

REGULATION no.1/2019

regarding the assessment and approval of the members of management structures and of persons holding key-functions within entities regulated by the Financial Supervisory Authority

Based on the provisions of art. 2 paragraph (1), art. 3 paragraph (1) letter b), art. 6 paragraph (2) and art. 28 of the Government Emergency Ordinance no. 93/2012 regarding the establishment, organization and operation of the Financial Supervisory Authority, approved with changes and completions through Law no. 113/2013, with subsequent modifications and completions,

in compliance with the following provisions:

- art. 173. paragraph (1) letter t) and art.179 paragraph (4) of Law no. 237/2015 regarding the authorization and surveillance of the insurance and reinsurance activity,

- art. 2 paragraph (1), art. 15, art. 19, art. 21, art. 26 – 33, art. 122 paragraph (2) and (3) letter d), art. 123 letter c), art. 129 paragraph (3) letter d), art. 130 letter c), art. 132, art. 135 paragraph (4) – (6), art. 162 paragraph (1), paragraph 166, art. 174, art. 176 paragraph (2) and art. 188 of Law no. 126/2018 regarding the financial instruments markets,

- art. 21 of Law no. 31/2006 regarding the securitization of receivables,

- art. 64 paragraph (2)-(4), art. 65 and art. 70 letter b) of Law no. 411/2004 regarding the privately managed pension funds, republished, with subsequent completions,

- art. 22 paragraph (2) and (3) and art. 23 of Law no.204/2006 on optional pensions, with subsequent completions,

- art. 1 paragraph (2), art. 4 paragraph (1) and paragraph (4), art. 9 paragraph (1) letter c) and paragraph (7), art. 11, art. 12, art. 14, art. 22 - 24, art. 45 paragraph (3), art. 73, art. 75 and art. 178 paragraph (1) letter a) of the Emergency Government Ordinance no.32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as for the modification and completion of Law no. 297/2004 on the capital market, approved with completions through Law no. 10/2015, