b) the Member State, other than the home Member State of the undertaking for collective investment in securities, where the securities issued by the latter are traded;
31. ***branch*** *– organised structure, with no separate legal personality, of a firm which provides one or all of the services for which the firm has been authorised, according to the mandate received. All the places of business set up in Romania by a firm with registered office or headquarters in a Member State shall be regarded as a single branch;*
32. ***units*** *– fund units or shares issued by collective investment undertakings according to their legal form;*
33. ***transferable securities****:*
a) shares issued by companies and other securities equivalent to shares in companies, traded on the capital market ;
b) bonds and other forms of securitised debt, including government securities with a maturity of over 12 months, which are negotiable on the capital market;
c) any other securities normally dealt in, giving the right to acquire any such transferable securities by subscription or exchange, or giving rise to a cash settlement, excluding instruments of payment;
34. ***equity securities*** *– shares and other transferable securities equivalent to shares in companies, as well as any other type of transferable securities giving the right to acquire any of the aforementioned securities as a consequence of their being converted, or the right conferred by them being exercised, provided that securities of the latter type are issued by the issuer or by an entity belonging to the group of the said issuer;*
35. ***non-equity securities*** *– all securities that are not equity securities;*
36. ***securities issued in a continuous or repeated manner –*** *securities of the same type and/or class issued continuously or at least in two distinct issuances over a period of 12 months.*
(2) C.N.V.M. at its own decision or at the request from the interested party, may issue administrative acts, which include opinions related to the qualification of any person, institutions, situations, information, operations, legal document or marketable instruments as regards to their inclusion or exclusion from the scope or the meaning of terms and expressions as set out in paragraph (1),
(3) Any natural or legal person, if it considers that its rights acknowledged by law have been harmed, either by an administrative document or by the unjustified refuse of C.N.V.M. to address a request regarding a right acknowledged by law, may turn to the Administrative Court within the Bucharest Court of Appeal.
(4) The fact that the plaintiff has not been given an answer within the term provided in the legislation in force from the filing of the petition is also considered an unjustified refuse to address a request regarding a right acknowledged by law.

(5) In order to perform its supervisory activity, C.N.V.M. may:
a) verify the modality of fulfilling the legal and statutory duties and obligations of managers, directors, chief executive officers, as well as of other persons linked to the activity of the regulated or supervised entities;
b) require the Board of the regulated entities referred to in subparagraph a) to convoke its members meeting or, as the case may be, the general shareholders meeting, establishing the topics which must be included in the agenda;
c) require the competent court to decide upon the convocation of the general shareholders meeting provided that the provisions set out in subparagraph b) are not complied with;
d) require information and documents from the issuers whose securities are subject to public offers, or which have been admitted to trading on a regulated market or are traded in an alternative trading system;
e) conduct controls at the premises of the entities regulated and supervised by C.N.V.M.;
f) hear any person in connection with the activities conducted by the entities regulated and supervised by C.N.V.M.
(6) The C.N.V.M. Register, kept in accordance with the provisions of this law, is a public document.
(7) The unauthorised performance of any activity referred to in this law, the unauthorised use of the phrases financial investment services, investment firm, investment services agent, investment management company,
investment undertaking, open-end investment fund, regulated market and stock exchange in association with any of the financial instruments referred to in paragraph 2 indent 11, and with commodities, or the use of any combination of the aforementioned expressions incur liability in accordance with the provisions of the law.

Art. 1
(1) This regulation establishes the rules on the authorisation, functioning and changes in the organisation and functioning of the central depository, clearing house and central counterparty, in accordance with the provisions of Law no. 297/2004 on the capital market.
(2) The National Romanian Securities Commission, hereinafter CNVM, shall be the competent authority to apply the provisions of the present regulation, exercising the powers established in its Statute.
(3) The central depository and clearing houses/central counterparties authorised to function in Romania shall be registered with the CNVM Register, referred to in art. 2 paragraph (6) of Law no. 297/2004.

Art. 2
(1) The terms, abbreviations and expressions used in this regulation bear the meaning referred to in art. 2 paragraph (1) of Law no. 297/2004.
(2) For the purpose of this regulation, the terms, abbreviations and expressions below bear the following meanings:
a) **margin call** – the mandatory request by the clearing house/central counterparty to a clearing member or by a clearing member to a client or a non-clearing member in order to comply with the limits established to the margin account;
b) **NBR –** National Bank of Romania;
c) **ISC** – Insurance Supervisory Commission;
d) **margin account** – the account where the cash amounts and/or the financial instruments set up for the purpose of covering open positions, as well as the rights granted and the obligations

undertaken are recorded;
e) **clearing-settlement contract –** the contract concluded between the clearing house/central counterparty and a clearing member or between a clearing member and a non-clearing member, by which the clearing member undertakes to register, clear and settle derivatives transactions with a clearing house/central counterparty;
e[1]) financial guarantee – a guarantee over securities, defined according to Government Ordinance No. 9/2004 on certain financial guarantee contracts, approved as amended and supplemented by Law No. 222/2004, as subsequently amended and supplemented.
e[2]) mortgage over movable property – mortgage over securities as defined in Law No. 287/2009 on the Civil Code, republished, as subsequently amended and supplemented;
f) **total exposure** – maximum level of risk undertaken by a clearing/non-clearing member which carries out derivatives operations on regulated markets/alternative trading systems on its own account or to the client's account, calculated in accordance with the methods established by the clearing house/central counterparty through regulations;
g) **account statement** – the document issued at the request of securities holders for the purpose of proving their ownership right over those securities at a certain date.
g[1]) guarantees over securities – financial guarantees as defined in Letter e[1]) and/or mortgage over movable property as defined in letter e[2])
h) **closing an open position** – discharge by a client, clearing/non-clearing member or clearing house/central counterparty of the contractual obligations of an open position, either by taking an opposite position or by delivering the underlying asset, or by exercising the right granted by an option;
h[1]) direct electronic connection – connection between two clearing-settlement system operators whereby an operator becomes a participant in the clearing-settlement system of the financial instruments of another operator, based on the same terms and conditions applicable to any other participant in the clearing-settlement system of the financial instruments managed by the latter;
h[2]) indirect electronic connection – agreement between a clearing-settlement system operator and a third party, other than an operator, which is a participant in the clearing-settlement system of the financial instruments of another operator. Such a connection is established by a clearing-settlement system operator to facilitate the transfer of financial instruments to its participants from the participants of another operator.
i) **marking to market** – updating, based on the quotation price, during and on closing the trading session, of the margin accounts, with the favourable/unfavourable differences resulting from reevaluating open positions taking into account the current market price;
j) **margin -** minimum level of the amount set up in the margin account opened with the clearing house/central counter party or with the clearing member, which both the buyer and the seller, as well as the option seller shall keep to guarantee the open positions registered in their name; the margin may consist of the following category of assets:
1. amounts of money, including foreign currencies, by taking into account currency risk;
2. government securities with maturities shorter than 12 months;
3. bonds fully backed by the state;
4. corporate shares and bonds traded on a regulated market which meet the liquidity criteria established by the clearing house.
k) repealed;
l) **clearing member** – intermediary defined in accordance with art. 2 paragraph 1, point 14 of

Law no. 297/2004 or an investment firm defined according to the legislation on credit institution and capital adequacy which meets the admission requirements established by the regulations of the clearing house/central counterparty and which has concluded a clearing-settlement contract with the clearing house/central counterparty;
m) **non-clearing member** – intermediary defined in accordance with art. 2 paragraph 1, point 14 of Law no. 297/2004 or trader authorised in accordance with art. 30 of Law no. 297/2004, admitted to the clearing-settlement system through a clearing member;
n) **participant** – entity listed in art. 168 paragraph (1) indent b) of Law no. 297/2004;
o) **open positions** – total amount of derivatives traded, registered with the clearing house/central counterparty and which have not reached maturity or whose rights have not been exercised or whose obligations have not been discharged;
p) **quotation price** – price at which marking to the current market level is achieved, pursuant to the rules of the clearing house/central counterparty.

Art. 3
(1) The decisions on the granting of authorisations shall be issued by C.N.V.M. based on the provisions of this regulation within maximum 30 days from the registration of the complete file of the applicant, except for the situation where the provisions of this regulation establish another term. Where an application is rejected, C.N.V.M. shall issue a motivated decision, which may be contested within maximum 30 days from the date of its communication.
(2) Any request by C.N.V.M. of further information or of alteration of the documents originally submitted interrupts the term referred to in paragraph (1) which starts again on the date when that information or those alterations have been submitted, no later than 60 days from the date of C.N.V.M. request, subject to contestation.
(3) Where the documents submitted are incomplete, unreadable or have been submitted in a noncompliant form or where there are documents missing, as well as where the provisions of Law no. 297/2004 and of C.N.V.M. regulations are not complied with, these shall be returned to the applicant, providing reasons for their returning.
Art. 4
All the documents referred to in this regulation, required for authorisation, as well as those which refer to records and reports shall be submitted to CNVM in Romanian. The documents which refer to foreign natural or legal persons shall be submitted as legalised copy and as legalised translation.
Art. 5
The central depository and the clearing house/central counterparty may establish an arbitration system to resolve the conflicts arisen between members/clearing members which carry out operations within the systems managed by them.

TITLE II CENTRAL DEPOSITORY
The Capital Market Law no. 297/2004
Art. 146
(1) The central depository is that legal person established as a joint-stock company, issuer of nominal shares in accordance with Law no. 31/1990, authorised and supervised by C.N.V.M., which deposits securities and carries out other related operations.
(2) The central depository shall perform clearing-settlement operations related to securities transactions, according to the provisions laid down in art. 143.
(3) The provisions of this title are not applied to the state bonds depository.
(4) The issuers for whom depository operations are performed conclude contracts with the central

depository, which also performs registration for them, providing information according to the provisions of this article or on their request.

Art. 148
(1) The conditions, the documents which must accompany the authorisation application, as well as the procedure to authorise the central depository shall be established by the regulations issued by C.N.V.M. and shall at least refer to:
a) the minimum share capital of the joint-stock company;
b) the core activity and the non-core activities that may be carried out;
c) shareholder structure;
d) the requirements for integrity, skills and professional experience which must be met by administrators and by the management of the company;
e) technical equipment and resources;
f) shareholders' quality;
g) the company's financial auditors.
(3) By the time Romania joins the European Union, the central depository shall not distribute dividends, and the profits earned shall be employed mainly for the development of its own operation systems.

Art. 149
(2) The amount of the fees and tariffs charged by the central depository shall be approved by its general
shareholders meeting and notified to C.N.V.M.
(3) The members of the central depository's Board are individually validated by C.N.V.M. before each of them starts exercising his mandate.

Art. 152
C.N.V.M. shall issue regulations regarding the operations carried out by the central depository and the entities for which it carries out these operations.

Chapter 1 - Central depository authorising procedures
Art. 6
In order to be granted authorisation, the central depository shall meet the requirements set out in Title IV, Chapter IV of Law no. 297/2004, as well as the provisions of this regulation.

Section 1 - The central securities depository` setting up authorisation
Art. 7
The setting up authorisation of the central depository shall be issued by C.N.V.M., based on an application accompanied by the following documents:
a) the draft of the central depository's document of incorporation;
b) proof of holding the minimum subscribed and fully paid up share capital, according to art. 10 and, as the case may be, the technical and IT equipment evaluation report, done by an evaluator or an independent expert;
c) proof of legal possession over the location required for the functioning of the central depository, in one of the following forms:
a. property deed that has to be authenticated, registered with the real estate register or registered with the land register of the court in whose area the building is

located;
b. renting agreement which shall include a renewal clause and shall be registered, where appropriate, with the tax authority, as legalised copy; The renting agreement shall be valid for at least 12 months from the filling date. The deed regarding the space shall be submitted to CNVM in maximum 15 days from its expiration date; sub-renting and joint venture agreements are not accepted as proof of possession over the location used as registered office.
d) in the case of each member of the Board of Directors and for the central depository's managers:
1. updated curriculum vitae, dated and signed, including the detailed presentation of their professional experience, to prove compliance with the requirements set out in art. 26;
2. copy of the identity document;
3. legalised copy of the graduation document/documents;
4. criminal record certificate and fiscal record certificate, in original form or as legalised copy, issued in accordance with the laws in force. For the persons who have established their residence in Romania for less than 5 years or who have not established their residence in Romania yet, criminal record certificates and fiscal record certificates shall be accompanied by the equivalent documents issued by the competent authorities in their home state and in the state where they have previously established their residence, where this is another state than the home state;
5. self-binding personally signed statement to prove compliance with the provisions of Law no. 31/1990 republished, of Law no. 297/2004, as well as to prove compliance with the requirements set out in art. 22;
6. documents from NBR and ISC to prove that they have not been sanctioned with the interdiction to carry out activities in the financial and banking system;
7. self-binding personally signed statement drawn up in accordance with Annex no. 1 which shall include: all individual direct or indirect holdings and/or holdings related to other related parties in any company, accounting for at least 10% of the share capital or of the voting rights;
e) in the case of legal person shareholders, other than those authorised by C.N.V.M. or NBR, with direct or indirect holdings accounting for 5% of the central depository's share capital or voting rights:
a. document or certificate to prove the registration date, the administrators, the object of activity and the share capital, issued by the Trade Register Office for Romanian legal persons or by the similar authority of the state where the foreign legal person has been

registered and functions, issued maximum 30 days before submitting the application. In the case of a non-resident legal person which functions as intermediary, insurance company or UCITS with legal personality, a certificate issued by the competent authority in the home state to prove that it carries out its activity in accordance with the regulations on prudent and sound management shall be submitted;
b. mention of the group where they belong, where appropriate;
c. the shareholder or associate structure down to the level of natural persons. Shareholder structure down to the natural person level means presenting
the shareholders or associates who indirectly hold control over the shareholders who hold maximum 5 % of the central depository's share capital or voting rights;

d. the last balance sheet, certified by a financial auditor, registered with the tax authority, in the case of Romanian legal persons or with the national tax authority in the home state, in the case of foreign legal persons;
e. self-binding personally signed statement of the legal representatives of the central depository's shareholders, drawn up in accordance with Annex no. 2, which shall include all individual holdings and holdings together with persons with whom they are in linked connection from any company, accounting for at least 10% of the share capital or of the voting rights.
f) feasibility study, including at least information on the necessity to roll out the system, estimation of the operations volume for at least one year of activity and the features of the designed/current system;
g) the organization and functioning internal regulation, working, supervision and internal control procedure;
h) the regulation and procedures issued by the central depository regarding its organization and functioning, according to art.149 (1) of Law no. 297/2004 and art. 98 (1), Title II, Chapter 3, Section 11 of the present regulation;
i) the plan assuring the operational continuity and the resuming activity of the central depository in case of disaster, as it is provided in art. 30 (2).

Art. 8
(1) C.N.V.M. shall decide on the authorisation of the central depository's setting up within maximum 60 days from the date of submitting the application together with all the documents referred to in art. 7.
(2) Where C.N.V.M. has approved the setting up of the central depository, the authorisation decision shall be also accompanied by the validation/ approval decisions concerning the Board of Directors members and the managers.
(3) The setting up authorisation shall be valid for 120 days from the issuing date, period in which the petitioner shall be bound:
a) to conclude contracts with the market operators and/or system operators for which it performs clearing and settlement operations;
b) to obtain the approval of the National Bank of Romania for the clearing and settlement system of trades in financial instruments other than derivatives, managed by the central depository;
c) to ensure the necessary infrastructure for the proper functioning of the system.
(4) After the issuing of the setting up authorisation, the central depository shall limit its activity to operations necessary in order to obtain the functioning authorisation.

(5) The setting up authorisation is not a guarantee for obtaining the functioning authorisation.

Section 2 – The functioning authorisation of the central depository
Art. 9
(1) In order to obtain the functioning authorisation, the legal representative shall submit to CNVM an application to which the following documents will be annexed:
a) the ruling of the delegated judge attached to the Trade Register Office on the registration of the company, in copy certified by the Trade Register Office;
b) the registration certificate with the Trade Register Office, including the single registration code, in copy certified by the Trade Register Office;
c) the document of incorporation, original or copy certified by the Trade Register

Office;
d) the copy of the contract concluded with market operators and system operators, as the case may be, for the transactions within the system which carries out clearing-settlement operations;
e) endorsement by NBR for the clearing-settlement system for transactions with financial instruments other than derivatives, managed by the central depository;
f) copy of the contract concluded with a financial auditor, member of the Auditors Chamber in Romania, who meets the common criteria set out by CNVM and the Auditors Chamber in Romania;
g) categories, levels and limits for commissions and charges, where they have been approved by the General Shareholders Meeting;
h) evaluation report of the technical equipment and IT program necessary for the central depository proper functioning, drawn up by an evaluator or independent expert, as the case may be;
i) the audit report drawn up by a certified information security auditor (CISA), independent from the central depository to certify the security level of the system employed by the central depository
j) legalised copy of legally holding the specialised computer software, which shall be used only for the purpose of the activity subject to authorisation, or original self-binding statement by the central depository's legal representative to prove that the computer software has been created by its IT department, together with the operation manual
k) self-binding personally signed statement by the central depository's legal representative to prove that the company meets the requirements set out in Law no. 297/2004 and in this regulation;
l) list of signature specimens for the central depository's representative/representatives in relationship with C.N.V.M.;
m) list of employees of the participants and issuers which have access to the databases of the central depository as well as the list of the central depository's employees in charge of managing and operating the central depository's databases, referred to in art. 58 and 60;
n) proof of paying to the C.N.V.M. account the fee for issuing the central depository's functioning authorisation;
o) any other documents that CNVM may request to assess compliance with authorisation requirements.

(2) CNVM shall grant the functioning authorisation within 30 days from the application date and only if CNVM considers that the central depository as well as the managed clearing and settlement system comply with the provision of the present regulation.
(3) The central depository shall begin to perform clearing and settlement operations as of the date of the NBR`s functioning authorisation for the clearing and settlement system, pursuant to NBR`s Regulation no. 1/2005 regarding the payment systems ensuring the compensation of funds.
(4) The authorisation application for the central depository's functioning may be rejected, where appropriate, if:
a) the documents submitted have not been drawn up in compliance with the regulations in force or the data provided are incomplete or incorrect;
b) the documents submitted are insufficient to establish whether the central depository shall carry

out its activity in compliance with the regulations in force;
c) the central depository's rules and procedures do not include at least the provisions referred to in art. 97 paragraph (1);
d) the provisions of Law no. 297/2004 or of C.N.V.M. regulations are not complied with.

Chapter 2 – Requirements for the authorisation of the central depository

Section 1 – Share capital and object of activity

Art. 10

(1) The minimum share capital of the central depository, fully subscribed by the shareholders shall be the ROL equivalent of at least EUR 3 millions, calculated at the reference rate communicated by N.B.R. on date of submitting the setting up authorisation application, from which the ROL equivalent of at least EUR 1 million shall be in cash, according to the provisions of Law no. 31/1990 republished regarding matters concerning the paying up conditions.
(2) Within maximum 2 years from the date of granting the functioning authorisation, the central depository shall be bound to increase its share capital up to the equivalent of EUR 5 millions from which at least the equivalent of EUR 3 millions shall be in cash, according to the provisions of Law no. 31/1990 republished regarding the increasing and paying up conditions.
(3) At the setting up application date, the market operator may have an in kind contribution, exclusively intended for the achievement of the object of activity, which shall be assessed pursuant to the legislation in force and
approved by the General Shareholding Meeting.
(4) At the setting up date, the market operator's in kind and cash capital shall be equal to 51% of the voting rights of the central depository.

Art. 11

The object of activity of the central depository consists in the carrying out of the following main activities:
a) depositing for securities issuers, in accordance with the provisions of art. 146 paragraph (4) of Law no. 297/2004, as well as of Title II, Chapter 3, Section 2 of this regulation;
b) register operations for securities issuers, in accordance with the provisions of art. 146 paragraph (4) of Law no. 297/2004, as well as of Title II, Chapter 3, Section 3 of this regulation;
c) clearing-settlement operations for securities transactions in accordance with the provisions of art. 143, 144 and 145, art. 146 paragraph (2) of Law no. 297/2004, as well as of the provisions of Title II, Chapter 3, Section 5, 6 and 7 of this regulation.

Art. 12

The central depository may carry out the following ancillary activities related to the main object of activity:
a) allocation and management of ISIN (International Securities Identification Number) codes and other similar codes;
b) development, promotion and sale of IT&C services;
c) processing and distribution of data on the securities operated within the system;
d) creation of the infrastructure to facilitate the securities lending between participants of the system in order to cover the settlement risk;
e) management of guarantees for the securities kept in the system;
f) facilitating communication between issuers, participants and investors;

g) supply, together with or in the name of the issuer, of the services required for the fulfilment of the issuer's obligations to the securities holders;
h) services related to exercising pre-emptive rights;
i) technical and operational training and certification of system participants' staff in connection with the central
depository's activities;
j) register management operations for issuers not admitted to trading on regulated markets and/or to alternative trading systems, in accordance with art. 180 of Law no. 31/1990, republished;
k) other activities authorised by CNVM.

Art. 13
(1) The central depository may suspend or cease the provision of services referred to in art. 12 indent g), where:
a) the issuer does not provide sufficient information necessary for the provisions of these services;
b) the issuer does not fulfil its obligations to the central depository in accordance with the legal provisions and the contractual clauses.
(2) Within one working day the central depository shall notify the participants and regulated markets or alternative trading
systems on suspending or ceasing the provision of the services referred to in paragraph (1).

Section 2 Shareholders of the central depository

The Capital Market Law no. 297/2004
Art. 150
(1) The central depository's shareholders may not hold more than 5% of the voting rights, except for the market operators, which may hold up to 75% of the voting rights, with the approval of C.N.V.M.
(2) Any share acquisition by the central depository which shall result in a holding of 5% of the total voting rights, shall be submitted first to approval by C.N.V.M.
(3) Any alienation of shares shall be notified to C.N.V.M., within the term laid down in the regulations issued
by the latter.
(4) If the requirements regarding shareholders integrity are not met or if there is no approval by C.N.V.M., the voting rights underlying the shares held by failure to comply with the requirements mentioned above are rightfully suspended through the application of the procedure laid down in art. 283.
Art. 283
(1) In case of acquisition or increase of holding of the share capital of a regulated entity carried out by breaching the legal provisions and the regulations issued in the application of this law, the underlying voting rights shall be rightfully suspended. These shares shall be taken into account when establishing the quorum required for the general shareholders meeting.
(2) C.N.V.M. shall require the said shareholders to sell, within 3 months, the shares underlying the holding which C.N.V.M. has not approved. After this term expires, if the shares have not been sold, C.N.V.M. shall require the regulated entity to annul those shares, to issue new shares bearing the same number and to sell them, the price of the sale being committed to the original holder after the expenses incurred by the sale have been deducted.

(3) The Board of the regulated entity shall be responsible for the implementation of the measures required to annul the shares, according to the provisions laid down in paragraph (2) and to sell the new share issue.
(4) If due to a lack of buyers, the sale no longer took place or if only a partial sale of the new share issue has been made, the regulated entity shall immediately proceed to the reduction of its share capital
by the difference between the registered share capital and the share capital held by the shareholders with underlying voting rights.

Art. 14

(1) The market operators and the shareholders of the registers and of the
National Securities Clearing, Settlement and Depository Company which meet the conditions mentioned in art. 17 are eligible for
becoming the central depository's shareholders.
(2) Upon the submission of the application for issuance of the establishment authorisation, the shareholders of the central depository, representing at least 75% of the voting rights, shall meet the requirements referred to in Art. 17.

(3) The voting rights related to the holdings of the shareholders no longer meeting the requirements referred to in Art. 17 shall be suspended as of the issuance date of the establishment authorisation of the central depository. Such shares shall be taken into account upon determining the necessary quorum of the general shareholders' meeting of the central depository.

(4) The shares related to the participation for which the requirements referred to in Art. 17 shall be sold within 3 months from the suspension date of the voting rights. After the expiry of such term, if the shares were not sold, they shall be annulled, upon the issuance of new shares bearing the same number and upon their sale at the best price obtainable, and the price obtained from the sale shall be deposited at the disposal of the initial shareholder, after withholding the expenses incurred with the sale.

(5) If, as a result of the sales referred to in Para (4), the purchaser shareholder does not meet the requirements referred to in Art. 17, the provisions of Paras (3) and (4) shall apply accordingly.

(6) The board of directors of the central depository is liable for the fulfilment of the measures necessary for the annulment of the shares, in accordance with Para (4), and the sale of the newly issued shares.

(7) If, for lack of purchasers, the sale did not take place, or only part of the newly issued shares were was sold, the central depository shall immediately proceed to reducing the share capital by the difference between the registered share capital and that held by the shareholders with voting rights, in compliance with the limits referred to in Art. 10, and the related amount shall be deposited at the disposal of the initial shareholder, after withholding the related expenses.

(8) If after obtaining the capacity as shareholder of the central depository, the legal person no longer meets the requirements referred to in Art. 17, the procedure referred to in Paras (3) to (7) shall apply..
Art. 14^1 After the functioning authorisation is obtained, any legal person or entity without legal personality
authorised by the CNVM, NBR and CSA or equivalent authorities from Member States, which complies with the requirements referred to in Art. 17 hereof, as well as the provisions of Title IV Chapter IV of Law No. 297/2004 are eligible for becoming the central depository's shareholders.

Art. 15

(1) The document of incorporation of the central depository shall include provisions on limiting shareholders voting rights in accordance with the provisions of art. 150 paragraph (1) of Law no.

297/2004, as well as with the provisions referring to the application of the procedure set out in art. 283

of Law no. 297/2004.
(2) In order to calculate the percentage set out in art. 150 paragraph (2) of Law no. 297/2004 the following shall be considered:
a) any direct or indirect holding of shares by the depository, carrying voting rights;
b) the existence of related parties with close links.

Art. 16

(1) Any intention by the central depository to acquire shares which result in holding 5% of the voting rights, under the conditions of art. 150 paragraph (2) of Law no. 297/2004, shall be notified to CNVM, within maximum 2 working days from the decision date.
(2) The acquisition intention mentioned in paragraph (1) shall be subject to approval by CNVM within maximum 5
working days from its approval by the statutory body of the central depository.
(3) The following shall be attached to the approval application:
a) the documents mentioned in art. 7 letter e) hereof;
b) the number and the identity of the shareholders that are involved parties or parties with close links and the total percentage of the share capital carrying voting rights which shall be held by each participant;
c) the percentage of the share capital carrying voting rights that shall be
held by the persons mentioned at letter b).
(4) Any change related to the information mentioned in paragraph (3) shall be notified to the central depository and to CNVM in maximum 5 days from the date of the changing**.**

Art. 17

(1) The approval of the intention to acquire 5% of voting rights shall be analysed by CNVM by taking into account the following requirements applicable to the applicants:
a) the legal person provides information and documents to adequately justify the origin of the funds intended to acquire participation in the central depository;
b) the legal person has provided sufficient information to ensure the required transparency for the identification of the structure of the group to which it belongs and of the type of activity carried out in order to perform effective supervision;
c) the legal person provides documents and statements on the identity of the persons considered ’involved person’ or close links;
d) the applying legal persons have been functioning for minimum 3 years, except for those resulted from mergers or spin-offs, case where the 3 year term also includes the functioning of the legal person/persons from which they originate;
e) the legal persons, or their rightful successors, were not sanctioned by the competent authority by having their authorisation withdrawn, did not register any losses during the last two financial years and do not have debts to the state budget and to the social security budget;
f) the foreign legal persons are supervised by a competent authority in their home Member State;
g) the legal persons or the persons who have direct or indirect control over the former have not been subject to investigations or to administrative or criminal proceedings concluded with sanctions or interdictions during the previous 5 years, or are not currently subject to such investigations or proceedings;
h) the legal persons do not have or have not had, directly or indirectly, control over an entity regulated by C.N.V.M. which, during the previous 3 years, has been in default or which has been sanctioned by withdrawing its authorisation.
(2) The term mentioned in paragraph (1) letter d) could be reduced to the half if the applicants have

been significant shareholders in the firms mentioned in art. 14 paragraph (1).

(3) If, after acquiring the capacity as shareholder of the central depository, the legal person no longer meets the integrity conditions referred to in Para (1), its shares shall be converted to shares without voting rights.

(4) The shares referred to in Para (3) shall be reconverted to ordinary shares if they are assigned to legal persons that meet the integrity conditions referred to in Para (1).

Art. 18

(1) On verifying the condition referred to in art. 17 indent b) the provision of the submitted documents by the authorities/entities in the home states or in the states where the legal persons within the group are located, competent in accordance with the national legislation as regards recording legal persons, shall be considered. Where the legislation of the previously mentioned states prevents the transparency of shareholder structures, C.N.V.M. may consider information from all available sources.

(2) Where the requirements referred to in art. 17 are not met or the CNVM`s approval is omitted, the provisions of art. 283 of Law no. 297/2004 shall be applied.

Art. 19

(1) CNVM may refuse the approval of a person's acquisition of 5% of the voting rights, where it considers
that the person, who shall thus hold such a position, may jeopardise the well functioning of the central depository or its adequate supervision.

(2) Where participation acquiring has been approved, the CNVM decision shall also establish the maximum term
within which that position shall be acquired.

Art. 20

In accordance with the provisions of art. 150 paragraph (3) of Law no. 297/2004, any alienation of central depository shares shall be notified to CNVM within 2 working days.

Section 3 – Board of directors and management of the central depository

Art. 21

(1) The administration of the central depository shall be entrusted to the Board of Directors, made up of at least 5 natural person members. The board of directors setting up, duties and responsibilities shall be established in the company's document of incorporation, in accordance with Law no. 31/1990, republished, in compliance with the provisions of Law no. 297/2004, as well as of this regulation.

(2) Where the central depository is designated as the unique registrant for the government securities, the Ministry of the Public Finances is entitle to appoint its own representative in order to participate in the Board of Director's meetings which have on the agenda issues concerning the government securities market and who will have a veto right exclusively for these matters.

(3) The effective management of the central depository shall be provided by one or more managers appointed by the company's Board of Directors, hereinafter called *managers*. Managers are persons who, in accordance with the documents of incorporation and/or the decisions of the central depository's statutory bodies are authorised to manage and co-ordinate its day-to-day activities and are invested with the authority to commit the central depository's liability. The persons who ensure the direct management of the departments within the central depository, of its branches and of other secondary premises are not included in the category of managers.

(4) Where the Board of Directors appoints more managers, the duties of each shall be established accordingly.

Art. 22
The members of the Board of Directors and the managers of the central depository shall cumulatively meet the following requirements:
a) to have a good reputation, qualification and professional experience in order to achieve the objectives established and to generate the prerequisites for the carrying out of the central depository's activity, in accordance with Law No.297/2004, as well as in order to provide the safe, prudent and transparent
management of its activity for the purpose of protecting investors rights;
b) to have graduated from a higher education institution with a bachelor's degree and to have professional experience in the financial and banking field or in the field of capital markets of at least 5 years;
c) not to be subject to the sanctions of suspension/ withdrawal of the authorisation or interdiction to provide certain services or to perform certain activities, enforced by C.N.V.M. or to other similar sanctions enforced by N.B.R., ISC or by other supervisory and regulatory authorities in the economic and financial field from member or non member states;
d) not to have been convicted by means of a final sentence for actions in connection with the activity carried out or for corruption, money laundering, crimes against patrimony, abuse, bribery, forgery, use of forgery, embezzlement, tax evasion
as well as for other acts which could induce the idea that there are strong and clear reasons to consider that these cannot ensure the management and the carrying out of the central depository operations under safe and prudent conditions.
e) not to have been the administrators of a company undergoing legal reorganisation or which has been declared bankrupt or has been suspended or whose authorisation has been withdrawn by the competent authority during the exercise of the functions they have been appointed to;
f) not to be part of the management, not to be administrators, employees or financial auditors and not to hold any participation in another entity which functions as central depository;
g) not to hold any public position.

Art. 23
(1) In order to validate the Board members in accordance with the provisions of art. 149 paragraph (3) of Law no. 297/2004, and to approve the appointment of the central depository managers, CNVM shall assess all the circumstances and information related to the activity, reputation, integrity and professional experience of each person, taking into account the documents referred to in art. 7 indent d) hereof.
(2) CNVM shall refuse to validate the Board members or to approve the appointment of central depository managers where there are strong and clear reasons to consider that these cannot ensure the management and the carrying out of the central depository operations under safe and prudent conditions.
Art. 24
(1) Within maximum 30 days from the occurrence of an incompatibility, legal obstacle, full incapacity to exercise the mandate or vacancy of a Board member position, the central depository shall submit for validation by CNVM another person appointed, in accordance with the company's documents of incorporation, for the purpose of exercising that mandate until its expiry, under the conditions set out in art. 22 and art. 7 indent d).
(2) Any situation which generates lack of availability for 90 consecutive days shall be considered full incapacity to exercise a mandate.

Art. 25
The duties of the central depository's Board of Directors shall be established in the document of incorporation, in accordance with the provisions of Law no. 31/1990 republished, and shall include at least the following:
a) to approve the central depository's internal organisation and functioning regulation, the general rules referring to the employment and dismissal of the depository's staff, the framework of rights and obligations, of the duties and authorities of the employees, in compliance with their training, education and skills;
b) to appoint, dismiss and establish the remuneration of the depository's managers, by approving their duties;
c) to verify compliance with the integrity and professional experience requirements by the persons in management or control positions within the depository;
d) to approve the regulations and the procedures issued by the central depository, in accordance with the provisions of art. 149 paragraph (1) of Law no. 297/2004 and of this regulation, or to submit for approval to the general shareholders meeting, where this authority has not been granted to it, in accordance with the document of incorporation;
e) to approve the procedure for operational risk management, as well as any subsequent alterations, being at the same time responsible for its application;
f) to approve the conclusion of contracts for renting locations and equipment, as well as of service contracts related to the central depository's object of activity, under the conditions established by the general shareholders meeting;
g) to approve the conclusion of the management contract underlying the technical and electronic systems employed by the depository;
h) to establish the depository's development strategy and to submit it for approval by the general shareholders meeting;
i) to submit for approval by the general shareholders meeting, within maximum 3 months from the conclusion of the financial year, the presentation of the depository's activity based on its balance sheet, the profit and loss account for the previous year, as well as the budget draft for the current year;
j) to resolve the contestations drawn up against the decisions of the manager/managers;
k) to set up specialised commissions of the central depository and to appoint their full and substitute members;
l) to appoint the persons to be written down on the list of arbitrageurs of the central depository's arbitrage system;
m) to decide on any issue pointed out by the general shareholders meeting.
Art. 26
(1) Each member of the Board of Directors shall, each time required and at least once a year, until 31 March, submit to the central depository's Board of Directors and to CNVM a statement to show the nature and the scope of his interest or material relationships, where:
a) he is part of a contract concluded with the central depository;
b) he is the administrator of a legal person which is part of a contract concluded with the central depository;
c) he displays close links or has a material relationship with a person who is part of a contract concluded with the central depository;
d) he is able to influence the taking of a decision within the Board meetings.
(2) The obligation referred to in paragraph (1) resides with the Board member when he has been aware

or he should have been aware that a contract has been concluded or that a contract where he has a

material interest is being concluded, or if issues which represent conflicts of interests for that member are being discussed and submitted for approval on the agenda of the meeting.
(3) A Board member is considered to have a material interest or to be in a situation of conflict of interests in any situation which refers to his assets or personal interests or those of his family (spouse, relatives and inlaws up to the second degree, inclusively) and is directly or indirectly related to the central depository's activity.

(4) The Board member who has a material interest, a material relationship or who is in a situation of conflict of interests shall not take part in the debates related to these and shall abstain from voting on any of these, as he shall not be taken into account when calculating the quorum required for taking that decision.

(5) When a member of the central depository's Board of Directors does not declare one of the situations referred to in paragraph. 1-4:
a) the central depository, one of its shareholders or CNVM may request the court to annul any contract where that member has a material interest he has not declared in accordance with the provisions of paragraphs 1-4;
b) CNVM may request the central depository to annul the Board of Director's decision and to replace that member in the Board.

Art. 27

The central depository's managers have the following main duties:
a) to pursue compliance by the system participants with the central depository's rules and procedures;
b) to take the necessary steps to ensure compliance by the participants with the central depository's rules and procedures;
c) to immediately inform C.N.V.M. on any irregularity or dysfunctionality within the system;
d) to legally represent the company as legal person in front of public authorities and in its relationships with Romanian and/or foreign natural and/or legal persons; by their signature, managers commit the liability of the company as legal person;
e) to employ and dismiss the company's staff, to establish duties, responsibilities, obligations and rights specific to each position within the central depository and to sign on behalf of the company all individual employment contracts;
f) to negotiate, conclude, alter and terminate contracts to acquire goods, services and works for the purpose of carrying out the central depository's object of activity, under the conditions set out in the document of incorporation or by the decision of the Board of Directors;
g) to sign all the documents including data and information referring to the central depository, the statements, releases, applications, petitions, notifications, waivers and other such deeds concluded in the name of the central depository;
h) to carry out, where appropriate, with the approval of the Board of Directors, all operations and record keeping, administration and decision-making activities required to perform the company's object of activity;
i) to submit to CNVM and make public information on the central depository's shareholder structure

j) submit to the CNVM authorisation/approval the changing in the way of organisation or functioning, pursuant to the provision of section 5 of the present chapter.

Section 4 – Technical endowment and resources

Art. 28

At the moment of its authorisation and during the carrying out of its activity, the central depository shall have available staff qualified in accordance with its object of activity, sufficient financial resources to facilitate its orderly functioning, as well as high quality technical and electronic equipment in accordance with the nature and scope of activities carried out, as well as with the type and degree of risk to which the company is exposed.

Art. 29

The central depository may hold participation in the following legal persons:

a) S.C. Fondul de compensare a investitorilor S.A. (Investor Compensation Fund), in accordance with art. 44 paragraph (2) of Law
no. 297/2004;

b) legal persons whose main or exclusive object of activity consists in clearing-settlement operations for derivatives trading, in accordance with the provisions of art. 157 of Law no. 297/2004, as well as legal persons which manage payment systems authorised and supervised by NBR;

c) central depositories, clearing houses, central counterparties in member and non-member states.

Art. 30

(1) The technical and electronic systems employed by the central depository shall carry out at least the following functions:

a) to protect the system against the unauthorised access through modern, reliable and state-of-the art informatics mechanisms;

b) to guarantee the integrity of securities issues and the protection of investors interests by providing a single recording system for issuers, securities and their holders;

c) to carry out ownership transfer operations for securities;

d) to allow the electronic sending of reports by participants in order to establish the shareholder structure of an issuer;

e) to manage operational risks for the purpose of minimising them within the securities clearing-settlement system;

f) to establish electronic links with the trading systems of the financial instruments for which depositing, clearing and settlement is provided, as well as with the payment systems established by NBR as systemically important or very important systems;

g) to establish electronic links in order to carry out cross-border depository, clearing and settlement operations

h) to set up back-up files on an ongoing basis;

i) to draw up record recovery plans where there are severe damages of equipment, premises or files to ensure the immediate resuming of the activity, without losses or damages to the integrity of the information in the system;

j) to keep securities accounts and the track record of operations carried out in these accounts, as well as to keep the documents on which the operations were based;

k) to keep the register of securities pledged, or encumbered by any other liens.

(2) The central depository shall develop a business continuity plan in order to allow the operational

continuity and the recovery in case of disaster in order to identify, in emergency situations, the necessary resources
and process for the system reconfiguration based on a predefined scenario.

Art. 31
(1) The central depository should possess a space for the headquarters appropriate to its activities nature so as to ensure a minimum technical endowment incorporating appropriate software and IT computing and communication equipment, as well as security and control mechanisms for data safe keeping.
(2) The central depository shall have a space exclusively for the back up server in order to ensure data safe keeping.
(3)The location used as the central depository's registered office shall ensure the adequate carrying out of its activity and shall have at least the following features:
a) to be exclusively used for the specific activities;
b) to have an area which ensures compliance with the technical requirements for equipment installation and employment and the adequate carrying out of activities by its own staff;
c) to be endowed with anti-burglary alarm systems;
d) to be endowed with a fireproof metallic safe for the purpose of depositing back-up copies of databases;
e) to be endowed with a fire alarm system;
f) to have available a main and a back-up electric power source.
(4) Where the central depository has a registered office and a business headquarters, the requirements mentioned in paragraph (1) and (2) shall be applicable to the business headquarters, the last one representing the quarter from which the central depository is conducting the activities authorised by CNVM.

Section 5 – Changes in the central depository's organisation and functioning
The Capital Market Law no. 297/2004
Art. 148 *(2) The conditions based on which authorisation is granted shall be met during the entire functioning of the company. Any change shall be first submitted for authorisation by C.N.V.M.*
Art. 32
(1) The following changes in the central depository's organisation and functioning shall be submitted for authorisation/approval to CNVM, prior to their coming into force or their being registered with the Trade Register Office:
a) the issuing, alteration and completion of the regulations and procedures issued by the central depository on its organisation and functioning, in accordance with art. 149 paragraph (1) of Law no. 297/2004 and with art. 91 paragraph (1) of Chapter 3, Section 11 of this regulation;
b) share capital increase/decrease;
c) change in the object of activity;
d) change in the structure of the shareholders holding at least 5% of the voting rights;
e) change in the central depository's management;
f) change of registered office;
g) setting up/dissolution of secondary premises (branches);
h) change of name/logo.

(2) The central depository shall submit for validation by C.N.V.M., before the start of their mandate,

the change in the structure of the Board of Directors, submitting for each member the documents referred to in art. 7 indent d).
(3) Within maximum 5 days from issuing the certificate for changes registration with the Trade Register Office and no later than 60 days from issuing the approval/authorisation decision of the changes or the decision to validate the Board of Directors members, the central depository shall notify CNVM of the copy of the certificate for changes registration, where the change occurred requires registration with the Trade Register Office and, where appropriate, of the issuing of a new certificate.
(4) CNVM shall request changing of the documents referred to in paragraphs. 1 and 2 where these breach the provisions of this regulation and/or of other legal provisions in force.

Art. 33
The approval/ authorisation decision on the changes of the requirements based on which the authorisation for
the functioning of the central depository and respectively the decision to validate the Board of Directors members has been granted shall be issued based on an application accompanied by the following
documents, where appropriate:
a) the decision of the central depository's statutory body in accordance with the provisions of the document of incorporation. In case of a share capital increase, the decision shall provide the amount by which the share capital shall be increased and the source/sources which shall be used for the required increase. In case of a share capital decrease, the decision shall comply with the minimum share capital limit referred to in art. 10 paragraph (1), and show the reasons for the decrease and the way in which it shall be accomplished;
b) explanation on the drawing up, alteration and/or completion of the central depository' rules and procedures, as well as the drafts of the regulation submitted for approval highlighting the completion/changing in question, in the case referred to in art. 32 paragraph (1) indent a); the NBR s approval for any changing to the clearing and settlement system or to its regulations;
c) the addendum to the central depository's document of incorporation for the changes referred to in art. 32 paragraph (1) indent b), c), f), g) and h);
d) proof of paying up the share capital, in case of a share capital increase and, respectively, explanation on the necessity to decrease it, the evaluation report drawn up in accordance with the law, in case of contribution in kind and the documents in proof of ownership and the financial auditor's report on the lawfulness of the share capital increase/decrease, for the change referred to in art. 32 paragraph (1) indent b);
e) assignment agreements, excerpts from the shareholder register, the new shareholder structure in compliance with the requirements set out in art. 16 paragraph (2) and art. 7 letter e), for the changes referred to in art. 32 paragraph (1) indent d);
f) the documents referred to in art. 7 letter d), for the changes referred to in art. 32 paragraph (1) letter e) and paragraph (2);
g) proof of legal possession over the location required for functioning, as legalised copy, in compliance with the requirements set out in art. 7 indent c) and, respectively, art. 34, for the changes referred to in art. 32 paragraph (1) indent f) and g). Authorisation by CNVM of registered office changes or of the setting up of new secondary premises shall be granted only after an on-site inspection to the new premises;
h) the branch's internal organisation and functioning regulation, as well as the documents in proof of compliance with the requirements set out in art. 34 paragraph (2), for the changes

referred to in art. 32 paragraph (1) indent g);

i) proof of paying to the CNVM account the fee for the authorisation/approval or validation authorisation, as appropriate;
j) any other information that CNVM may request in order to analyse the documents.

Art. 33^1. - (1) In case of changes in the organisation and operation of the central depository, other than those referred to in Art. 32 (1) and (2), the central depository shall notify such changes to C.N.V.M. within maximum 15 days from their occurrence, attaching copies of the supporting documents.

(2) C.N.V.M. is entitled to request the amendment of the documents referred to in Para (1) if they do not comply with the provisions of this regulation and/or other legal provisions in force.

Art. 34

(1) The central depository may carry out its activity in locations other than that where its registered office is located, by setting up branches**.**
(2) The branch shall have an organisational structure which allows the carrying out of the central depository's activity under safe, prudent and transparent conditions and shall comply with at least the following cumulative requirements:
a) to possess a location adequate for the carrying out of its activity, which shall be exclusively used by the central depository, in compliance with the conditions set out in art. 31 paragraph (2);
b) to provide at those premises the technical endowment required for the carrying out of the branch's activity;
c) the branch manager shall comply with the requirements set out in art. 22;
d) to have its own organisation and functioning regulation, endorsed by the central depository's Board of Directors, which shall include special provisions on recording and control within the branch as well as the duties and responsibilities of its staff
e) to legally use the IT specialised program (software), which shall fulfil at least the requirements mentioned in art. 30.
(3) The aggregate recording of the operations carried out within the branches shall be submitted to the central depository's head office on a daily basis.
(4) All the documents underlying the activities carried out by the branches shall be submitted on a monthly basis, in original form, to the central depository's head office, based on receipt-delivery minutes, for the purpose of their being archived.

Art. 35

The central depository shall keep the conditions imposed on the authorisation of its branches throughout the entire period of their functioning, notifying C.N.V.M. of any change.

Chapter 3 – Functioning of the central depository

The Capital Market Law no. 297/2004

Art. 143

(1)The general conditions regarding clearing and settlement operations, as well as gross settlement ones for transactions involving financial instruments other than derivatives, which may take place within the clearing-settlement system are established by C.N.V.M. together with the National Bank of Romania and other competent authorities, as the case may be.
(2) The provisions of this chapter are applied to neither the clearing-settlement systems of the operations with money market instruments nor those of state bonds undertaken out of the regulated market defined by this law, as well as to those carried out within the trading systems authorised by the National Bank of Romania and organized by credit institutions.

Art. 146
(5) The central depository shall provide the issuers with the required information in order for them to exercise their rights underlying the deposited securities, being able to provide services for the fulfilment of the issuer's obligations to the securities holder.
(6) In order to determine the shareholder structure of an issuer at a certain reference date, intermediaries shall report to the central depository the holders of each individual sub-account.
(7) The reporting referred to in paragraph. (6) shall be carried out as follows:
a) for a certain security within three working days from the date of the central depository's request;
b)for all securities within three working days from 30 June and 31 December.
Art. 147
All classes of securities traded on a regulated market or within an alternative trading system must be deposited with the authorised central depository, so that to carry out securities operations in a centralised manner and to ensure the consistent recording of these operations.
Art. 151
(1) The securities accounts opened with the central depository on behalf of the intermediaries shall be recorded so that to ensure the separation between the securities held for its own account from those held for the account of the investors.
(2) Intermediaries must keep individual securities sub-accounts held for the account of the investors and write down daily in their own register the holdings, for each investor, and for each class of securities.
(3) The central depository shall be directly responsible for the daily matching between the amount of securities recorded with the securities accounts and the amount of securities issued.

Section 1 – Admission of securities and participants in the central depository system
Art. 36
(1) All securities admitted to trading on a regulated market or within an alternative trading system shall be registered in the central depository system.
(2) At the issuers' request, freely transferable securities, which are not traded on a regulated market or within an alternative trading system shall be also admitted to the central depository system.
(3) The central depository shall ensure a non-discriminating treatment for the market operators and the system operators as regards the performance of clearing-settlement operations.
Art. **37**
(1) The securities deposited in the central depository system are dematerialised and registered in electronic accounts, in accordance with the provisions of the legislation in force.
(2) The materialised securities issued shall be deposited and dematerialised before registering them to the central depository.
Art. 38

(1) Before being traded within a regulated market or within an alternative trading system, the securities shall be mandatorily registered with the central depository system based on the contract concluded with that securities issuer.
(2) For the purpose of securities registration with the central depository system, the issuer shall provide at least the following information and documents:
a) the issuer's identification data and at least the following: name, Single Registration Code (SRC) for Romanian legal person issuers or a similar single code for foreign issuers, the order number from the Register of Commerce, the registered office, location, administrative and territorial

unit, home state. In the case of Romanian legal person issuers, the information in the fields 'county' and 'location' shall be mandatorily filled in, in accordance with the SIRUTA list, published by the Government of Romania;
b) share capital, the number of shares and their nominal value;
c) securities class;
d) the rights and obligations underlying the securities issued, as well as the provision of any limit in the exercise of rights and the terms for the fulfilment of the obligations resulted from holding those shares;
e) the name of the issuer's contact person and the signature of the persons authorised or mandated to represent the issuer;
f) copy of the securities registration certificate with CNVM, where those securities have been subject to a public offer;
g) application for admission to a regulated market or to an alternative trading system, where appropriate;
h) decision of the issuer's statutory body on the opening, within the single recording system, of the accounts of the legal securities holders.
(3) In the case of materialised securities, the provisions of paragraph (2) shall be completed with the decision of the issuer's statutory body on securities depositing and dematerialisation.
(4) The issuer shall submit to the central depository, in electronic format, the list of the legal holders of those securities and data on their identity, including:
a) in the case of natural persons: family name, first name, single identification code (Personal Numeric Code for Romanian holders or a similar single code for foreign holders), the series and the number of the identity card, address, location, administrative and territorial unit (county for Romanian holders), country, citizenship; For resident natural persons, the information in the county and location fields shall be mandatorily filled in, in accordance with the SIRUTA list, published by the Government of Romania;
b) in the case of legal persons: name, single registration code (SRC) for Romanian legal persons or a similar single code for foreign legal persons, the order number from the Register of Commerce, registered office, location, administrative and territorial unit, home state and name of the legal representative. For resident legal persons, the information in the county and location field shall be mandatorily filled in, in accordance with the SIRUTA list, published by the Government of Romania;
c) in the case of entities with no legal personality: the name of the entity, single identification code and the identification data of its legal representative
d) for the securities held together by two or more investors shall be indicated the name of these investors as well as the name of those empowered to represent the rest of them
e) the guarantees and obligations imposed on the securities, with the clear mention of the date of their constitution.

(5) The issuer shall be responsible for all the information and documents referred to in paragraph (2), (3) and (4), provided to the central depository.

Art. 39

The contracts which the central depository shall conclude with the issuers and participants shall:
a) make explicit reference to the provisions of Law no. 297/2004 and of this regulation;
b) include a clause on the fact that the central depository's internal regulations and procedures complete the clauses of the contract;
c) provide the duration of the contract and the ways in which it can be renewed;

d) establish procedures and terms for renouncing that contract.

Art. 40

The service contracts concluded by the central depository with the issuers for the purpose of fulfilling the issuer's obligations to the securities holders shall make reference to at least the following items:

a) payment of dividends, in accordance with the provisions of Art. 146(5^1) of Law No. 297/2004;

b) payment of interest or principal, in accordance with the provisions of Art. 146(5^1) of Law No. 297/2004;

c) issuing documents in proof of the right of voting within the general shareholders meeting;

d) share splitting or consolidation;

e) managing pre-emptive rights for the purpose of purchasing new shares.

Art. 41

The central depository shall notify to all participants, CNVM, as well as to the regulated market or to the alternative trading system, provided that the issuer has filled in an application for admission to trading on one of these markets, of the securities admission on the working day following the closing of the admission procedure concerning the issuer's securities.

Art. 42. - (1) The participants referred to in Art. 2 Para (2) Letter n) shall be deemed participants in the central depository's system and shall be admitted to the system, in accordance with the procedures of the central depository.

(2) The central depository shall notify the Financial Supervisory Authority, hereinafter referred to as FSA, within one working day, of the admission to the system of the participants referred to in Para (1), including in the case of the participants for which FSA has issued a consent in principle in accordance with the provisions of Art. 104.

(3) Participants must open accounts with the central depository so as to ensure the separation of financial instruments held in their own name from those held in the name of clients.

Art. 43

Rules of admission of participants to the central depository system shall include at least the following:

a) objective, clear and undiscriminating access criteria, which shall include the financial (minimum capital requirements), operational and staff resources, as well as technical endowment and risk management measures required, for intermediaries authorised in member states included, in accordance with art. 42 of Law no. 297/2004;

b) criteria for exclusion/suspension from the system of the participants which no longer meet admission requirements;

c) commissions charged by the depository in exchange for the services provided.

Art. 44

The central depository shall not refuse access to the system it manages to a participant authorised in a member state, except for the situation where it considers that the orderly and efficient carrying out of its activity shall be affected.

Art. 45

(1) Refusal to allow access to a participant to the system shall be motivated in writing, indicating the admission requirements that the participant does not meet.

(2) A participant shall not be admitted to the system where it does not meet the technical, operational, staff and minimum financial requirements set out in the rules referred to in art. 46.

Art. 46

(1) The central depository shall suspend or, where appropriate, exclude from the system the participants which have been removed from the CNVM Register, as well as those which no longer meet the

criteria of admission to and maintenance in the system, in accordance with the central depository's rules and procedures.
(2) Within 2 working days, the central depository shall notify CNVM of any exclusion or suspension from the system of the participants which no longer meet the criteria of admission to and maintenance in the system.

Section 2 Securities depositing

Art. 47

The central depository shall register the securities traded on a regulated market or within an alternative trading system in accordance with the provisions of art. 147 of Law no. 297/2004, of this regulation and of the contracts concluded with securities issuers.

Art. 48

For the purpose of ensuring the integrity of securities issues and of investors' interests, the central depository shall ensure that the single recording system functions adequately and properly, by recording any operation in the corresponding securities accounts and by keeping track of these operations.

Art. 49

(1) In accordance with the provisions of art. 146 paragraph (4) of Law no. 297/2004, the issuers shall conclude service contracts with the central depository.
(2) Based on the contracts referred to in paragraph (1), the issuers shall deliver for depositing the securities subject to the contract.

Art. 50

The safekeeping of the registered securities, as well as the carrying out of any operation related to these shall be performed through the means of electronic securities accounts opened with the central depository.

Art. 51. - (1) The central depository may keep the following account systems:
a) individual financial instruments accounts opened in the name of the owners of financial instruments other than derivatives;
b) global financial instruments accounts opened by the participants, where financial instruments other than derivatives are registered.
(2) If the financial instruments accounts referred to in Para (1) are used, then the liability regarding the existence of financial instruments upon settlement shall devolve upon:
a) the intermediary that made the sales order; or, if applicable,
b) the authorised entity conducting custody activities for the seller, provided that the entity at issue confirms the settlement order.

Art. 52. - In the case of the financial instruments accounts referred to in Art. 51 Para (1) Letter a), the central depository shall separately record:
a) the financial instruments held in the name and to the account of the participants;
b) the financial instruments held in the name and to the account of the participants' clients;
c) the financial instruments which are subject to a security agreement, concluded in compliance with the legal provisions in force;
d) the financial instruments which are subject to seizure/garnishment;
e) the financial instruments of the owners which do not have accounts opened with a participant..

Art. 53. - (1) In the case of the financial instruments accounts referred to in Art. 51 Para (1) Letter b), the participants in the central depository's system must open and keep subaccounts for their own clients

and register the holdings per each client in their accounts on a daily basis, in accordance with the provisions of Art. 151 Para (2) of Law No. 297/2004.
(2) The subaccounts referred to in Para (1) shall be entered so as to ensure separation of the financial instruments held on own name from those held in the name of clients.
(3) The subaccounts referred to in Para (1) may be:
a) individual financial instruments accounts in the name of the financial instruments' owners;
b) global financial instruments accounts in the name of other entities authorised to open financial instruments accounts for their own clients.
(4) Participants and/or the central depository, as appropriate, shall have the following obligations:
a) to ensure the safekeeping of the financial instruments registered in the accounts kept by them;
b) to facilitate the receipt or exercise by their own clients of the rights corresponding to financial instruments;
c) to follow the orders of their own clients, in accordance with the contracts concluded with them;
d) not to use the financial instruments of their own clients, without their express consent.
(5) The clients' express consent referred to in Para (4) Letter d) shall not apply in the case of special/imposed sale transactions, in accordance with the regulations of the clearing-settlement system operator.
(6) In the case of a foreign participant in the central depository's system or of a foreign client of a participant in the central depository's system, as appropriate, the central depository or the participant in the central depository's system, as appropriate, must take the necessary measures to ensure the exercise of the rights corresponding to the financial instruments that the foreign participant in the central depository's system or the foreign client, as appropriate, might keep in the name of third parties.

Art. 54
repealed.

Art. 55
At the request of FSA, of any other institutions authorised by law or the central depository, the central depository's participants opening global financial instruments accounts shall report the holdings of each investor as soon as possible. In this regard, participants must request and send the required information to identify the owner of financial instruments and the real beneficiary, as appropriate..

Art. 56
The ongoing monitoring of the securities issued shall be performed by verifying daily the match between the volume of securities of each class, registered to the securities accounts opened with the central depository and the amount of securities issued, in accordance with art. 151 paragraph (3) of Law no. 297/2004.

Art. 57
(1) Where the central depository is provided with certain documents on an issuer, resulting in mismatches with the data in the single recording system, it shall notify CNVM, within one working day from the date when those mismatches have been acknowledged.
(2) The central depository shall be allowed to refuse the execution of the issuer's or any other mandated person's instructions where those requirements would breach the provisions of this regulation and of the applicable legislation.

Art. 58
For the purpose of ensuring access control and database security, the central depository shall establish procedures to authorise, identify and monitor the participants' or issuers' employees, who have access to its database.
Art. 59
(1) The participants referred to in art. 42 paragraph (1) indent a) shall have access to the central depository system only through the employees who have graduated the training courses and have been given an access password to the system.
(2) The central depository members are responsible for their conduct and for the operations performed by their employees within the central depository system.
(3) The internal control department of the intermediaries or, where appropriate, the Board of Directors of the other participants shall be directly responsible for the way in which the other employees use their access to the depository's database and shall immediately notify the depository of any change in the list of employees who have access to its database.
(4) The provisions of paragraph (1) and (2) shall also apply to the securities issuers who have established on-line connections with the central depository.
Art. 60
For the purpose of protecting the databases, the central depository shall include in the contracts concluded with its employees, a disclaimer on the confidentiality of the data to which they have access.

Section 3- Register operations and central depository records
Art. 61. - (1) The central depository must keep financial instruments registers in electronic form and shall also have an IT system able to fulfil the following data processing functions:
a) carrying out financial instruments transfer operations based on the principle of double entry recording, by previously verifying the following conditions:
1. the number of financial instruments credited equals the number of financial instruments debited and the number of financial instruments transferred from an account equals the number of financial instruments added to the account or accounts where the financial instruments have been transferred;
2. the account to be debited holds a sufficient number of financial instruments;
3. the financial instruments to be transferred are not frozen;
b) changing the nominal value of the shares and the conversion of financial instruments into shares.
(2) The participants in the central depository's system must keep financial instruments registers in electronic form and shall also have an IT system able to fulfil the following data processing functions:
a) carrying out financial instruments transfer operations among the subaccounts of a global account based on the principle of double entry recording, by previously verifying the following conditions:
1. the number of financial instruments credited equals the number of financial instruments debited and the number of financial instruments transferred from an account equals the number of financial instruments added to the account or accounts where the financial instruments have been transferred;
2. the account to be debited holds a sufficient number of financial instruments;
3. the financial instruments to be transferred are not frozen;
b) changing the nominal value of the shares and the conversion of financial instruments into shares.
(3) The central depository shall be held liable for identifying the owner of all financial instruments deposited in the system managed by it, if such financial instruments are registered in individual accounts opened by the central depository in the name of owners of financial instruments; if the financial instruments are registered in individual and/or global accounts opened by such participants in the central depository's system, then the participants of the central depository shall be held liable for

identifying the owner of financial instruments from among those deposited in the system managed by the central depository..

Art. 62

(1) The central depository shall draw up and keep records on the identification data of each issuer of securities on whose behalf it carries out depository and register operations and which shall include at least the following:

a) the issuer's name;

b) the single registration code for Romanian legal person issuers or a similar single code for foreign issuers;

c) the order number from the Register of Commerce;

d) the issuer's registered office, telephone number, fax and e-mail, where appropriate;

e) information on the issuer's founders, where appropriate;

f) the share capital, the amount of securities, their nominal value and class;

g) the family name, first name and position of the person or persons authorised to represent the issuer, the name of the contact person, as well as signature specimens;

h) the ISIN code.

(2) Issuers shall inform the central depository of any change in the data above, in accordance with the central depository's rules and procedures.

(3) Any change in the share capital of an issuer whose shares are admitted to trading on a regulated market or within an alternative trading system shall be performed by the central depository only based on the certificate issued by CNVM in this respect.

(4) The certificate referred to in paragraph (3) shall be submitted by the issuer to the central depository within maximum 2 working days from its issuance by C.N.V.M.

Art. 63

(1) The documents of registration for each securities class shall include at least the following data:

a) the decision of the issuer's statutory body on the issuance of securities;

b) the description of the securities class and nominal value;

c) the amount of securities issued;

d) the ISIN code;

e) information on the payment of dividends, interests or other allocated amounts by mentioning the stated date, the amount of the dividend or sum distributed, the amount retained as tax, where appropriate, as well as the payment date.

(2) The provisions of the paragraph (1) indent a) shall not be applied in the situation referred in art. 217 paragraph (1).

Art. 64

(1) The records concerning investors, the amount of financial instruments held by each investor and the status of these financial instruments are provided by:

a) the central depository, for individual financial instruments accounts it manages on behalf of investors;

b) participants, for global accounts, both in the case of securities held in their own name and of those held in the clients' name, in accordance with the provisions of art. 151 paragraph (1) and (2) of Law no. 297 / 2004.

(2) Each account shall be given a single identification number, in accordance with the procedures issued by the central depository.

Art. 65
(1) Whether the accounts are individual or global, both written and electronic records shall include at least the following information on each investor:
a) in the case of natural person investors:
1. the full name of the securities holder, telephone, fax email address;
2. the series and number of the identity document and the single identification code (personal numeric code (PNC) for Romanian holders or a similar single code for foreign holders);
3. the series and the number of the identity card;
4. the domicile, residence or correspondence address, if the late one is different from that of the domicile;
5. where the investor is not in full capacity to exercise its rights, the name of the legal representative, his identification data in the identity document, domicile, residence, address where he shall receive correspondence and the legal document which mandates him as the issuer's legal representative shall be provided.

b) for legal persons:
1. name, sole registration code (CUI for Romanian legal persons or a similar unique code for foreign legal persons), registered headquarters or the equivalent concept in the applicable legislation, for foreign legal persons, country, telephone, fax, e-mail address;
2. registration number with the Registry of Commerce, number of custody contract, if applicable;
3. name of the legal representative, if supplied by the legal person, or the name of the authorized person;
c) for the holders devoid of legal personality: name of the entity, identification data and contact details of the legal representative, is supplied by the entity, or of its authorized representative; the authorised representative may also be the authorised intermediary holding the financial instruments accounts opened in the name of the legal person's clients;;
d) in the case of securities jointly held by two or more investors, their names, as well as the name of the one mandated to represent them shall be provided;
e) guarantees or charges over the securities, by mentioning the date when these have been set up and the obligations incurred;
f) restrictions on the investors' securities accounts.
(2) For each securities account, the central depository and/or the participants shall record the following information:
a) single identification number of the account, in accordance with art. 64 paragraph (2);
b) amount of securities held;
c) guarantees or charges over the securities;
d) restrictions on the securities account;
e) information on any increase or decrease in the amount of securities registered in the account (track record).

Art. 66
Besides the data and information on issuers, the investors' securities and accounts, the central depository shall keep and update the following records:
a) monthly statement, including the number of transfer instructions and of requests received and resolved, as well as of requests pending resolution;

b) statement of ownership transfers operated in the central depository system, other than those resulting from transactions carried out
on regulated markets and/or within alternative trading systems;
c) statements on the total number of shares for each issuer, the principal amount in case of bond issues or the total amount of issued and outstanding securities.

Art. 67

(1) Central depository participants shall immediately submit all the information requested by the central
depository, necessary for the purpose of organising the records referred to in art. 62, 63, 64 and 65, as well as for the purpose of making the reports referred to in art. 146 paragraph (6) and (7) of Law no. 297/2004.
(2) The central depository shall grant its participants the technical capability of sending the information referred to in paragraph (1).

Art. 68

The records referred to in this regulation shall be kept for a period of time of at least 5 years, during the first year in an easily accessible location and then in such a manner so that to allow access within maximum 3 working days, at the request of CNVM.

Art. 69

The central depository shall make available to CNVM, on the latter's request, all records and registrations referred to in this regulation.

Section 4 - Information provided to issuers and investors

Art. 70

(1) The central depository shall ensure the access of the authorised representatives of issuers and investors to a location especially equipped for public relations.
(2) The central depository shall make available to the issuer's representatives, at their request, information on the issuer's register, namely as follows:
a) in the case of natural persons: family name and first name, number and series of the identity document, amount of securities held at a certain date;
b) in the case of legal persons: name, registered office and the amount of securities held at a certain date;
c) in the case of entities with no legal personality: name of the entity, number and series of the identity document of its legal representative and amount of securities held at a certain date.

Art. 71

(1) The changes performed to the holders accounts as regards the identification data of an investor shall be recorded by the central depository or by its participants only based on an application in writing by the
investor or its legal representative, based on some documents which certify the changes requested to be recorded.
(2) The central depository or its participant shall reject any application for recording the changes in the information included in the investors' account, where performing the change breaches the legal provisions.

Art. 72

On request by the securities holders of by the persons mandated by them by means of a proxy authenticated by the notary public, the central depository shall issue, either directly or indirectly through intermediaries, the account statement in proof of the holdings, the changes performed to the

accounts and the percentage held of the total securities of the same class issued by the issuer.

Art. 73
The account statement shall include at least the following information:
a) number of the investor's account;
b) identification data of the investor: family name and first name, single identification code (PNC) for Romanian holders or a similar single code for foreign holders, in the case of a natural person, single registration code (SRC) for Romanian legal persons or a similar single code for foreign legal persons or the single identification code, in the case of an entity with no legal personality;
c) date on which the account statement has been requested;
d) identification data of the issuer of securities held by the investor: name, registered office, trading symbol and ISIN code;
e) amount and class of securities recorded in the investor's name;
f) information on any restrictions or charges over the securities or on their transfer;
g) clear mention within the account statement to show that the statement is not a security or a marketable instrument, but a proof of the fact that, on the stated date, the person whose name has been provided on the account statement is the holder of the securities referred to in the statement;
h) identification data of the account statement issuer, stamp, full name and signature of the person who has issued the account statement.

Section 5 – Settlement cycle
Art. 74
The settlement cycle for transactions with financial instruments other than derivatives, carried out on regulated markets and within the alternative trading systems is of maximum 3 working days (T+3 moment) from the date of carrying out the transaction (T moment).
Art. 75
The central depository shall monitor the frequency and the duration of failed settlements, assess the risks associated with these settlements and shall decide on appropriate steps to mitigate them.
Section 6 – Settlement finality and transfer of ownership rights
The capital Market Law no. 297/2004
Art. 145
The transfer of the property right underlying financial instruments, other than derivatives, takes place, at the settlement time, within the clearing-settlement system based on the delivery versus payment principle.
Art. 168
(1) For the purposes of this chapter:
a) participant is an authorised intermediary, a central counterparty, a settlement agent, or a clearing house. According to the rules for the functioning of the system, the same participant may act as a central counterparty, a clearing house or a settlement agent or carry out all these tasks, or only part of them;
b) indirect participant is a credit institution which may send transfer orders within the system, based on a contractual relationship with an institution participant within the system, and which carries out transfer orders.
(2) The provisions of this chapter shall be applied to the clearing-settlement system, referred to in paragraph (3), to all the participants to the settlement systems and to all the guarantees set up when

participating in a clearing-settlement system.
(3) The clearing-settlement system is a contract concluded between 3 or more participants, without taking into account a possible settlement agent, a possible central counterparty, a possible clearing house and a possible indirect participant, with common rules and standardised contracts for the execution of transfer orders involving financial instruments between the participants, authorised by C.N.V.M. or other competent authority of the Member State, as the case may be.

Art. 169

(1) Transfer orders are irrevocable, yield legal effects for the participants and are opposable to third parties from the moment of their introduction into the clearing-settlement system, a moment established by the rules of the system.
(2) Transfer orders and netting are valid, yield legal effects and are opposable to third parties even if insolvency proceedings are opened against a participant, provided that those transfer orders have been introduced into the system before the insolvency proceedings have been opened.
(3) As an exception, if transfer orders are introduced into the system after the moment when the insolvency proceeding have been opened, these transfer orders and netting shall yield legal effects and are opposable to third parties, provided that the settlement agent, the central counterparty or the clearing house is able to prove, after settlement, that they were not aware and should not have been aware
of the fact that insolvency proceedings have been opened.
(4) No legal regulation, rule, provision or practice regarding the annulment of certain contracts and transactions concluded before the moment when the insolvency proceedings have been opened, may cause the annulment of transfer orders, nettings, payments or subsequent transfers referred to in paragraph (1) and (2).

Art.170

(1) For the purposes of this law, the moment when insolvency proceedings are opened is the time when a competent authority issues the decision to open that procedure.
(2) The competent authority that has issued the decision to open insolvency proceedings shall immediately communicate its decisions to C.N.V.M., by fax or e-mail with confirmation of receipt.

Art. 171

(1) Insolvency proceedings do not yield retroactive effects on the participants' rights and obligations that result from/or are related to their participation to the clearing-settlement system, issued before the time of starting these proceedings.
(2) After the opening of insolvency proceedings, the settlement agent, on behalf and for the account of the participant, for the purpose of fulfilling the obligations contracted in relation to its participation to the system, concluded before insolvency proceedings have been opened, may use:
a) financial instruments and funds available in the participant's settlement account;

b) guarantees set up in order to fulfil the participant's obligations related to its participation to the system.
(3) The guarantees and the deposits set up within the clearing-settlement system by a participant against whom insolvency proceedings have been opened shall not be affected by them. After the obligations contracted in relation with its participation to the system have been fulfilled, before the opening of insolvency proceedings, the participant's assets may be used within the proceedings.
(4) If insolvency proceedings are opened against a participant, the financial instruments and/or the funds held on its behalf and for the account of its investors, shall not be subject to any claims or payments to the creditors of that participant.

Art. 76
(1) The central depository shall issue procedures which shall clearly mention the moment of submitting the transfer order into the clearing- settlement system, in accordance with art. 169 paragraph (1) of Law no. 297/2004, the moments when the delivery of securities and funds becomes irrevocable and unconditional, as well as the moment when the settlement becomes final.
(2) The moments referred to in paragraph (1) shall be applicable to all the participants within the clearing-settlement system.
(3) The central depository shall ensure the settlement finality from the moment when the transfer order is submitted to the system.
(4) The clearing-settlement system managed by the central depository shall be set up so that to forbid the unilateral cancellation of a transfer order on the moment of submitting it to the system, even when insolvency proceedings have been started against one of the participants.
(5) The CNVM shall transmit to the central depository, the market operator and the system operator the decisions on opening the insolvency procedures, received according to the provisions of art. 170 paragraph
(2) of Law no. 297/2004 and art. 6 paragraphs (2), (3) and (4) of Law no. 253/2004 regarding the settlement finality of the payment and financial instruments settlement systems, at the latest on the opening of the following transaction day.
Art. 77
In case of cross-border operations, the settlement schedule shall be adjusted to the functioning schedule of the TARGET (Trans-European Automated Real-time Gross Settlement Express Transfer) system, a system managed by the Central European Bank, which allows the real time settlement of cross-border transfers in euros.
Art. 78
Within the clearing-settlement procedure which it shall issue, the central depository shall ensure that the period of time between the moment of blocking securities and/or funds and the moment when the settlement becomes final is reduced to the minimum.
Art. 79
(1) In accordance with the provisions of art. 145 of Law no. 297/2004, the transfer of ownership rights over the securities takes place on the transaction's settlement date in the clearing-settlement system managed by the central depository.

(2) The settlement of transactions within the central depository system shall be performed based on the 'delivery versus payment' (DVP) principle, according to which the delivery of securities takes place if and only if the payment of the corresponding funds is also made.
(3) Transfer of ownership shall be recorded by debiting/crediting the individual securities accounts.
(4) In the case of global accounts, intermediaries shall debit/credit in their own records the securities accounts of the investors who have ordered the transactions, immediately after the conclusion of the settlement of those transactions.
Art. 80
The securities purchased may be alienated starting with the moment of their purchase, in accordance with the rules of the market where those securities are traded and with the rules of the central depository.
Art. 81
(1) As an exception to the provision of art. 79 paragraph (1), the central depository shall operate (direct) transfers of ownership over the securities, as an effect of:
a) succession;

b) giving up joint ownership;
c) assignment by the issuer of its own shares to its staff;
d) acquisition by the issuer of its own shares as a result of withdrawal from the company of the shareholders who do not agree with the decisions taken in the general shareholders meeting, in accordance with the legal provisions in force;
e) merger, spin-off or dissolution;
e^1) depositing/increasing the share capital of business entities, other than those whose securities are traded on the capital market and the financial investment services companies and investment management companies, by contribution in kind representing shares issued by companies admitted to trading, which are evaluated in accordance with the provisions of Companies' Law No. 31/1990, republished, as subsequently amended and supplemented;
f) executing a final and irrevocable judgment, vested as writ of execution;
g) privatisation;
g^1) acquisition of shares from the Ministry of Public Finances or form other competent entities within the budget receivable execution proceedings;
g^2) transfer to Fondul Proprietatea SA of the shares issued by the companies mentioned in the annex to Title VII of Law No. 247/2005 on the reform in the field of ownership and justice, and certain related measures, as subsequently amended and supplemented, admitted to trading on the capital market;
g^3) transfer of the shares issued by Fondul Proprietatea SA, from the account of the Ministry of Public Finances into the account of the persons entitled to such shares, in accordance with the legal provisions;
g^4) transfers of shares between a parent company and its subsidiaries or between the subsidiaries of the same parent company, with C.N.V.M.'s approval;
g^5) purchase/sale by the offeror of the shares in accordance with Arts. 206 and 207 of Law No. 297/2004;
h) request of transfer from the name of one of the spouses to the name of both of them, as joint holders of the securities;
i) deeds with certain obligation attached or free of charges concluded between relatives or inlaws up to the fourth degree and/or legal person controlled by them, under the condition that the activity of those legal persons not to be the subject of CNVM `s supervision and authorisation, complying the following requirements:
1. neither of the parties in the transaction is or, as a result of the transaction, becomes a significant shareholder;
2. the total volume of those transactions shall not exceed in a 12 months period 1% of the total number of the securities of the same type and class, issued by the same issuer;
3. are notified to CNVM and to the regulated market on which the securities are traded in a maximum of 3 working days from the date on which the deed has been concluded;
4. the deed concluded by the mentioned parties shall be certified by a public notary.
i^1) execution of the mortgages over movable property or of the financial guarantees by appropriation, by the creditor/beneficiary, of the securities subject to the mortgage or, as the case may be, of the financial guarantees;
i^2) other transfers of rights, classified by CNVM regulations as direct transfers.
j) other transfers of ownership, pursuant to special rules or regulations in force, with the CNVM express approval.
(2) The transfer of ownership over the securities mentioned in paragraph (1) shall be operated by the

central securities depository in 3 working days from the date of the request submission and filing of the complete documentation needed for each case.

(3) In the case of carrying out direct transfers of ownership over the securities accounting for at least 10 % of the issuer's share capital, the central depository shall immediately inform CNVM and the regulated market and the alternative trading system, where appropriate.
(4) The central depository shall be held responsible where it carries out direct transfers of ownership over the securities without having received appropriate instructions.
(5) The central depository shall report to CNVM, in 3 working days from the registration, the requests for direct transfer of ownership over the securities which are contradictory or interpretable in its opinion, as well as the challenges regarding the operated transfers.
(6) repealed.
Art. 81^1. - (1) By way of exception from the provisions of Art. 79 (1), the central depository may operate securities transfers further to security lending operations and establishment of financial guarantees with ownership transfer.
(2) The transfers of the securities referred to in Para (1) shall be operated by the central depository on the date indicated by the parties involved. The transfers made by the central depository between the participants' own accounts shall be conditional upon the submission of the complete documentation.
(3) By way of exception from the provisions of Art. 79 (1), the participants in the central depository's system may operate transfers of securities in its own back-office systems, further to the securities lending operations and establishment of financial guarantees with transfer of ownership between their own clients whose securities holdings are registered in the same global account.

Section 7 – Operational, clearing and settlement risk management
Art. 82
(1) The central depository shall identify, monitor, assess and mitigate as much as possible the risk sources associated with the depository, clearing and settlement system.
(2) The central depository shall issue procedures to manage operational risks which shall establish at least the following:
a) ways to periodically review, renew and test the procedures to manage operational risks;
b) mentions on undertaking responsibility for managing operational risks;
c) provision of professional training for the staff in charge with applying the procedures of the central depository;
d) obligation to periodically audit the IT system;
e) obligation to draw up a business continuity plan for the clearing and settlement activity as well as its recovery as soon as possible, in case of disruptions.
(3) The outcomes of the audit process referred to in paragraph (2) indent d) shall be made available to CNVM, at the latter's request.
(4) The plan referred to in paragraph (2) indent e) shall be published on the central depository's site and shall be tested on an ongoing basis, where there are material changes to it.
Art. 83
(1) In order to manage risks associated with the clearing and settlement operations, the central depository shall open and maintain a margin account for each participant to the clearing and settlement system, pursuant to its own procedure.
(2) The margin in paragraph (1) shall be used exclusively for the purpose mentioned thereto.
Art. 84
(1) The margin opened in the participants accounts shall not be considered the central depository's

assets and shall not be requested by the central depository's creditors.

(2) The provision of paragraph (1) shall be also appropriate in the central depository's bankruptcy and administrative liquidation procedure.

Art. 85

The central depository has the obligation to calculate on a daily basis the participants exposures and to request them to provide the necessary amounts in order to guarantee the settlement of the operated trades.

Art. 86

(1) The margin account system shall function based on the following principles:
a) setting up of an initial margin;
b) monitoring the maintenance of a required minimum amount in the margin account;
c) taking the necessary measures when the margin does not correspond to the minimum required level.
(2) The initial margin may be set up by depositing the assets referred to in art. 2 paragraph (2) indent j), as follows:
a) up to 100% in the case of the assets referred to in art. 2 paragraph (2) indent j), point 1;
b) up to 50% in the case of the assets referred to in art. 2 paragraph (2) indent j), point 2, 3 and 4.

Art. 87

The assets mentioned in art. 2 paragraph (2) indent j) point 4 of the present regulation set up in the margin accounts shall be evaluated pursuant to the procedure issued by the central depository to at least 70% of their market value.

Art.88

The central depository shall request an additional margin on a daily basis when the activity of a participant implies a high risk rate**.**

Art. 89

The central depository shall review and assess at least annually the margin methodologies applied to reduce the sources of the operational clearing and settlement risks by issuing procedure on back testing which shall take into account the periods of regulated market and/or alternative trading systems turbulence.

Art. 90

In order to manage the clearing and settlement risks, the central depository may establish other control mechanisms including the necessary infrastructure for facilitating the securities lending for the participants to the clearing and settlement system.

Section 8 – Investment policy of the central depository

Art. 91

The central depository is liable for the safe keeping of the participants assets deposited into the margin accounts in order to guarantee the clearing and settlement of the securities transactions.

Art. 92

(1) Where the margin accounts consist in funds, the central depository shall adopt an adequate investment policy so as to ensure that the investments made will not compromise its capacity to use the funds for the purposes they have been constituted.
(2) The funds shall be invested in financial instruments for which the credit, market and liquidity risks are minimised, so as for the central depository to use its financial resources in an optimal period of time.

Art. 93
(1) The central depository `s investments in financial instruments shall be exclusively in:
a) securities as those mentioned in art. 2 paragraph (2) indent j) point 3 of the present regulation, no matter of the currency in which they have been issued;
b) financial instruments as those mentioned in art. 2 paragraph (1) point 11 indent c) of Law no. 297/2004.
(2) The central depository may invest the financial instruments at its disposal or its own resources in the financial instruments mentioned in paragraph (1), with respect to the limits mentioned hereto below:
a) maximum 40% in securities, mentioned in paragraph (1) indent a), under the requirement for these to have a high level of liquidity;
b) maximum 80% in financial instruments mentioned in paragraph (1) indent b).
(3) The holdings of the financial instruments mentioned in paragraph (1) indent b) shall not be reduced under 60% of the value of the financial instruments at central depository's disposition or of its own resources.
(4) The central depository shall not invest in derivatives.
(5) When the limits mentioned in paragraph (2) are exceeded, the central depository is obliged to reduce the investment to the minimum compulsory level in maximum 10 days. The operation shall be monitored, confirmed and notified to CNVM by the central depository's board meeting and financial auditors.
Art. 94
Parts of the central depository's assets may be invested in computing equipment and clearing and settlement systems.

Section 9 - Transparency requirements
Art. **95**
(1) The central depository shall make available to its participants at least the following information:
a) the central depository's legal status;
b) the legal framework which governs the clearing-settlement system;
c) access requirements for participants to the clearing-settlement system;
d) class and type of securities operated by the central depository's clearing-settlement system;
e) the law that governs the contractual relationship between the central depository and the participants in the system;

f) registered office and/or secondary premises, where appropriate, where activities of securities account management are performed;
g) the law that governs the ownership rights over the securities kept in the system;
h) the nature of the ownership rights over the securities kept in the system;
i) rules on the moment when the transfer order is submitted to the clearing-settlement system, the moment when the transfer becomes irrevocable, the settlement finality, the delivery-versus payment (DVP) principle, as well as on the moment when transfer of ownership is performed;
j) rules on securities lending and the use of the related guarantees;
k) rules on failed settlements;
l) regulations in force on financial guarantees which protect investors in case of failure by the intermediary to fulfil its obligations (e.g. Investor Compensation Scheme);
m) rules on the execution of financial guarantees and of mortgages over movable property.
(2) The information referred to in paragraph (1), as well as the main ratios and financial statements on

the central depository's activity shall be published on the central depository's site, including a presentation in an internationally used language and shall be updated on an ongoing basis.
(3) The central depository shall make public the risk management policies enforced within the clearing-settlement
system.
(4) The central depository is in charge of the accuracy of information on the clearing-settlement system published on its site and shall review it at least once a year.

Section 10 – Management services for guarantees over the securities kept in the system

The Capital Market Law no. 297/2004
Art 151
(4) The setting up of guarantees for the deposited securities shall be carried out by recording the details of the guarantee in the account of the securities owner. The records shall include the amount of securities set up as guarantee, the obligation guaranteed and the identity of the creditor.
(5) The guarantees shall be set up by attaching the securities with the central depository unless the parties establish otherwise through the guarantee contract.
(6) The guarantees referred to in paragraph (4) meet the publicity requirement for the purposes of opposability and establishment of creditors' priority from the moment of their registration with the central depository.
Art. 172
The enforcement of guarantee contracts concluded by the entities regulated by C.N.V.M. according to Government Ordinance no. 9/2004 regarding guarantee contacts, approved by Law no. 222/2004 shall be carried out in compliance with the regulations issued by C.N.V.M.

Art. 96 (1) The mortgages over the securities forming the object of mortgage contracts over movable property shall be established and concluded by their registration and separate recording in special accounts opened in the name of the person establishing the mortgage in the central depository system, in accordance with the rules of the central depository.
(2) The mortgages referred to in Para (1) meet the publicity conditions required to produce effects against third parties and for establishing the priority rank of the mortgages as of their registration with the central depository. The records shall indicate the number of securities mortgaged, the guaranteed obligation and the identity of the person establishing the mortgage, of the debtor of the guaranteed obligation (if it is different from the person who established the mortgage) and the mortgagee.
(3) The mortgages over movable property shall be deregistered by the central depository in accordance with its own regulations, in accordance with law.
(4) The rank of the mortgages shall be established depending on the order of their inscription, in accordance with the provisions of Para (1). For the purpose of this paragraph, the order of the registration is given by the time of registration into the accounts referred to in Para (1), established by indicating the exact date and time (expressed in hours, minutes, seconds) in the document issued by the central depository confirming the registration of the mortgage.
(5) If the parties agree on the execution of the mortgage, the creditor shall sell the securities mortgaged in its favour through an intermediary on a regulated market or within an alternative trading system, using the method "special order sale", in compliance with the applicable regulations.
(6) In case of forced execution of the mortgage, the creditor, with the support of the court marshal, shall sell the securities mortgaged in its favour through an intermediary on a regulated market or within

an alternative trading system, using the method “special order sale”, in compliance with the applicable regulations.

(7) In case of forced execution under the Civil Procedure Code, the court marshal shall realise the securities subject to seizure/garnishment through an intermediary on a regulated market or within an alternative trading system, using the method “special order sale”, in compliance with the applicable regulations.

(8) If the receivable cannot be extinguished by the sale of the securities subject to seizure/garnishment or forming the object of a mortgage, the creditor may appropriate, on the account of the receivable, the securities offered for sale, and the central depository shall perform the transfer into the creditor’s account in accordance with Art. 81 (1) letter i^1).

(9) The mortgage contract shall provide a modality to evaluate the mortgaged securities in case of execution of the mortgage by the appropriation by the creditor of said securities on the account of the receivable.

(10) Both in case of using the individual account system, and in case of using the global account system, in accordance with CNVM Regulation No. 5/2010 on the use of the global account system, the implementation of the mechanisms with and without the pre-validation of financial instruments, performance of the securities lending operations, operations of establishing associated guarantees and short selling operations, approved by CNVM Order No. 10/2010, hereinafter referred to as CNVM Regulation No. 5/2010, the establishment and conclusion of the mortgages over movable property shall be performed by registering and recording them separately in special accounts opened in the name of the person establishing the mortgage within the system of the central depository, assimilated to the accounts referred to in Art. 51 (1) Letter a).

(11) The central depository shall update, on a daily basis, the market value of the mortgaged securities and shall notify the person who established the mortgage and the creditor of the guaranteed obligation, in accordance with its own regulations issued in this respect.

(12) The person establishing the mortgage may alienate the securities only subject to a prior notification to the central depository on the intention to alienate such securities. The notification shall be performed by the person establishing the mortgage and shall include the amount and the characteristics of the mortgaged securities to be alienated. In case of alienation of mortgaged securities, the mortgage shall be transferred over the money or other securities resulting from the alienation of the mortgaged securities.

(13) If the person establishing the mortgage alienates the mortgaged securities, it shall notify the creditor of the guaranteed obligation, after the alienation, with regard to the replacement of the original mortgage with securities and/or money covering the guaranteed amount established in the mortgage contract. The creditor of the guaranteed obligation may request the supplementation and/or amendment of the securities and/or money, in accordance with the provisions of the mortgage contract and the applicable legal provisions.

(14) The central depository shall update in its own system the information regarding the mortgage over movable property in accordance with its own rules related to the registration of mortgages over movable property and based on the documents concluded by the parties to the mortgage contract in this respect, and shall ensure the appropriate publicity thereof in accordance with its own regulations.

Art. 97

(1) The financial guarantees over securities subject to the financial guarantee contracts shall be set up by separately registering them only to the accounts referred to in art. 51 paragraph (1).

(2) The document in proof shall allow the identification of the financial guarantee, as it is sufficient to prove that the transferable securities registered to the account, which are subject to the security agreement without transfer of ownership, are recorded as credit in the account referred to in paragraph (1) or represent credit on this account.
(3) The securities transferable by recording to the account, which are subject to the financial guarantee contract with transfer of ownership, shall be made available to the beneficiary of the guarantee who shall thus gain
ownership over them.
(4) Where the parties to the financial guarantee contract without transfer of ownership establish as such, the beneficiary shall make use of the financial guarantee under the conditions set out in that contract and in compliance with the provisions of Government Ordinance no. 9/2004, approved as amended and supplemented by Law no. 222/2004, as subsequently amended and supplemented.
(5) In the case of financial guarantee contracts with transfer of ownership, the transfer of securities forming the object of the contract shall be performed:

a) through the system of the central depository, in accordance with Art. 811 (1) and (2); or, as the case may be,

b) through the back-office systems of the participants in the system of the central depository, in accordance with Art. 811(3),

(6) If the individual account system referred to in CNVM Regulation No. 5/2010 is used, the establishment of financial guarantees with transfer of ownership shall be recorded by the central depository by a transfer of the securities between the related accounts, in accordance with the proper instructions received from the participants involved, in the form provided by the regulations of the central depository. If the individual account system is used, the registration of the financial guarantees without ownership transfer shall be recorded by the central depository in the individual accounts by blocking the securities subject to the guarantees without transfer of ownership, in accordance with the applicable regulations of the central depository.

(7) if the global account system referred to in CNVM Regulation No. 5/2010, the participants in the system of the central depository shall register in their own records the blocking of the securities subject to the guarantees without transfer of ownership or to other charges and to immediately instruct the central depository on the registration in the global accounts of the blockings, by sending proper instructions, in the form provided by the regulations of the central depository. The participants in the system of the central depository have the obligation to register in their own records the unblocking of the securities subject to the guarantees without transfer of ownership or to other charges and to immediately instruct the central depository on the registration in the global accounts of the unblockings, by sending proper instructions, in the form provided by the regulations of the central depository.

(8) a) The central depository shall update on a daily basis the market value of the securities subject to the financial guarantee and shall notify the value of the financial guarantee both to the supplier of the financial guarantee and to the beneficiary thereof, in accordance with its own regulations issued in this respect.

b) The participant shall update on a daily basis market value of the securities subject to the financial guarantee and shall notify the value of the financial guarantee both to the supplier of the financial guarantee and to the beneficiary thereof, in accordance with its own regulations issued in this respect.

(9) On the occurrence of a cause which triggers the
enforcement of the guarantee, its beneficiary may enforce the financial guarantee made available, by

selling or taking possession of the securities subject to the security agreement, in accordance with the provisions of Government Ordinance no. 9/2004, approved as amended and supplemented by Law no. 222/2004, as subsequently amended and supplemented.

(10) If the financial guarantee contract provides as execution method the sale the securities at issue, the beneficiary shall sell the securities subject to the financial guarantee through an intermediary on a regulated market or through an alternative trading system, using the method "special order sale".

(11) Taking possession of the securities subject of the financial guarantee contract without transfer of ownership shall be made
possible only where the parties have established in the financial guarantee contract without transfer of ownership this possibility of enforcing the financial guarantee without transfer of ownership and, at the same time, have provided a
way to evaluate the securities.

(12) If the financial guarantee contract without transfer of ownership provides as execution method the appropriation of said securities, the beneficiary of the financial guarantee may appropriate, on account of the receivable, the securities at issue, and the central depository shall operate the trasnfer into the beneficiary's account, in accordance with Art. 811 (1) and (2).

Art. 97^{1}. - (1) The forced execution of the mortgages over personal property, of the financial guarantees or, as the case may be, the forced execution initiated as a result of establishing a seizure/garnishment over the securities shall be performed in accordance with Law No. 287/2009, republished, as subsequently amended, of Government Ordinance No. 9/2004, approved, as subsequently amended and supplemented by Law No. 222/2004, as subsequently amended and supplemented, and of the applicable CNVM regulations, including the provisions hereof.

(2) The publicity of the sale operations of the securities in case of forced execution shall be performed by the market operator or, as the case may be, by the system operator managing the regulated market, or the alternative trading system where the securities at issue are admitted to trading, through its communication systems. The commissions charged by the market operator or by the relevant system operator in connection with these publicity services shall be established in accordance with their own regulations and shall be notified to CNVM.

(3) Upon the communication by the court marshal of the initiation of the forced execution proceedings over the securities, the central depository or, as the case may be, the relevant participant in the system of the central depository shall proceed to blocking the securities at issue in the accounts in which they are registered. If the blocking is performed by the relevant participant in the system of the central depository, it has the obligation to immediately instruct the central depository on the registration of the blockings in the global accounts, by sending appropriate instructions in the form provided in the regulations of the central depository.

(4) In case of seizure/garnishment, the central depository or, as the case may be, the relevant participant in the system of the central depository shall proceed to blocking an amount of securities established by the court marshal by the notification regarding the establishment of the seizure/garnishment, to the extent this is necessary to realise the obligation forcibly executed by the seizure/garnishment. The provisions of Para (3) second sentence shall apply accordingly.

Section 11 – Central depository regulations

The Capital Market Law no. 297/2004

Art. 149

(1) The regulations regarding the organisation and functioning of the central depository shall be submitted for approval by C.N.V.M before its entry into force.

Art. 98
(1) The central securities depository shall issue regulations and procedures which shall include at least the following issues:
a) criteria for admission and maintenance of securities in the central depository system;
b) requirements and criteria for admission and maintenance of participants in the central depository system and of participants to the clearing-settlement system;
c) rights and obligations of participants admitted to the system;
d) ways to register securities with the central depository, as well as other ways to manage securities accounts and other related accounts;
e) issuing the statements of the accounts;
f) allocation of identification codes for the securities accounts opened by the depository;
g) the way in which the depository shall fulfil its obligations to securities holders, based on the service contract concluded with the issuer;
h) ensuring the match between the amount of the issuance recorded with the central depository and the amount of securities;
i) procedures to identify and monitor by the central depository the employees of participants and entities which have on-line access to its database;
j) organisation and functioning of the clearing-settlement system;
k) the moment when settlement becomes final, as well as the moments when the transfer of securities and funds becomes irrevocable and unconditional;
l) reducing to the minimum possible the amount of time between blocking the securities and/or funds and the moment when settlement becomes final;
m) the setting up of the margin accounts system;
n) procedure for the direct transfer of ownership;
o) management of the guarantees over securities in the system;
p) procedures for the management of the operational risks and other measures for the management of the clearing and settlement risks and to reduce the defaults, including the facilitating of the securities lending;
q) requirements for the carrying out of cross-border operations;
r) supervising participants with respect to their clearing-settlement activities;
s) sanctions for the participants not complying their obligations, as well as measures to enforce such sanctions;

t) internal control procedures.
(2) The regulations and procedures referred to in paragraph (1) shall be made public to participants and shall be published on the internet page of the central depository, minimum two weeks before their coming into force.

Section 12 – Cross-border operations
Art. 99
For the purpose of effectively carrying out cross-border operations, the central depository shall implement international communication procedures, international standards concerning message sending, as well as procedures to identify securities and counterparties.
Art. 100
(1) The central depository shall establish conditions and shall issue procedures on cross-border operations and direct and indirect electronic links, in both directions,
established with other clearing-settlement system operators, which shall include special mentions

on the national law which shall apply to each operation carried out through said electronic links.
(2) In the case of a direct or indirect electronic link through which another clearing-settlement system operator becomes a participant or client of a participant in the central depository's system, at least the following shall apply:
a) the clearing-settlement system operator shall observe the regulations applicable in Romania;
b) the central depository must measure, monitor and manage the additional risks arising out of the use of such direct and indirect link or of the services of such intermediary, and take proper measures to mitigate such risks.
(3) A direct electronic link, through which another clearing-settlement system operator becomes a participant in the central depository's system, may be set through the operation of the account(s) opened in the central depository's system for the transfer of financial instruments among systems by such system operator/another participant in the central depository's system, in accordance with the regulations issued by the central depository in this respect.
(4) To set the specific requirements referred to in Para (1), the central depository must aim at counteracting any potential risk resulting from the direct and indirect electronic links. For that purpose, the legal, financial and operational risk and any other relevant risks identified by the central depository must be taken into account.
(5) Until the establishment of the conditions and issuance of the procedures by the central depository as provided in Para (1), any electronic link shall be established only in compliance with the provisions of this regulation.

Art. 101

(1) The central depository may conclude contracts with other clearing-settlement system operators , for the purpose of issuing common procedures to manage the financial instruments issued by issuing companies located in member or non-member states and registered in said clearing-settlement systems in a
centralised manner.
(2) The central depository may establish direct or indirect electronic links, in both directions, with other clearing-settlement
system operators, provided that these links shall not affect the duration of the settlement cycle and settlement shall be still carried out based on the DVP principle, whenever such settlement modality is applicable.
(3) The central depository shall assess the financial soundness and the operational trustworthiness of each clearing-settlement system with which it intends to establish a direct or indirect electronic link.
(4) The central depository shall establish direct or indirect electronic links, in both directions, for the cross-system transfer of financial instruments, so as the risks related to the operations involved are mitigated. For such purpose, prior to establishing a direct or indirect electronic link, and permanently after the link is established, the central depository shall identify, assess, monitor and manage all potential risk sources for its own clearing-settlement system and for the participants, arising out of such link, and shall take appropriate measures to mitigate such risks.
(5) If the central depository considers that by establishing a direct electronic link requested by another clearing-settlement system operator the orderly and efficient conduct of its activity is damaged, then it may refuse access to the clearing-settlement system managed by it based on a reasoned decision, notifying FSA in this respect.
(6) If access of another depository in the clearing-settlement system is refused, the requesting central depository shall have the right, within a term set by the central depository through its own regulations, as of the receipt of the refusal, to fulfil all requirements indicated in the grounds for the refusal.

(7) If access to the central depository's system is refused, the applicant shall have the right to object to such refusal with FSA.

Art. 102

For the purpose of managing the securities issued by issuing companies located in member and non-member
states in a centralised manner, the central depository, where appropriate, shall conclude
contracts with that company in order to regulate the issuance and withdrawal of these securities, as well as the procedures on recognising the resulting rights.

Art. 103

(1) The central depository may not refuse access to a participant authorised in a members state to the clearing-settlement system managed by it, except when it considers that its orderly and effective activity shall be affected.

(2) The foreign legal persons admitted as participants into the central depository system shall be registered in the CNVM`s Register.

Art. 104

The central depository shall request the prior approval of the CNVM in order to conclude the contracts mentioned in art.101 and 102.

CHAPTER 4 – Central depository supervision

The Capital Market Law no. 297/2004

Art. 144

(1) The authorisation and supervision of the system referred to in art. 143 and of the company which manages this system shall be carried out by C.N.V.M. with the National Bank of Romania and the other competent authorities, as the case may be.

(2) For this purpose, C.N.V.M. shall be able to require the administrators of the clearing-settlement system, the employees of the company which manages the clearing-settlement system and the participants to the clearing-settlement system, to provide the necessary information as regards the clearing and the settlement of transactions.

(3) C.N.V.M. may organise inspections at the premises of the company which manages the clearing-settlement
system.

Art. 153

(1) C.N.V.M. supervises the activity of the central depository to ensure the transparency of the operations, the well development of the activities and the protection of the investors.

(2) C.N.V.M. may require the modification of the regulations issued by the central depository.

Art. 154

C.N.V.M. may require the central depository to periodically send data, information and documents, may organise inspections at the premises of the central depository and may request to be provided with all the necessary documents, including their procedures and terms for their delivery

Art. 155

(1) The securities kept in accounts opened with the central depository may not be considered as part of the latter's assets and may not be subject to any claims from the depository's creditors.

(2) The provisions of paragraph (1) shall also be applied in case of bankruptcy or winding up of the central depository.

Art. 156

If bankruptcy proceedings are opened against the central depository, the bailiff shall appoint the

trustee in bankruptcy, with the approval of C.N.V.M.

Art. **105**
(1) The central depository supervision of compliance with the requirements imposed on granting authorisation, the orderly and transparent carrying out of securities depository, register, clearing and settlement operations, as well as on meeting the requirements on investor protection shall be performed by C.N.V.M. based on the reports, information and records referred to in this regulation and/or by onsite inspections to the central depository's premises.
(2) Supervision of the clearing-settlement system managed by the central depository shall be performed by C.N.V.M. and N.B.R. based on the *Protocol for co-operation in the field of financial system supervision* and in accordance with the specific duties of each institution.
(3) The central depository shall submit, on request by N.B.R., the reports and information necessary to the purpose of the clearing and settlement activity in order for N.B.R. to meet its duties of assessing the systemic risk generated by systemically important or very important clearing-settlement systems.

Art. 106
The central depository shall immediately notify C.N.V.M., on the following situations, among others:
a) breach of the central depository's rules by system participants, as well as the measures taken in this respect;
b) significant errors in the technological structures and IT systems;
c) planning the activities corresponding to the central depository's objectives;
d) contracts, partnerships or co-operations, concluded in accordance with art. 92;
e) any relevant event which could have consequences on its organisation and functioning.

Art. 107
(1) The central depository shall submit to CNVM all the decisions of the general shareholders meeting and of the Board of Directors on its securities depository, register, clearing and settlement activities within maximum 15 days from the date when the meetings took place.
(2) On request by C.N.V.M., the central depository shall submit the minutes of the general shareholders meetings.

Art. 108
Annually, within maximum 150 days from closing the financial year, the central depository shall submit to C.N.V.M. a report which shall include:
a) the annual financial statement with all its corresponding annexes;
b) the financial auditor's report together with his opinion,
c) the administrators' management report;
d) the list of issuers with whom a depository contract has been concluded;
e) the list of participants admitted to the system;
f) the central depository's shareholder structure, showing for each shareholder the number and the type of shares held, as well as the percentage of shares carrying voting rights;
g) the depository's activity report, drawn up by the managers and approved by the Board of Directors.

Art. 109
(1) The activity report referred to in art. 108 indent g) shall be drawn up and presented by considering the following organisational measures:
a) the separation of operational and control functions and the procedure to manage conflicts of interests;
b) operational control, by mentioning the tasks and responsibilities especially with respect to monitoring and correcting errors;
c) reporting procedures for different management levels, by showing the specific reporting of errors occurred and measures taken for their correction.
(2) The report referred to in paragraph (1) shall include at least the following:
a) the organisational structure and the functional structure;
b) the structure of the internal control system;
c) measures taken in order to ensure the orderly functioning of the depository services, especially with respect to technical means and to compliance with regulations, to keeping accounts, registering transfers of ownership, as well as measures taken in order to combat money laundering;
d) the assessment of measures taken for mitigating risks, underlying any operational issue occurred;
e) the main outcomes of the control activity within all organisational structure levels.
(3) The central depository's synthetic activity report shall be published on its own internet page.

Art. 110
(1) At least once a year, the central depository shall test the technological structure and the software which are of significant importance to the provision of depository, register, clearing and settlement services, especially with respect to the security measures of the IT system, as well as to the recovery procedures in case of disasters. The tests shall be performed by a third party or by the specialised department, provided that the latter is different and independent from the department which has devised the technological structure and the software. The outcomes of these tests shall be notified to CNVM and N.B.R, as appropriate, no later than 31 December, together with the measures taken or which shall be taken by the central depository in order to eliminate the disfunctionalities occurred.
(2) Any significant issue on the technological structure or software shall be immediately reported to CNVM and N.B.R., as appropriate. The measures taken by the central depository shall be communicated to CNVM and NBR, as appropriate, within maximum 2 working days from their implementation.

Art. 111
(1) Quarterly, the central depository shall submit to C.N.V.M. a report including the following information:
a) the evolution of the main economic and financial ratios, according to the annual balance sheet;
b) the statement on highly liquid assets;
c) the causes which have generated changes to the information in the previous quarterly reports, where appropriate.
(2) The quarterly reports shall be submitted to C.N.V.M. no later than 45 days after the expiry of the reporting term.

Art. 112
(1) For the purpose of accomplishing its duties, the central depository shall have in place adequate control and internal audit mechanisms, which shall be established by its own norms, in accordance with the regulations in force.
(2) For the purpose of CNVM exercising its supervision duties on the central depository, the depository's financial auditors shall report to CNVM any fact or act related to the central depository's activity and to compliance with the terms set out in art. 260 of Law no. 297/2004. The information included in the financial auditor's report on the clearing and settlement activities carried out by the central depository shall be also submitted to N.B.R.
Art. 113
The central depository shall immediately notify CNVM and, where appropriate, N.B.R. on any agreement/contract related to partnerships or co-operations which could have consequences on the organisation and functioning of the depository, clearing and settlement activities.
Art. 114
(1) The central depository shall submit to CNVM, within 2 working days, the contracts concluded pursuant to art. 101 and art. 102 and has the obligation to disclose these contracts to participants and investors.
(2) The central depository shall submit to C.N.V.M. and N.B.R. any application of admission to the clearing-settlement system of foreign participants.
Art. 115
(1) On request by C.N.V.M., the central depository shall provide information on the securities and participants admitted to the depository, clearing and settlement system, as well as data and information on
transfer orders between accounts and matching between the amount of securities registered to the account and the amount of securities issued.
(2) Data and information shall be obtained by:
a) periodical flow of information in electronic form or paper-based, where data are processed in the way established by CNVM;
b) specific requests of certain information.
Art. 116
Any act or fact supposed to have significant consequences on transparency, the orderly carrying out of depository services and the provision of investor protection, as well as on the organisation and functioning of clearing-settlement operations shall be notified to CNVM and, where appropriate, to N.B.R., within 2 days from the date when it occurred.

TITLE III – THE CLEARING HOUSE AND CENTRAL COUNTERPARTY

The Capital Market Law no. 297/2004
Art. 157
(1) The clearing and settlement of transactions involving derivative instruments as well as any operations related to these shall be carried out through the clearing house authorised by C.N.V.M., in accordance with the regulations issued by the latter.
(2) The clearing house is an entity responsible for the calculation of the net positions of intermediaries, a possible central counterparty and/or a possible settlement agent.
(3) The settlement agent is the entity which opens for authorised intermediaries and/or for a central counterparty participating in the system, settlement accounts, through which, based on transfer orders

from the system, it settles transactions involving financial instruments, or, as the case may be, extend credit to those intermediaries and/or central counterparty for settlement purposes.

(4) The central counterparty is an entity which is interposed between the intermediaries in a system and which acts as the exclusive counterparty of them with regard to their transfer orders.
(5) The clearing house for derivative instruments functions as a central counterparty.
(6) The same entity may be authorised to act as a central counterparty for derivative instruments, as well as for financial instruments, other than derivatives.

Art. 159

(1) The clearing house and the central counterparty are legal persons, established as joint-stock companies, issuers of nominal shares, fully paid for in cash, at the time of submitting the authorisation application.
(2) C.N.V.M. regulates the setting up and functioning of the clearing house and/or the central counterparty, to ensure the safety of transactions involving derivative instruments and financial instruments other than derivatives.
(3) The provisions of art. 148 and art. 149 shall be applied to the clearing house and also to the central counterparty authorised by C.N.V.M.

CHAPTER 1 – Clearing house/central counterparty authorisation procedures

Art. 117

For the purpose of functioning, the clearing house/central counterparty shall meet the requirements set out in Title IV, Chapter 5 of Law no. 297/2004, as well as the provisions of this regulation.

Section 1- The setting up and the functioning authorisation of the clearing house/central counterparty

Art. 118

(1) The provisions of art. 7 except for indent h) and art. 8 except for paragraph 3 indent b) on the documents required for obtaining the setting up authorisation shall adequately apply to the clearing house/central counterparty.
(2) The provisions of paragraph (1) shall be completed with the regulations and procedures issued by the clearing house/central counterparty on its organisation and functioning, in accordance with art. 162 paragraph (1) of Law no. 297/2004 and with art. 192 paragraph (1) of this regulation.

Art. 119

(1) In order to obtain the functioning authorisation, the clearing house/ central counterparty shall transmit to CNVM the legal representative`s application and all the documents mentioned in art. 9 paragraph (1), except for indent e).
(2) C.N.V.M. shall decide on the authorisation of the clearing house/central counterparty within maximum 30 days from the date of submitting the application and all the documents referred to in paragraph (1).

Art. 120

The authorisation of the clearing house/central counterparty shall be rejected, as appropriate, where:
a) the documents submitted have not been drawn up in accordance with the regulations in force or the data provided are incomplete or incorrect;
b) the documents submitted are insufficient to establish whether the clearing house/central counterparty shall carry out its activity in accordance with the regulations in force;
c) the rules and procedures of the clearing house/central counterparty do not include at least the provisions referred to in art. 192 paragraph (1);
d) the provisions of Law no. 297/2004 or of other C.N.V.M. regulations are not complied with.

Section 2 – Withdrawal of the clearing house/central counterparty functioning authorisation

Art. 121

(1) CNVM may withdraw the authorisation of a clearing house/central counterparty, where appropriate:
a) at the latter's request;
b) where the clearing house/central counterparty no longer meets the requirements based on which its authorisation has been granted;
c) where the clearing house/central counterparty has not accomplished the object of activity for which it has been authorised, for a period of time longer than 6 months;
d) where authorisation has been granted based on false or misleading statements or information;
e) where the clearing house/central counterparty has breached the provisions of the current law or of any regulations issued by CNVM;
f) in case of merger or spin-off.

(2) After authorisation has been withdrawn, the clearing house/central counterparty shall call, within 30 days, the general shareholders meeting which shall focus on the changing of object of activity or company's dissolution, pursuant to the provisions of Law no. 31/1990, republished.

(3) Where the clearing house/central counterparty does not fulfil the obligation set out in paragraph (2), CNVM shall request the former Board of Directors to call the general shareholders meeting which shall focus on the changing of object of activity or company's dissolution, pursuant to the provisions of Law no. 31/1990, republished.

(4) Where the provisions of paragraph (3) are not complied with, CNVM shall request the competent court to decide the calling of the general shareholders meeting for the purpose of compliance by the clearing house/central counterparty with the provisions of paragraph (2).

Art. 122

Withdrawal of the functioning authorisation of a clearing house/central counterparty may be decided by C.N.V.M. by means of:
a) a decision to withdraw the authorisation, where the requirements referred to in art. 123 are not met**;**
b) a sanctioning decision, where failure to comply with the regulations in force is acknowledged.

Art. 123

(1) For the purpose of withdrawing the functioning authorisation of a clearing house/central counterparty under the conditions set out in art. 121 indent a), the latter shall submit a motivated application to renounce authorisation, accompanied by the following documents:
a) decision of the statutory body of the clearing house/central counterparty on starting the procedures to request withdrawal of authorisation;
b) proof of publishing the announcement of the clearing house/central counterparty on the cessation of its activity in 3 national daily newspapers within maximum 5 days from the date of the statutory body's decision;
c) self-binding statement of the manager of the clearing house/central counterparty, in original form, and the documents in proof to show that all the positions of the clearing members have been closed and that no new contracts have been initiated after the date of the general shareholders meeting where withdrawal of the authorisation has been decided;
d) proof of paying its debts to the clearing members, C.N.V.M. and other entities involved in the capital market;
e) indication on the address of the archives and on the identification and contact data of the person in charge with managing the company's archives;
f) the financial auditor's report on the company's situation on the date of ceasing its activity;

g) the trial balance for the current month;
h) any other documents and information that C.N.V.M. may consider necessary for the purpose of resolving the request.
(2) In case of withdrawing the functioning authorisation as a result of a merger, the documents referred to in paragraph (1) shall be completed with the merger project and with the proof of the merger project's not being contested with the Trade Register Office.

Art. 124

(1) C.N.V.M. shall decide on the withdrawal of the functioning authorisation of the clearing house/central counterparty on the date when it acknowledges compliance with the requirements necessary to ensure investor protection, but no later than 90 days from the date of registering all the documents in accordance with the provisions of art. 123 paragraph (1).
(2) In case of withdrawing authorisation by means of a sanctioning ordinance C.N.V.M. shall appoint a provisional trustee who shall carry out only administrative activities in the sense of preserving the assets existent on the date of withdrawing authorisation, as well as of supervising the transfer of operations to another company authorised to carry out the operations specific to the clearing house/central counterparty and of publishing this situation.

Art. 125

Withdrawal of the functioning authorisation or the initiation of the withdrawal procedure does not exempt the clearing house/central counterparty from fulfilling its obligations to C.N.V.M. and to the entities of the capital market, which have arisen prior to the decision of withdrawing the authorisation.

CHAPTER 2 – Requirements for the authorisation of the clearing house/central counterparty

Art. 126

The clearing house and central counterparty shall be set up as a joint-stock company issuer of nominative shares in accordance with Law no. 31/1990, republished.

Art. 127

In accordance with art. 157 paragraph (6) of Law no. 297/2004, the provisions of this title shall be also applied, to the extent they are adequate, to the entities authorised by CNVM to function as central counterparty for financial instruments other than derivatives.

Section 1 – Share capital and object of activity

Art. 128

(1) The minimum share capital of the clearing house/central counterparty, subscribed and fully paid up on the moment of submitting the functioning authorisation application shall be equal to the ROL equivalent of at least EUR 300 000, calculated at the reference rate communicated by N.B.R. on the date of signing the document of incorporation or, where appropriate, on the date of submitting the setting up authorisation application and shall be increased up to the equivalent of at least EUR 1 million within maximum 2 years from the date of the enforcement of the present regulation.
(2) The minimum share capital of the central counterparty authorised by the CNVM to guarantee the clearing and settlement of trades with financial instruments, other than derivatives shall be equal to the ROL equivalent of at least EUR 5 millions.

Art. 129

(1) The object of activity of the clearing house/central counterparty refers to the carrying out of the following main activities:
a) the calculation of the net positions of clearing members, of a likely central counterparty and/or of a likely settlement agent, in accordance with the provisions of art. 157 paragraph (2) of Law no. 297/2004;

b) the provision of records on the derivatives traded on regulated markets and/or within alternative trading systems;
c) operations which refer to recording, guaranteeing, clearing and settlement of derivatives transactions, as well as any other operations related to these;
d) the re-evaluation of open positions and retaining the relevant amounts to the margin account.
(2) The clearing house/central counterparty may carry out the following ancillary activities related to its main object of activity:
a) development, promotion and selling of IT&C products and services specific to recording, guaranteeing, clearing and settlement operations;
b) facilitating communication between clearing and non-clearing members;
c) technical and operational training and certifying of clearing and non-clearing members' staff with respect to the clearing house/central counterparty activity;
d) other activities authorised by CNVM.

Section 2 Shareholders of the clearing house/central counterparty

The Capital Market Law no. 297/2004
Art. 160
(1) Any share acquisition by the clearing house/the central counterparty which shall result in a holding equal to or exceeding 10%, 20%, 33%, 50% of the total voting rights, shall be submitted for approval by C.N.V.M.
(2) The provisions of art. 150, paragraph (3) and (4) shall be applied to the clearing house and also to the central counterparty authorised by C.N.V.M.

Art. 130
Any Romanian or foreign legal person meeting the requirements referred to in Art. 17 may become shareholder of the clearing house/central counterparty.
Art. 131

(1) The document of incorporation of the clearing house/central counterparty shall include provisions on the percentages referred to in art. 160 paragraph (1) of Law no. 297/2004, as well as provisions on the application of the procedure set out in art. 283 of Law no. 297/2004.
(2) The item referred to in art. 15 paragraph (2) shall be considered in calculating the percentages referred to in paragraph (1).
Art. 132
(1) Any intention to acquire the shares of the clearing house/central counterparty which shall result in holdings which shall reach or exceed 10%, 20%, 33%, 50% of the total voting rights shall be notified to the clearing house/central counterparty within 2 working days from the date the decision has been adopted.
(2) The intention to acquire mentioned in paragraph (1) shall be submitted for approval by CNVM, within maximum 5 working days from its approval by the statutory body of the clearing house/central counterparty.
Art. 133
The provisions of art. 16 paragraph (3) and (4) shall be enforced on the clearing house/central counterparty, accordingly.

Art. 134
The approval of the intention to acquire mentioned in art. 132 paragraph (1) shall be analyzed by CNVM by taking into account the requirements mentioned in art. 17 and 18.
Art. 135
(1) CNVM may refuse approval of a person's acquiring the holdings referred to in art. 132, where it considers that the person, who shall thus have such a position, may jeopardise the well-functioning of the clearing house/central counterparty or its adequate supervision.
(2) Where the acquiring of participation has been approved, the CNVM decision shall establish the term within which that position should be acquired.

Section 3 - The Board of Directors and the managers of the clearing house/central counterparty
Art. 136
The administration and management of the clearing house/central counterparty shall be performed under conditions of transparency and effectiveness for the purpose of ensuring protection of shareholders and investors interests.
Art. 137
(1) The administration of the clearing house/central counterparty shall be entrusted with a Board of Directors made up of at least 5 natural person members, whose duties and responsibilities, as well as way of election by the general shareholders meeting shall be established in accordance with Law no. 31/1990, republished, in accordance with the provisions of Law no. 297/2004, as well as of this regulation.
(2) The effective management of the clearing house/ central counterparty shall be provided by one or more managers appointed by the company's Board of Directors, hereinafter called *managers*. Managers are persons who, in accordance with the documents of incorporation and/or the decisions of the clearing house/central counterparty's statutory bodies are authorised to manage and co-ordinate its day-to-
day activities and are invested with the authority to commit the clearing house/central counterparty's liability. The persons who ensure the direct management of the departments within the clearing house/central counterparty, of its branches and of other secondary premises are not included in the category of managers.
(3) Where the Board of Directors appoints more managers, the duties of each shall be established accordingly.
Art. 138
The provision of art.22, 23 and 24 shall be adequately enforced on the members of the Board of Directors and managers of the clearing house/central counterparty.
Art. 139
(1) The duties of the Board of Directors of the clearing house/central counterparty shall be established by the document of incorporation, in accordance with the provisions of Law no. 31/1990 republished, and shall include besides these, at least the following:
a) to approve the internal organisation and functioning regulation of the clearing house/central counterparty, the general rules on the employment and dismissal of the staff, the framework of employees' rights and obligations, duties and authorities, in compliance with their training, education and skills;
b) to approve the regulations and the procedures issued by the clearing house/central counterparty on its organisation and functioning, in accordance with the provisions of Law no 297/2004 and of this regulation or to submit them for approval by the general shareholders meeting or, where

this has not been granted this authority, in accordance with the document of incorporation;
c) to approve the operational risk management procedure issued by the clearing house/central counterparty, as well as any subsequent alteration, being at the same time responsible for its application;
d) to approve the conclusion of renting contracts for locations and equipment and service contracts related to the object of activity of the clearing house/central counterparty;
e) to approve the conclusion of a management contract for the technical and electronic systems employed by the clearing house/central counterparty;
f) to verify compliance with the professional experience and integrity requirements by the persons in management or control positions within the clearing house/central counterparty;
g) to appoint, dismiss and establish the remuneration of the managers of the clearing house/central counterparty, by approving their duties;
h) to establish the development strategy of the clearing house/central counterparty and to submit it for approval by the general shareholders meeting;
i) to submit for approval by the general shareholders meeting, within maximum 3 months from the closing of the financial year, the statement on the activity of the clearing house/central counterparty based on its balance sheet, profit and loss account for the previous year, as well as the budget draft for the current year;
j) to resolve contestation against the decisions of the manager/managers;
k) to set up the specialised commissions of the clearing house/central counterparty and to appoint their full and substitute members;
l) to appoint the persons to be written down on the list of arbitrageurs within the arbitrage system of the clearing house/central counterparty;
m) to decide on any other issue established by the general shareholders meeting.
(2) The Board of Directors shall ensure the separation of the activities related to the assessment and management of guarantee, clearing and settlement risks from current activities and operations, by delegating these duties to a specialised commission.

Art. 140

The provisions of art. 26 on the nature and scope of the interest and material relationships of the Board of Directors shall adequately apply to the members of the Board of Directors of the clearing house/central counterparty.

Art. 141

The managers of the clearing house/central counterparty have the following main duties:
a) to pursue compliance with the rules and procedures of the clearing house/central counterparty;
b) to decide on the measures required by the clearing members' compliance with the rules and procedures of the clearing house/central counterparty;
c) to immediately inform C.N.V.M. on any irregularity or dysfunctionality within the system;
d) to legally represent the company as legal person, in front of the public authorities and in relation with the Romanian and/or foreign natural and/or legal persons; through their signature, managers commit the financial liability of the company as legal person;
e) to employ and dismiss the company's staff, to establish the duties, responsibilities, obligations and rights specific to each position within the clearing house/central counterparty and sign on its behalf individual employment contracts;
f) to negotiate, conclude, alter and terminate contracts for acquiring goods, services and works employed for the purpose of accomplishing the object of activity of the clearing house/central counterparty, under the conditions established by the document of incorporation or by the

decision of the Board of Directors;
g) to sign all the documents including data and information on the clearing house/central counterparty, statements, releases, applications, petitions, notifications, waivers and other such documents concluded on behalf of the clearing house/central counterparty;
h) to perform, where appropriate, following approval by the Board of Directors, all the operations and activities related to the preservation, management and decision required for the purpose of accomplishing the company's object of activity;
i) to submit to CNVM and make public the information on the shareholder structure of the clearing house/central counterparty;
j) submit to CNVM authorisation/approval the changing in the organisation and functioning of the clearing house/central counterparty, pursuant to the provisions of Section 5 of the present chapter.

Section 4 – Technical endowment and resources

Art. 142

(1) The clearing house/central counterparty shall have available and keep during the carrying out of its activities sufficient financial resources to meet situations of failure to fulfil obligations by certain clearing members.
(2) The clearing house/central counterparty shall hold sufficient liquidity for the purpose of timely short term
payments, as well as of covering losses resulted from likely situations of failure to fulfil obligations by clearing members.
(3) For the purpose of evaluating the necessary financial resources, the clearing house/central counterparty shall issue procedures which shall take into account at least the following:
a) the highest exposures to risk as regards failure by the clearing members to fulfil their obligations, under extreme but plausible market conditions, which could result in losses, by not being fully covered by the requirements to set up margins set out in Title III, Chapter 4, Section 4 of this regulation;
b) the highest exposures to the clearing members who may be unable to fulfil their obligations;
c) the situations in which two or more clearing members may be unable to fulfil their obligations in the same day.
(4) The clearing house/central counterparty shall perform monthly tests to check the adequacy of resources in the event of a default in extreme market conditions. When markets are unusually volatile or less liquid or when the size or concentrations of positions held by its participants increase significantly, the testes mentioned above shall be performed weekly.
(5) The procedures set out in paragraph (3) shall:
a) include clear provisions on the actions to be performed where the financial resources of the clearing house/central counterparty are insufficient to meet liquidity requirements or to cover exposure to a clearing member unable to fulfil its obligations;
b) clearly establish the situations in which financial resources can be used, as well as the situations in which their use to other purposes than those set out in Chapter 4, Section 5 of this Tile shall be forbidden;
c) clearly and transparently provide methods to establish the contributions of the clearing members to the financial resources of the clearing house/central counterparty;
d) include rules which allow the recovery of financial resources following the occurrence of the situations set out in Chapter 4, Section 5 of this Title.

Art. 143

(1) The clearing house/central counterparty shall identify the operational risk sources which appear as a result of its own commitments or the commitments of its clearing members and the external factors and shall issue clear and transparent procedures for the purpose of mitigating them.

(2) Operational risk is generated by the shortcomings of IT systems or internal control, by human errors, management errors or by the dysfunctionalities occurred as a result of disasters and which result in unexpected losses.

(3) The procedures referred to in paragraph (1) shall be reviewed periodically and after changes have been performed on technical or IT systems.

(4) IT systems shall be periodically audited.

Art. 144

(1) The technical systems employed by the clearing house/central counterparty shall be equipped with adequate safety and recovery systems and shall ensure the accomplishment of at least the following functions:

a) assessment and management of clearing and settlement risk, in the sense of mitigating it;

b) safekeeping the data and information stored, the files and databases;

c) recording derivatives for each clearing member;

d) re-evaluation of open positions during and on the closing of the trading session;

e) real time communication with the participants to the regulated market/alternative trading system;

f) real time recording of the amounts withdrawn from or deposited with margin accounts;

g) possibility to intervene in case of forced closing of open positions for margin accounts which do not comply with the limits established;

h) electronic sending of the margin account status to each clearing member;

(2) The clearing house/central counterparty shall have available recovery capabilities in the event of losing data and shall insure against natural disasters or any other special situations.

Art. 145

(1) The clearing house/central counterparty shall establish plans for business continuity which shall allow for the recovery and continuation of its basic operations in such a manner and within a period of time so that to allow it to fulfil its obligations in due time and continue to monitor the risks of its clearing members.

(2) The plans referred to in paragraph (1) shall be revised on an ongoing basis and shall be adequately adjusted following the test performed together with the clearing members.

Art. 146

The location used as registered office of the clearing house/central counterparty shall ensure the adequate carrying out of its activity and shall display at least the following features:

a) to be exclusively used for the specific activity;

b) to have an area which ensures compliance with the technical norms regarding the installation and employment of the equipment owned and the adequate carrying out of the staff's activity;

c) to provide the minimum conditions of technical endowment;

d) to ensure the security of the location by means of anti-burglary alarm systems;

e) to be endowed with a fire alarm system;

f) to have a main and a back-up electric power source;

g) to ensure the security of the space pursuant to the regulation in force.

Section 5 – Changes in the organisation and functioning of the clearing house/central counterparty

Art. 147

(1) Any changing of the documents based on which the authorisation has been granted shall be submitted to the CNVM`s prior approval.

(2) The following changes in the organisation and functioning of the clearing house/central counterparty shall be submitted for authorisation/approval by CNVM, prior to their coming into force or registering with the Trade Register Office:

a) issuing, alteration and completion of the regulations and procedures issued by the clearing house/central counterparty on its organisation and functioning, in accordance with the provisions of art. 162 paragraph (1) of Law no. 297/2004 and of art. 192 paragraph (1);

b) increase/decrease of share capital;

c) change in the object of activity;

d) change of the shareholder structure in case of reaching or exceeding 10%, 20, 33% or 50% of the total voting rights;

e) change in the central depository's management;

f) change of registered office;

g) setting up/dissolution of secondary premises (branches);

h) change of name/logo.

(2) The provisions of art. 32 paragraph (2) and (3) and art. 34 shall adequately apply to the clearing house/central counterparty.

Art. 148

CNVM shall request changes in the documents referred to in art. 147, where these breach the provisions of this regulation and/or other legal provisions in force.

Art. 149

The approval/ authorisation decision of the changes of the documents based on which the authorisation has been granted and/or the decision to validate the members of the Board of Directors shall be issued based on an application, accompanied by the following documents, as appropriate:

a) decision by the statutory body of the clearing house/central counterparty in accordance with the provisions of the document of incorporation. In case of a share capital increase, the decision shall mention the amount by which the share capital shall be increased and the source/sources which shall be employed for the increase requested. In case of a share capital decrease, the decision shall comply with the minimum share capital level set out in art. 128;

b) explanation of the drawing up, alteration and/or completion of the rules and procedures of the clearing house/central counterparty, as well as the drafts of the regulation submitted to the approval highlighting the changing/completion made, in the situation referred to in art. 147 paragraph (2) indent a);

c) addendum to the document of incorporation of the clearing house/central counterparty for the changes referred to in art. 147 paragraph (2) indent b), c), f), g) and h);

d) proof of paying up the share capital in case of a share capital increase and, respectively, explanation on the necessity of decreasing it and the financial auditor's report on the lawfulness of the share capital increase/decrease, for the change referred to in art. 147 paragraph (2) indent b);

e) assignment contracts, excerpt from the shareholders register, the new shareholder structure in compliance with the requirements set out in art. 132, 133, 134 and art. 7 indent e) for the changes referred to in art. 147 paragraph (2) indent d);

f) the documents referred to in art. 7 indent d), provided that the provision of art. 138 are

complied with, for the changes referred to in art. 147 paragraph (1) indent e) and for the changing of the board of directors;
g) proof of legal possession over the location required for functioning, as legalised copy, in compliance with the requirements set out in art. 7 indent c), for the changes referred to in art. 147 paragraph (2) indent f) and g). Authorisation by CNVM of the registered office change or of the setting up of secondary premises shall be granted after an on-site inspection to the new premises;
h) the internal organisation and functioning regulation of the branch, as well as the documents in proof of compliance with the requirements set out in art. 34, for the changes referred to in art. 147 paragraph (2) indent g);
i) proof of paying to the CNVM account the fee for obtaining the authorisation/approval or validation authorisation, as appropriate;
j) any other information that CNVM may request for the purpose of analysing the documents.

CHAPTER 3 – Functioning of the clearing house/central counterparty
The Capital Market Law no. 297/2004
Art. 158
C.N.V.M shall issue regulations in accordance with the Community legislation on the conditions that the clearing members have to meet and on the procedure to hold and enforce guarantees, hereinafter referred to as margins, settle and secure the positions held by clearing members, including for their own account, as well as the criteria to manage the funds of the clearing house and of the central counterparty.
Art. 163
(1) The clearing house and the central counterparty must comply with the principle of separating its records from those of the clearing members.
(2) The clearing house and the central counterparty must meet public requirements, promote the objectives of the holders and users and allow open and fair access, to facilitate an orderly exit from the market for the participants who no longer meet the public criteria required from members.
Art. 150
(1) The derivatives transactions carried out on regulated markets/alternative trading systems are recorded, guaranteed, cleared and settled through the clearing house/central counterparty in accordance with its own regulations, first approved by C.N.V.M.
(2) During the carrying out of the transactions in the system or the recording of the derivatives traded, the clearing house/central counterparty shall intervene between the parties to the transaction, becoming a buyer for each seller and, respectively, a seller for each buyer.
Art. 151
For the purpose of safely carrying out the recording, guarantee, clearing and settlement of derivatives operations, the clearing house/central counterparty shall organise and separately record the activities, separating the responsibilities of the staff involved in the derivatives operations, as well as the staff in charge with managing risk from that in charge with making payments.
Art. 152
(1) The clearing house/central counterparty shall be organised so that to ensure the carrying out of the following operations:
a) registration to the margin accounts, in the name of the clearing members of the derivatives traded on regulated markets/alternative trading systems;
b) keeping the records of the derivatives registered, of open positions, according to underlying assets and maturities; records are kept for each clearing member, to its own account, to the

accounts of the non-clearing members for which it provides clearing and settlement and to the account of that clearing member's clients;
c) daily carrying out of the transfer of premiums in the case of options registered, by crediting or and, respectively, debiting margin accounts;
d) keeping the records of contributions to the guarantee fund;
e) adjusting, during the session, margin accounts by recording the favourable or unfavourable differences resulted from marking to market;
f) supervising margin maintenance for open positions;

g) daily issuance and sending, for each clearing member, of a report on the derivatives registered, open positions exiting on its name, the amount in the margin account, the balance, the profit or loss recorded, premiums paid and cashed, as well as commissions debited from the margin account for the operations performed as a result of marking to market, after the closing of the trading session but before the opening of the next trading session;
h) sending, after each trading session, where appropriate, of the margin call for clearing members and monitoring the margin account updating;
i) monitoring and ensuring the exercise of options and the closing of positions at maturity in accordance with the specifications of the derivatives;
j) any other specific operations set out in its own regulations.
(2) The clearing house/central counterparty shall keep confidentiality with regards to all documents and information regarding its activity or its clearing members` activity.

Section 1 – Provisions applicable to clearing and non-clearing members

Art. 153

(1) Registration of derivatives with the clearing house/central counterparty shall be made only through the clearing members directly or by automatically taking transactions from the system.
(2) The intermediaries who trade derivatives on regulated markets/alternative trading systems may participate in the clearing and settlement system as general clearing members, individual clearing members or indirectly as non-clearing members.
(3) The general clearing member is the member who shall become counterparty to the clearing house/central counterparty in the clearing and settlement of transactions concluded on its own account, to the account of its clients, to the account of non-clearing members, as well as to the account of the latter's clients.
(4) The individual clearing member is the member who shall become counterparty to the clearing house/central counterparty in the clearing and settlement of transactions concluded on its own account and to the account of its clients.

Art. 154

(1) The individual clearing member and the non-clearing member have the following rights:
a) to refuse the carrying out of orders submitted by the client who has not set up the required margin;
b) to automatically close the open positions held by the client, until margin requirements are met, where the deficit has not been covered within the term established in the contract and the margin account does not comply with the limits established;
c) to cash commissions and fees from clients who trade derivatives on regulated markets/alternative trading systems and who have an intermediation contract concluded with them.
(2) The general clearing members have the rights set out in paragraph (1), as well as the right to cash

commissions and fees from non-clearing members which trade derivatives on regulated markets/alternative trading systems and which have concluded clearing and settlement contracts with them.

Art. 155

The clearing member has the following obligations:

a) to register with the clearing house/central counterparty derivatives transactions concluded on regulated markets/alternative trading systems;

b) to set up and maintain the amounts required by the clearing house/central counterparty in margin accounts;

c) to set up and maintain the amounts with the guarantee fund;

d) not to allow to a non-clearing member the submission of new trading orders where, in the case of executing these, a margin call should be generated;

e) to carry out at least daily the mark to market operation for the margin account of each client, non-clearing member, as appropriate, in accordance with the regulations of the clearing house/central counterparty;

f) to issue the margin call, where appropriate;

g) to cover with its own funds the debts of non-clearing members with which they have concluded clearing and settlement contracts;

h) to monitor and ensure the exercise of options and the closing of positions at maturity in accordance with the specifications of the derivatives;

i) to immediately inform the regulated market/alternative trading system, the clearing house/ central counterparty and, where appropriate, non-clearing members with which they have concluded clearing contracts of the initiation of the legal reorganisation or bankruptcy proceedings.

Art. 156

For the purpose of carrying out its activities related to the setting up of guarantees, clearing and settlement, a clearing member shall continuously provide the amounts required by the clearing house/central counterparty for the margin account and the guarantee fund.

Art. 157

General clearing members may clear on behalf of non-clearing members on the basis of a clearing contract which shall include at least the following obligations of the clearing member to the ones for whom it clears:

a) to fulfil all financial obligations in due time;

b) to submit a daily report to the non-clearing members for which they clear;

c) to ensure the required balance in the margin account for the positions recorded in the name and/or to the account of the ones for whom they clear;

d) to keep confidentiality on all documents and information related to their activity;

e) to complete the guarantee fund, where appropriate, within the term established by the regulation of the clearing house/central counterparty.

Art. 158

(1) The non-clearing member shall sign a clearing and settlement contract with a single general clearing member, in accordance with the template suggested by the clearing house/central counterparty.

(2) The contract referred to in paragraph (1) shall be first agreed by the clearing house/central counterparty in accordance with its regulations and shall not establish less restrictive clauses.

Section 2 - Admission of clearing members to the clearing-settlement system

Art. 159
The clearing house/central counterparty shall require its clearing members to keep sufficient financial resources and hold operational capabilities for the purpose of carrying out the obligations which arise from participating to the clearing and settlement system it manages.
Art. 160
(1) The requirements for admitting clearing members to the clearing-settlements system managed by the clearing house/central counterparty shall be established by means of procedures, based on objective criteria which shall allow free and undiscriminating access and shall include at least the following:
a) minimum capital requirements for clearing members;
b) requirements on the qualification and professional experience of the staff of the clearing members appointed to represent them in relationship with the clearing house/central counterparty;
c) requirements on ongoing monitoring or permanent compliance with the conditions imposed on clearing members.
(2) Clearing members shall conclude contracts with the clearing house/central counterparty for the purpose of fulfilling their payment obligations, as well as of complying with the margin requirements set out in Section 5 and shall establish internal rules on the risk management policies which shall be reviewed by the Board of Directors on an ongoing basis.

Section 3 – Procedures on failure by clearing and/or non-clearing members to fulfil their obligations
Art. 161
(1) For the purpose of ensuring continuity in the carrying out of its activities, the clearing house/central counterparty shall issue clear and objective procedures focusing on at least the following:
a) limiting and reducing losses and pressures generated by the lack of liquidities;
b) the clear definition of situations of failure to fulfil obligations by the clearing and/or non-clearing members and ways to identify them in due time;
c) developing some plans (methods) for warning on the likelihood of failures to fulfil obligations to occur, as well as monitoring and establishing restrictions on clearing and non-clearing members;
d) facilitating transfer and forced closing of the positions of clearing and non-clearing members which are unable to fulfil their obligations;
e) establishing the duties related to taking decisions on declaring situations of failure to fulfil obligations, where these are not automatically identified;
f) taking measures in case of identifying situations of failure to fulfil obligations by clearing and/or non-clearing members, such as:
1. changes in the usual settlement practices;
2. way in which client accounts shall be dealt with;
3. the chain of actions to be performed;
4. information to be obtained and the obligations and responsibilities of the clearing house/central counterparty and clearing members;
5. the existence of mechanisms, other than those of the clearing house/central counterparty which may be employed in case of failure by a clearing member and/or non-clearing member to fulfil its obligations, for the purpose of reducing its impact on the market.
(2) The clearing house/ central counterparty shall make available the following key aspects of its default procedures:
a) the circumstances in which action may be taken;

b) who may take those actions;
c) the scope of the action which may be taken, including the treatment of both proprietary and customer positions, funds and assets;
d) the mechanism to address the clearing house/ central counterparty`s obligations to non – defaulting participants;
e) the mechanisms to address the defaulting participant`s obligations to its customers.

Art. 162

Procedures on failure by clearing and/or non-clearing members to fulfil their obligations shall establish and clearly separate the roles and responsibilities of the staff employed with respect to the measures adopted in case of failure by the clearing and/or non-clearing members to fulfil their obligations, such as:
a) forced termination of contracts or use of specific methods to cover against risks;
b) forced closing or transfer of open positions and assets of the clearing member clients;
c) liquidating the margin and other assets, such as contributions to the guarantee fund;
d) use of financial resources, other than the margin.

Art. 163

The clearing house/central counterparty may use any financial resource to cover the losses and pressures generated by the lack of liquidities resulted from the failure to fulfil obligations, first of all using the assets deposited by that clearing and/or non-clearing member.

Section 4 – Suspension and withdrawal of access to the clearing-settlement system

Art. 164

(1) The clearing house/central counterparty may suspend/withdraw the clearing or non-clearing members' access to the clearing and settlement system, where:
a) C.N.V.M. notifies on the suspension, withdrawal or annulment of the functioning authorisation of the intermediary/trader;
b) the regulated market/alternative trading system notifies on the suspension from trading of the intermediary/trader;
c) the regulations of the clearing house/central counterparty on the setting up of margins are breached;
d) the regulations of the clearing house/central counterparty on participation to the guarantee fund are breached;
e) the registration to the account of the general clearing member of derivatives traded by the non-clearing
member with whom it has concluded a clearing and settlement contract has been acknowledged, for the purpose of reducing the exposure of the non-clearing member;
f) suspension of the non-clearing member is requested by the general clearing member with whom it has concluded a clearing and settlement contract;
g) the contract between the general clearing member and the non-clearing member has expired.
(2) In case of suspending a clearing member, the clearing house/central counterparty shall allow the former to close its open position for the purpose of reducing exposure or to increase the balance of the margin account.
(3) The clearing house/central counterparty shall notify the clearing member on the suspension decision, on the date of taking this decision.
(4) The clearing house/central counterparty shall notify C.N.V.M. and the regulated market/central counterparty on the suspension of the clearing member within 24 hours from taking the decision.

(5) Suspension shall not be revoked until the deficiencies for which it has been decided have not been corrected.

Art. 165

(1) The clearing and settlement contract referred to in art. 2 paragraph (2) indent e), may include clauses on the suspension of the non-clearing member for maximum 30 days. The suspended non-clearing
member shall continue to provide to the margin account the amounts owed to the general clearing member.

(2) Suspension of the non-clearing member shall be performed by the clearing house/central counterparty, at the request and on the exclusive responsibility of the general clearing member. The clearing house/central counterparty shall not be required and shall not be in the position to verify the appropriateness of such requests or conformity with the contractual clauses provided in the contract concluded between the general clearing member and the non-clearing member.

(3) In the case referred to in paragraph (2) or in the case of other suspensions, the general clearing member shall be responsible to the clearing house/central counterparty for the open positions of the non-clearing member, it shall cover margin calls and/or the debits recorded at the time of suspension and shall close open positions only for the purpose of reducing exposure.

Section 5 - Requirements for the margin account system

The Capital Market Law no. 297/2004

Art. 161

(1) The central counterparty shall open and hold a margin account for each clearing member, where it shall collect margins for open positions. The margins may not be used for other purposes than that specified in the regulations referred to in art. 158.

(2) The margins set up on behalf of the clearing members may not be considered part of the assets of the clearing house/central counterparty and may not be subject to the claims or the payment of the clearing house/central counterparty's creditors.

(3) The provisions set out in paragraph (2) shall also be applied in the case of the bankruptcy or the winding up of the clearing house/central counterparty.

Art. 166

(1) The clearing house/central counterparty shall calculate on a daily basis exposures to its clearing members and shall ensure that the information on the market prices and on the positions of the compensation members are accurate.

(2) The clearing house/central counterparty shall require its clearing members to set up the amounts necessary to guarantee the open positions in their own name and in the name of non-clearing members

with whom they have concluded contracts, in order to cover likely situations of failure to fulfil their future obligations arisen under normal market conditions.

Art. 167

(1) The margin account system shall function based on the setting up of an initial margin on opening a new position and monitoring the maintenance of a required minimum amount in the margin account.

(2) The initial margin may be set up by depositing the assets referred to in art. 2 paragraph (2) indent j), as follows:

a) up to 100% in the case of the assets referred to in art. 2 paragraph (2) indent j), point 1;

b) up to 50% in the case of the assets referred to in art. 2 paragraph (2) indent j), point 2, 3 and 4.

(3) The margins set up initially in accordance with paragraph (1) and (2) shall be periodically adjusted

and each margin account shall be debited or credited with losses from transactions, the difference from marking to market, the commissions owed to market institutions, the amounts withdrawn from the account and respectively, with the profit from transactions and/or the favourable difference resulted from marking to market, as well as with subsequent deposits.
(4) The debits resulted from marking to market, for which a margin call has been issued, may be covered by depositing the assets referred to in art. 2 paragraph (2) indent j), point 1, 2, 3 and 4, in compliance with the percentages referred to in paragraph (2).
(5) The amount resulted from the operations referred to in paragraph (4) shall not be lower than the minimum accepted by the clearing house/central counterparty or the general clearing member.

Art. 168

(1) For the purpose of re-evaluating open positions and calculating the margin required to guarantee them, the clearing house/central counterparty shall employ methods based on the following principles:
a) margin calculation shall be made separately for open positions on own account or in the account opened in the clients' name;
b) margin calculation shall be made considering the risk factors identified based on statistical analyses, as well as based on the analysis of market conditions;
c) the margin shall be matched with the maximum potential loss for the portfolio of the margin account holder, calculated on a pre-determined period of time provided by the regulations of the clearing house/central counterparty;
d) margin calculation shall take into account the potential loss incurred by the seller of an option in case of exercising that option.
(2) The setting of the margin requirements shall be made considering the following parameters:
a) historical price volatility;
b) market liquidity;
c) the interval between margin collection.
(3) Where the quotation price does not accurately reflect market conditions, the clearing house/central counterparty shall re-evaluate the quotation price in accordance with its own calculation methods.

Art. 169

The assets mentioned in art. 2 paragraph (2) indent j) point 4 deposed in the margin accounts shall be evaluated in accordance with clearing house/ central counterparty procedures, at least up to 70% of their market value.

Art. 170

(1) The clearing house/central counterparty shall require its clearing members to reduce their own exposure, as well as that of non-clearing members.
(2) The clearing house/central counterparty shall require the setting up of an additional margin on a daily basis when the activity of a clearing member entails high risk.

Art. 171

(1) Where the margin does no longer comply with the minimum amount required, the clearing house/central counterparty shall mention the scope of the margin call for that particular account.
(2) Where the clearing member does not answer the margin call, in accordance with the provisions of the functioning regulation of the clearing house/central counterparty, but no later than 24 hours from the closing of the trading session, by adding to the existing margin or by voluntarily closing the open position until the margin account complies with the limits established, the clearing house/central counterparty may decide on the forced closing of the positions registered to the account of that clearing member, until the margin call is covered.
(3) For the purposes of the provisions of paragraph (2), a forced closing refers to closing open positions

for which the amounts set up in the margin account do no longer comply with the amount required by the clearing house/central counterparty or the clearing member.
(4) The margin deficit shall not be covered by the amounts of money or the securities in the accounts of other clearing/non-clearing members and the clearing between client accounts and own accounts opened with the clearing house on behalf of the clearing member cannot be performed.

Art. 172

The clearing house/ central counterparty shall review and back test at least annually the margin models in order to cover its credit exposure to participants. The clearing house/ central counterparty should take into account the periods of regulated market turbulence.

Art. 173

In order to protect itself against potential looses from defaults by its participants, the clearing house/ central counterparty may establish other risk control mechanisms than margin requirements, including trading limits or position limits, so that closing any participant position would not affect its activity or the activity of non / defaulting participants.

Section 6 – Setting up, organisation and functioning of the guarantee fund

Art. 174

For the purpose of ensuring the resources necessary for the well functioning of the derivatives clearing and settlement mechanism, the clearing house/central counterparty shall set up the guarantee fund which shall be made up of amounts of money, securities referred to in art. 2 paragraph (1) point 33 indent a) of Law no. 297/2004 and bank letters of guarantee in favour of the clearing house/central counterparty, deposited by each clearing/non-clearing member for the purpose of covering the debits recorded after liquidating the amounts in the margin account.

Art. 175

The clearing members referred to in art. 2 paragraph (2), indent l) of the present regulation which carry out derivatives operations shall mandatory participate to the setting up of the guarantee fund's financial resources.

Art. 176

The financial resources of the guarantee fund shall be made up of the following:
a) initial contribution of clearing and non-clearing members;
b) annual contributions of clearing and non-clearing members;
c) loans;
d) income from liquidating the claims of the clearing house/central counterparty;
e) income from investing these funds.

Art. 177

(1) The initial contribution referred to in art. 176 indent a) shall be established by the regulations of the clearing house/central counterparty and shall be calculated by applying a percentage quota of at least 1% on the minimum initial capital of an intermediary, set out in art. 7 of Law no. 297/ 2004.
(2) The annual contribution referred to in art. 176 indent b) shall be established by the regulations of the clearing house/central counterparty and shall be equal to the percentage established by the Board of Directors of the clearing house/central counterparty applied to the maximum amount of total daily exposure over a pre-determined period of time.
(3) The total daily exposure shall be established based on the status of the margin account for each clearing/non-clearing member.
(4) Payment of initial and annual contributions shall be made in accordance with the regulations of the clearing house/central counterparty, which shall also include restrictive provisions on the situations

where these are not set up in the amount set out in paragraph (1), and respectively, paragraph (2).
(5) Clearing members whose access to the clearing house/central counterparty has been withdrawn/suspended shall pay the annual contribution corresponding to the period of the year when they have operated.

Art. 178

(1) The Board of Directors may increase the annual contribution which has to be paid by a clearing and/or non-clearing member, where this is involved in high risk operations.
(2) The change by the clearing house/central counterparty of the amount of annual contribution shall be enforced after maximum 10 working days from notifying it to clearing and/or non-clearing members.

Art. 179

(1) The clearing house/central counterparty may contract the loans referred to in art. 176 indent c) only when the full use of the guarantee fund is not sufficient to fully cover its effective obligations.
(2) Decisions to contract loans are taken by the Board of Directors, based on the documents submitted by the manager of the clearing house/central counterparty.

Art. 180

The evidence of the deposits in the guarantee fund accounts shall be kept by the clearing house/central counterparty. On a quarterly basis reports shall be draft on the management of the fund. The above mentioned reports shall be send, in copy, to the CNVM within 30 days from the ending of the period reported.

Art. 181

(1) The order in which the guarantee funds shall be used is:
a) the individual contribution of the clearing/non-clearing member;
b) the contributions of the other clearing/non-clearing members.
(2) The guarantee fund reflects the joint liability of the clearing member and its clients and non-clearing
members for whom it clears.
(3) The updating of the guarantee funds with the amounts and assets in the margin accounts is forbidden. Guarantee funds may be updated with amounts and assets set up in own name and on own account, provided that the required margins are maintained.

Art. 182

The contributions paid by clearing and non-clearing members to the guarantee fund are refunded in accordance with the regulations of the clearing house/central counterparty.

Art. 183

In case of legal winding-up or dissolution of the clearing house/central counterparty, the contributions deposited by clearing and non-clearing members shall be transferred to another clearing house/central counterparty willing to take over the obligations corresponding to the guaranteed clearing and settlement activities or shall be refunded.

Section 7 – The settlement of funds and financial instruments

Art. 184

The clearing house/central counterparty shall issue procedures on the settlement of funds and financial instruments, by establishing at least the following:
a) the concluding of contracts with clearing members for opening margin accounts and for the settlement of the funds;
b) establishing the final moment of transferring funds to the accounts of the clearing house/central counterparty

c) establishing the obligations that the clearing house/central counterparty undertakes with respect to the delivery of financial instruments for the purpose of identifying and managing the risks involved
d) limiting the exposure of the clearing house/central counterparty by taking the measures necessary to reduce potential losses and pressures resulted from the lack of liquidities generated by the situations of failure to fulfil the payment obligations of credit institutions;
e) the ongoing monitoring of funds settlement operations carried out by credit institutions;
f) identifying and managing the credit and liquidity risks to which the clearing house/central counterparty is exposed when delivering financial instruments;

g) settlement of the financial instruments and funds based on the delivery versus payment principle.

Art. 185

For the purpose of guaranteeing funds and financial instruments, the clearing house/central counterparty
shall have available facilities for:
a) paying the financial instruments seller where the buyer does not fulfil its payment obligations;
b) selling the financial instruments taken as guarantee from the seller in the situation referred to in indent a);
c) lending or purchasing financial instruments to be delivered to the buyer when the seller does not fulfil its obligation of delivering them.

Section 8 – Custody activities and investment policies of the clearing house/central counterparty

Art. 186

The clearing house/central counterparty shall be held responsible for the safekeeping of the assets deposited by clearing members to the margin accounts required to guarantee open positions.

Art. 187

(1) In the case of the assets referred to in art. 2 paragraph (2) indent j) point 2, 3 and 4 of this regulation, and deposited by clearing members to margin accounts, the clearing house/central counterparty may resort to the safekeeping services provided by the central depository, as well as by the credit institutions authorised to carry out such activities.
(2) When the clearing house/central counterparty is using the custody services of a credit institution, the clearing house/central counterparty shall:
a) be aware and establish whether the accounting practices of the custodian, the safekeeping and internal control procedures protect the securities in custody against insolvency, negligence, fraud, inefficient management or inappropriate record keeping;
b) ensure that the securities kept in custody are protected against claims by the custodian's creditors;
c) ensure the effective separation of clients' securities;
d) permanently monitor the financial position of the custodian which shall be able to bear the losses resulted from operational problems or activities which are not related to safekeeping activities;
e) ensure that it may have immediate access to the securities, so that to minimise the risk of losses or delays caused by the impossibility to realise them.

Art. 188

(1) In the case of a margin made up of amounts of money, the clearing house/central counterparty shall put in place an adequate investment policy so that to ensure that the investments made shall not

compromise its ability to use the funds for the purposes for which they have been set up.
(2) Funds shall be placed in financial instruments for which credit, market and liquidity risks are minimum, so that the clearing house/central counterparty may realise the resources at its disposal in due time.
(3) The financial resources at the disposal of the clearing house/central counterparty refer to the funds set up in margin accounts, as well as in the guarantee fund.

Art. 189
(1) Investments in the financial instruments of a clearing house/central counterparty may be exclusively made in:
a) securities such as those referred to in art. 2 paragraph (2) indent j) point 3 of this regulation, irrespective of the currency in which they are denominated;
b) financial instruments, as defined in art. 2 paragraph (1) point 11 indent c) of Law no. 297/2004.
(2) The clearing house/central counterparty may invest the financial resources at its disposal and its own resources in the financial instruments referred to in paragraph (1) within the limits established below:
a) maximum 40% of the securities referred to in paragraph (1) indent a), provided that they are highly liquid;
a) maximum 80% of the securities referred to in paragraph (1) indent b).
(3) The financial instrument holdings referred to in paragraph (1) indent b) shall not fall below 60% of the amount of financial resources at the disposal of the clearing house/central counterparty/clearing member and of their own resources.
(4) The clearing house/central counterparty shall not invest in derivatives.
(5) In case of exceeding the limits referred to in paragraph (2), the clearing house/central counterparty shall reduce the placement to the minimum required amount within maximum 10 days. The operation shall be monitored, confirmed and notified to C.N.V.M. by the company's Board of Directors and financial auditors.
Art. 190
Part of the financial resources of the clearing house/central counterparty may be invested in computer equipment and in clearing and settlement systems.

Section 9 – Transparency requirements

The Capital Market Law no. 297/2004
Art. 163
(3) The clearing house and the central counterparty must make available to the participants sufficient information to correctly identify and assess the risks and the costs related to the services of the clearing house and the central counterparty.
Art. 191
(1) The clearing house/central counterparty shall provide clearing and non-clearing members with sufficient information to enable them to assess their risks and costs generated by the use of the clearing house/central counterparty services.
(2**)** The information referred to in paragraph (1) shall be made public on the site of the clearing house/central counterparty and presented both in Romanian and in an internationally used language and shall make reference to at least the following aspects:
a) the legal framework enforced;

b) the regulations and procedures of the clearing house/central counterparty;
c) risks and costs, as well as methods employed for their mitigation;
d) rights and obligations of clearing members;
e) restrictions and limitations with respect to the clearing house/central counterpart's fulfilling its obligations to the clearing members;
f) the way in which the clearing and settlement of transactions is carried out;
g) the steps taken by the clearing house/central counterparty and/or by other regulated entities in case of failure to fulfil obligations by clearing members.

Section 10 – Clearing house/central counterparty regulations

The Capital Market Law no. 297/2004
Art. 162
(1) The regulations of the clearing house/central counterparty shall be submitted for approval by C.N.V.M. and shall at least refer to:
a) the organisation and functioning of the system;
b) the relationships between the clearing house/central counterparty and the clearing members, including norms regarding the lack of clearing funds;
c) the margins/guarantees, the calculation methodology and the method of payment, including norms on the re-evaluation of open positions using current market prices;
d) mark-to-market procedures;
e) the procedures that shall be used if a clearing member fails to meet its obligations to set up margins or to pay any other amounts;
f) system risk management.
(2) The competency to approve the regulations laid down in paragraph (1) may be delegated to the Board.

Art. 192
(1) The clearing house/central counterparty shall issue regulations and procedures which shall include at least the following issues:
a) operational risk management policy;
b) admission, suspension and withdrawal of clearing members to/from the clearing and settlement system;
c) minimum requirements for the clauses of the contract concluded between clearing members and non-clearing members;
d) rights and obligations of clearing/non-clearing members;
e) supervision of clearing members;
f) situations of failure to fulfil obligations by clearing/non-clearing members;
g) identification and way to compute the quotation price, the number of open positions subject to marking to market, the required amount of margin set up for the purpose of guaranteeing open positions and the balance of the margin account, as well as the maximum and minimum daily fluctuations for each derivative instrument;
h) description of the way to register derivatives, the opening and closing of positions, the issuing of margin calls, transferring data from and to the clearing member, as well as the depositing and withdrawal of amounts from the margin account;
i) setting up, organisation and functioning of the guarantee fund;

j) evaluation of the financial resources at the disposal of the clearing house/central counterparty;
k) registering, clearing and settling funds and derivatives, including the moment when settlement becomes final;
l) internal control activities;
m) requirements for cross-border operations.
(2) The regulations and procedures referred to in paragraph (1) shall be made available to clearing/non-clearing
members and shall be published on the internet page of the clearing house/central counterparty, minimum two weeks before their coming into force.
(3) The provisions of paragraph (1) and (2) shall be also applied in the case of a central counterparty authorised by CNVM to carry out operations such as guaranteeing and clearing transactions with financial instruments, other than derivatives.

Section 11 – Cross-border operations

Art. 193

The clearing house/central counterparty may establish collaboration relationships and electronic links with other clearing houses/central counterparties in Romania or in member states.

Art. 194

(1) Collaboration relationships and electronic links between clearing houses/central counterparties shall be established based on some contracts which shall provide at least the following:
a) the rights and obligations of each party;
b) the type of electronic links considered;
c) the responsibilities of each party to the clearing members which use that link.
(2) The contracts referred to in paragraph (1) shall be concluded after the clearing house/central counterparty assesses the potential risks resulted from establishing electronic links with another clearing house/central counterparty.
(3) Clearing houses/central counterparties shall submit to CNVM prior approval any contract concluded with respect to establishing electronic links with other clearing houses/central counterparty.
(4) After the approval mentioned in paragraph (3), the clearing house central counterparty shall transmit to CNVM the contracts mentioned in paragraph (3) within 2 working days from conclusion date and has the obligation to make them available to clearing and non clearing members.

Art. 195

(1) The clearing house/central counterparty, party to a contract which ensures the establishing of electronic links with another clearing house/central counterparty shall fulfil, in due time, its obligations both to the other party to the contract and to the clearing members of the latter, which use that electronic link.
(2) The connection of the clearing house/central counterparty to the clearing-settlement systems of another clearing house/central counterparty shall not exempt it from the responsibility to fulfil in due time its obligations to its own clearing members which do not use that electronic link.

Art. 196

(1) The potential operational, credit and liquidity risks to which two clearing houses/central counterparties, parties to the contract which establishes an electronic link are exposed shall be monitored and managed on an ongoing basis.
(2) Communication systems and mechanisms between contracting parties shall be thus established so that to ensure operational security and not generate operational risks from one system to the other.

Art. 197
For the purpose of preventing the risk entailed by the application of two different legal systems, the contract based on which the electronic link is established shall include clauses at least with respect to the following issues:
a) novation or any other means of intervention by the central counterparty;
b) clearing;
c) margin requirements;
d) settlement scope;
e) conflict of laws.

CHAPTER 4 – Supervision of the clearing house/central counterparty
The Capital Market Law no. 297/2004
Art. 164
The clearing house and the central counterparty must ensure the orderly carrying out of their activity, the transparency of operations, as well as periodical and correct reporting.
Art. 165
C.N.V.M. shall supervise the activity of the clearing house and the central counterparty and may require them to communicate data, information and documents, may organise inspections at their premises and may require them to make available all the necessary documents, including the procedures and terms for their delivery.
Art. 166
C.N.V.M. may require the modification of the regulations issued by the clearing house and the central counterparty.
Art. 167
The provisions of art. 156 shall be applied to the clearing house/ central counterparty authorised by C.N.V.M.
Art. 198
In accordance with the provisions of art. 165 of Law no. 297/2004, CNVM supervises the orderly and transparent carrying out of guarantee, clearing and settlement services provided by the clearing house/central counterparty, as well as investor protection and may organise on-site inspections to the premises of the clearing house/central counterparty.

Art. 199
The clearing house/central counterparty shall immediately notify C.N.V.M. among others, on the following situations:
a) breaches of regulations and procedures of the clearing house/central counterparty by clearing members, as well as the measures taken;
b) significant errors in technological structures and IT systems;
c) planning activities corresponding to the objectives of the clearing house/central counterparty and plans on purchasing shares;
d) contracts, partnerships or co-operations concluded;
e) any relevant event which may have consequences on its organisation and functioning.
Art. 200
(1) The clearing house/central counterparty shall submit CNVM all the decisions of the general shareholders and Board of Directors meetings with respect to the guarantee, clearing and settlement activities within maximum 10 days from the date when the meetings took place.
(2) On request by CNVM, the clearing house/central counterparty shall submit the minutes of the

general shareholders meetings.

Art. 201

Annually, within maximum 150 days from the closing of the financial year, the clearing house/central counterparty shall submit to C.N.V.M. a report which shall include:

a) the annual financial statement with all its corresponding annexes;

b) the financial auditor's report, together with his opinion;

c) the management report of administrators;

d) the shareholder structure of the clearing house/central counterparty by mentioning for each shareholder the number and the type of shares held, as well as the percentage of shares carrying voting rights;

e) the list of general and individual clearing members;

f) the activity report of the clearing house/central counterparty drawn up by managers and approved by the Board of Directors.

Art. 202

(1) Quarterly, the clearing house/central counterparty shall submit to C.N.V.M. a report including the following information:

a) the evolution of the main economic and financial ratios, according to the annual balance sheet structure;

b) the status of highly liquid financial assets;

c) causes which have determined the occurrence of changes in the content of the previous quarterly reports, where appropriate;

d) the management of the guarantee fund, in accordance with art. 176 paragraph (3).

(2) Quarterly reports shall be submitted to C.N.V.M. no later than 45 days from the expiry of the reporting period.

Art. 203

The provisions of art. 109, 110, 112, 113, 115 and 116 shall adequately apply to the clearing house/central counterparty, except for the obligation before NBR.

Art. 204

Foreign legal persons admitted to the system as clearing members shall be registered with the C.N.V.M. Register, within the intermediary section. The clearing house/central counterparty shall submit to C.N.V.M. any application on admission to the system of foreign legal persons clearing members.

Art. 205

On request by C.N.V.M., the clearing house/central counterparty shall submit information on the financial instruments registered and the clearing members admitted to the guarantee, clearing and settlement system, as well as data and information on transfer orders between accounts.

TITLE IV - SANCTIONS

The Capital Market Law no. 297/2004

Art. 272

The following deeds are considered offences:

a) breaching the provisions of this law or of the regulations issued by C.N.V.M. to the application of this law;

b) carrying out without an authorisation or by breaching any conditions or restrictions provided by the authorisation, of any activities or operations for which this law or C.N.V.M regulations require authorisation;

c) failing to comply with prudential rules and rules of conduct;
d) failing to comply with the measures established by control or following control;
e) failing to comply with the obligation to audit financial statements or their auditing by unauthorised persons.

Art. 273

(1) The offences referred to in art. 272 are sanctioned by:
a) warning;
b) fine;
c) complementary sanctions, applied as the case may be:
1. suspension of authorisation;
2. withdrawal of authorisation;
3. temporary prohibition from carrying our certain activities and services which are subject to this law.
(2) C.N.V.M. may make available to the public any measure or sanction imposed for the failure to comply with the provisions of this law and of the regulations adopted in its application, except for the situations when, by public disclosure, the normal functioning of the market might be jeopardised or significant damages might be caused to the parties involved.

Art. 276

The limits of the fines shall be established as follows:
a) between 0.5% and 5% of the paid-up share capital, according to the seriousness of the offence, for legal persons;
b) between ROL 5,000,000 and ROL 500,000,000, for natural persons, subject to updating by order of the President of C.N.V.M.
d) between half and the full amount of the transaction carried out by committing the deeds referred to in art. 245-248 of title VII.

Art. 279

(1) Committing intentionally the deeds referred to in art. 237, paragraph (3), art. 245-248, are considered crimes and are punished with imprisonment from 6 months to 5 years or with a fine within the limits set up in art. 276 subparagraph c) and with the additional punishment of prohibition referred to in art. 273, paragraph (1), subparagraph c), indent 3.
(2) The intentional accessing by unauthorised persons of the electronic trading, clearing and settlement systems is considered a crime and is punished with imprisonment from 6 months to 5 years or with a fine within the limits referred to in art. 276 subparagraph c).

Art. 206

Breaching the provisions of this regulation shall be sanctioned in accordance with the provisions of Title X of Law no. 297/2004.

Art. 207

C.N.V.M. shall annul any authorisation obtained based on the provision of false or inaccurate information and may forbid the carrying out of any activity regulated and supervised by C.N.V.M. by the persons responsible for the provision of this information, for a period between 1 and 5 years.

Art. 208

(1) Failure to comply with the requirements for authorisation, as well as changes in the documents based on which authorisation has been granted, without notifying or requesting them, as appropriate, the completion and/or alteration of the functioning authorisation shall be sanctioned by warning or fine, where the infringements may be corrected within maximum 5 days from its acknowledgement.

(2) Where repeated breaches are acknowledged, as well as in the case of severe breaches by the central depository/clearing house/central counterparty of the provisions of Law no. 297/2004 and of the regulations applied in its enforcement, C.N.V.M. shall proceed to invalidating the members of the Boards of Directors and/or to the withdrawal of the decision to approve managers, the general shareholders meeting being then called in the shortest time possible to appoint a new Board of Directors or, where appropriate, for the Board of Directors to appoint and submit for approval by C.N.V.M. other managers.

Art. 209

Failure to comply with the provisions of art. 32 paragraph (3) and art. 147 paragraph (2) on notifying registrations with the Trade Register Office shall be sanctioned, as appropriate, by warning or fine for the managers of the securities central depository and of the clearing house/central counterparty.

Art. 210

Failure to comply with the reporting requirements to CNVM set out in Title II, Chapter 5 and Title III, Chapter 5 shall be sanctioned, as appropriate, by:

a) warning, where the central depository/clearing house/central counterparty has breached these provisions for the first time in the last 2 years;

b) fine between 0.5% and 5% of the paid up share capital, enforced on the central depository/clearing house/central counterparty;

c) fine enforced on the manager/managers of the central depository/clearing house/central counterparty, in accordance with the duties delegated to them by the Board of Directors;

d) withdrawal of the authorisation of the manager/managers of the central depository/clearing house/central counterparty, in accordance with the duties delegated to them by the Board of Directors.

Art. 211

Where the central depository/clearing house/central counterparty breaches the provisions of this regulation and of Law no. 297/2004 and no specific sanctions have been established for this in this regulation, CNVM may enforce one of the sanctions set out in art. 273 of Law no. 297/2004.

Art. 212

The amount of the fine enforced on the natural persons who are held liable for the deeds which breach the provisions of this regulation and of Law no. 297/2004 shall not be higher than the fine enforced on the legal persons where they carry out their activity.

Art. 213

The sanctions enforced by C.N.V.M. shall be made public, both in the C.N.V.M. Newsletter and on its internet page (www.cnvmr.ro).

TITLE V – FINAL AND TRANSITORY PROVISIONS

The Capital Market Law no. 297/2004

Art. 281

(1) C.N.V.M. shall establish, by regulations, the time period during which the regulated entity must meet the provisions of this law, period which shall not exceed 18 months from its entry into force.

(2) The authorisations issued to the regulated entities before this law enters into force shall remain valid. The regulated entities must, up to the term set out in paragraph (1), submit the modifications and/or completions to the documents on which authorisations have been granted in order to comply with the provisions of this law and to be registered with the C.N.V.M. Register.

Art. 284

(1) The setting up of the central depository shall be carried out within the term set out in Art. 281,

paragraph (1).
(2) The register undertakings must submit to the central depository, the registers of the companies officially listed or within alternative trading systems. The terms and the submission procedure shall be established by regulations issued by C.N.V.M.
(3) By way of derogation from the provisions laid down in art. 124, 143, 146, and 157, until the expiry of the term set out in paragraph (1), the Bucharest Stock Exchange shall carry out clearing, settlement, depository and register activities, as well as any ancillary activities underlying securities and financial instruments, via its specialised departments, separated from the trading activity.

Art. 214

(1) For the purpose of complying with the provision of Law no. 297/2004 and of present regulation, the shareholders mentioned in art. 14 paragraph (1) shall be bound to request the setting up authorisation for the central depository, at the latest until 30 November 2005.
(2) In the sense of the present regulation, The Bucharest Stock Exchange shall be considered to be a market operator.
(3) All the assets of the companies participating to the process of establishing of the central depository shall be evaluated pursuant to the legislation in force if in the latest 12 months there has been not made such an evaluation, before the general meeting of the shareholders deciding on the share capital's level and the participation of each shareholder.
(4) The provisions of the paragraph (3) shall not be applied to the credit institutions and investment firms authorised and supervised by the NBR or CNVM.

Art. 215

(1) The Romanian Clearing House shall be bound to notify to CNVM, within 30 days from the entry into force of the present regulation, the intention to reorganize their activity pursuant to Law. 297/2004 and the present regulation, together with the action plan including the steps and terms to comply with the provision of the present regulation.
(2) For complying with the Law no. 297/2004 and the present regulation, the Romanian Clearing House shall be bound to make and transmit to the CNVM, at the latest until 30 October 2005, all the necessary changes in order to comply with the authorisation and functioning requirements pursuant to art. 118-120 and the updated regulation and procedures pursuant to art. 192 of the present regulation..
(3) By derogation from the provision of art. 130, the natural persons, shareholders of the clearing house/ central counterparty at the date of entry into force of the present regulation, have the right to maintain their quality.
(4) At the date of fulfilling all the requirements for authorisation and functioning, but no later than 31 January 2006, CNVM shall issue the register certificate of the Romanian Clearing House to the CNVM Register.

Art. 216

Until the Romania's accession to the European Union, the investment services firms are obliged to maintain individual accounts opened to the central depository pursuant to art. 51 paragraph (1) indent a).

Art. 217

(1) For the purpose of compliance with the provisions of art. 284 paragraph (2) of Law no. 297/2004, the entities which provide register services and, respectively, register companies, the National Securities Clearing, Depository and Settlement Company and the Bucharest Stock Exchange, through its specialised department, shall make available to the central depository, within maximum 60 days from the date of its authorisation, the consolidated registers of issuers of securities traded on a regulated market or within an alternative trading system with which they have concluded service

contracts.
(2) Within maximum 30 days from the granting setting up authorisation**,** for the purpose of transferring the registers referred to in paragraph (1), the central depository, in collaboration with the market operators or system operators which manage the regulated markets and, respectively, the alternative trading systems, shall establish the schedule and the transfer requirements for the issuers` registries, as well as the period of time for the suspension from trading of those securities and shall inform C.N.V.M., the intermediaries and the issuers in this respect.
(3) The registers of the issuers traded on regulated markets or within alternative trading systems shall be made available to the central depository based on some deliver-receipt reports (minutes) concluded between the entities which provide register services and the central depository. The delivery-receipt report (minutes) shall include for each issuer the following data and information:
a) fiscal code/single registration code and the identification data of the issuing company;
b) share capital;
c) total amount of securities issued;
d) nominal value;
e) total number of securities, broken down in number of securities free of any encumbrances and number of restricted securities;
f) updated shareholder structure for each issuer;
g) databases including the data of the shareholders, as well as their holdings at the date of the handing over of the registry, with the special mentioning of the restricted holdings;
h) archives.
(4) By means of the delivery-receipt reports (minutes), the entities which provide register services shall certify the completeness of data and information made available to the central depository, which shall be hereinafter responsible for the integrity and confidentiality of the data received.
(5) The central depository shall submit to each issuer in its records a copy of the delivery-receipt report (minutes) concluded with the entity which provides register services and shall request the conclusion of the contracts referred to in art. 146 paragraph (4) of Law no. 297/2004.
(6) The central depository shall inform, within one working day, C.N.V.M., the market operators or the system operators which manage regulated markets and, respectively alternative trading systems and the intermediaries, of the conclusion of the register transfer operations referred to in paragraph (1), as well as of the date when the transactions involving the securities subject to the transfers to the central depository are resumed.
(7) The central depository shall immediately notify CNVM of any situation which may result in breaching the provisions of this article.

Art. 218

The taking over by the central depository directly from the issuers of the registers referred to in art. 217 paragraph (1) is forbidden.

Art. 219

The reorganization and bankruptcy procedures of the central depository, clearing house/ central counterparty, participants to central depository system and members of clearing house/ central counterparty shall be governed by Law 64/1995 regarding the reorganization and bankruptcy procedure, republished, as well as the special provisions of Title IX of Law no. 297/2004.

Art. 220

Annexes 1 and 2 are part of this regulation.

Art. 221

(1) This regulation comes into force on the date of publishing the Approval Order in the Official

Gazette of Romania, Part I.
(2) On the date referred to in paragraph (1) the following shall be repealed:
a) Regulation no. 7/1996 regarding the authorisation and regulation of the self regulated entities, approved by CNVM President Order no.18 of June, 7th, 1996 and published in the Official Gazette no. 190 of August 5th, 1996,
b) Regulation no. 8/1996 regarding the authorisation of the National Clearing, Settlement and Depository Company, approved by CNVM President Order no.19 of August, 16th, 1996 and published in the Official Gazette no. 202 of August 29th, 1996,;
c) Regulation no. 12/1996 regarding the authorisation and functioning of the clearing, settlement and depository companies, approved by CNVM President Order no.23 of September, 10th, 1996 and published in the Official Gazette no. 276 of November 6th, 1996;
d) Regulation no. 13/1996 regarding the functioning of an independent register, approved by CNVM President Order no.24 of September, 17th, 1996 and published in the Official Gazette no. 267 bis of October 29th, 1996;
e) Instruction no. 2/1996 regarding the issuing of dematerialised shares, approved by CNVM President Order no.2 of January, 16th, 1996 and published in the Official Gazette no. 18 of January 25th, 1996;
f) Instruction no. 9/1996 regarding the transmission to the independent registers, approved by CNVM President Order no.25 of September, 19th, 1996 and published in the Official Gazette no. 267bis of October 29th, 1996;
g) Regulation no. 1/1997 amending and completing Regulation 8/1996 regarding the authorisation of the National Clearing, Settlement and Depository Company, approved by CNVM President Order no.1 of January, 29th, 1997 and published in the Official Gazette no. 23 of February 12h, 1997;
h) Regulation no. 6/1997 for changing the Regulation 8/1996 regarding the authorisation of the National Clearing, Settlement and Depository Company, approved by CNVM President Order no.12 of May, 15th, 1997 and published in the Official Gazette no. 113 of June 6th, 1997;
i) Regulation no. 9/1997 on registration requirements and criteria and procedures to authorise private independent register companies, approved by CNVM President Order no.16 of July 3rd, 1997 and published in the Official Gazette no. 327 of November 25th, 1997;
j) Regulation no. 12/1997 on the amendment and completion of Regulation no. 9/03.07.1997 on registration requirements and criteria and procedures to authorise private independent register companies, approved by CNVM President Order no. 25 of December 2nd, 1997 and published in the Official Gazette no. 14 of January 16th, 1998;
k) Instructions no. 11/18.11.1997 on the obligation to report to the private independent register companies the list of clients whose securities are held in the account of the depository, approved by CNVM President Order no. 23 of November 18th, 1997 and published in the Official Gazette no. 14 of January 16th, 1998;
l) Regulation no. 1/1998 on the completion of Regulation no 14/1996 regarding the clearing, settlement and depositing operations for the third parties, approved by CNVM President Order no. 2 of January 27th, 1998 and published in the Official Gazette no. 119 of March 19th, 1998;
m) Regulation 8/1999 amending and completing Regulation no. 8/1996 regarding the authorisation of the National Clearing, Settlement and Depository Company, approved by CNVM President Order no. 16 of September 16th, 1999 and published in the Official Gazette no. 534 of November 2nd, 1999;
n) Instructions no. 1/12.01.1999 on the transfer of registers of company shareholders between two

independent registers, approved by CNVM President Order no.1 of January 12th, 1999 and published in the Official Gazette no. 27 of January 26th, 1999;
o) Regulation 5/2000 regarding the settlement of transaction with securities on the regulated markets, approved by CNVM President Order no. 8 of October 27th, 2000 and published in the Official Gazette no. 689 of December 21st, 2000;
p) Instructions no. 1/16.02.2000 on the issuing by independent register companies of registers of shareholders of companies issuing securities, approved by CNVM President Order no. 1 of February 16th, 2000 and published in the Official Gazette no. 87 of February 28th,.2000; any other contrary provisions;
q) Regulation 4/2002 regarding the commodities and derivatives regulated markets, approved by CNVM President Order no. 104 of December 3rd, 2002 and published in the Official Gazette no. 948 of December 24th, 2002;
r) Regulation no. 10 /2004 on the alteration of CNVM Regulation no. 8/1996 on the authorisation of the National Securities Guarantee, Clearing, Settlement and Depository Company, with all subsequent alterations and completions, approved by CNVM President Order no. 52 of November 11th, 2004 and published in the Official Gazette no. 1069 of November 17th, 2004;
s) Regulation no. 11/17.11.2004 on the enforcement of security guarantees referring to securities admitted to trading on regulated markets, approved by CNVM President Order no. 55 of November 17th, 2004 and published in the Official Gazette no. 1133 of December 1st, 2004;
t) Instruction 4/2004 regarding transitional measures for the application of Law no. 297/2004 on the capital markets, approved by CNVM President Order no. 29 of July 27th, 2004 and published in the Official Gazette no. 714 of August 6th, 2004;
u) Instruction no. 9/2004 on the carrying out of direct transfers of security ownership;
v) Instruction no. 5/2005 regarding the handing over of the selling securities orders, approved by CNVM President Order no. 10 of March 17th, 2005 and published in the Official Gazette no. 247 of March 24th, 2005;
w) any other contrary provisions.

ANNEX No. 1

STATEMENT

I, the undersigned …....., located in **.....**, possessor of the identity act type ….[1], series ….. no. ....., issued by ……..... on ....., valid until ……,NIN....., as……[2] of the central securities depository/ clearing house/ central counterparty **.....**[3], declare by hereby statement that I own the followings holdings of at least 10% from the share capital or of the voting rights:
a) individual holdings:

Crt. No.	Denomination of the company in which shares are being held	Home state of the company whose shares are held	Participation at the share capital of the company/voting rights (%)

b) holdings related to other persons involved:

Crt. No.	Involved person	Denomination of the company where shares are being held	Home state of the company whose shares are held	Participation of the involved person to the share capital of the company/voting rights (%)

1 Shall be completed BI for the identity bulletin, IC for the Identity Card or for the Passport.
2 Shall be completed with the position held: member in the board of directors or leader of the central securities depository/ clearing house/ central counterparty.
3 Shall be completed with the central securities depository/ clearing house/ central counterparty denomination.

c) Holdings related to other close linked persons:

Crt. No.	Close linked persons	Denomination of the company where shares are being held	Home state of the company whose shares are held	Participation of the close linked person to the share capital of the company/voting rights (%)

Submitted and signed today, on own account, knowing that false statements are punished according to law.
Date .....
Signature.....

ANNEX No. 2

STATEMENT

I, the undersigned…....., located in ....., having identity card type….[4], series ….. no. ....., issued by ……..... at ....., valid until ……., NIN ....., as legal representative of the shareholder ……..[5] holding ...% of share capital and vote rights of central securities depository.....[6], declare by hereby statement that the company whose legal representative I am has the following holdings of at least 10% of the share capital or of the voting rights:
a) Individual holdings:
[4] To be filled in with: BI for identity bulletin , CI for identity card or PAS, for the Passport, for foreign natural persons

[5] To be filled in with the name of the legal person as shareholder holding 5% of share capital and of voting rights of central
securities depository
[6] To be filled in with the name of central security depository.

Crt. No.	Denomination of the company in which shares are being held	Home state of the company whose shares are held	Participation at the share capital of the company/voting rights (%)

b) Holdings related to other persons involved:

Crt. No.	Involved person	Denomination of the company where shares are being held	Home state of the company whose shares are held	Participation of the involved person to the share capital of the company/voting rights (%)

c) Holdings related to other close linked persons:

Crt. No.	Close linked persons	Denomination of the company where shares are being held	Home state of the company whose shares are held	Participation of the close linked person to the share capital of the company/voting rights (%)

Submitted and signed today, on own behalf, knowing that the false statements are punished according to the law.

Date .....

Signature .....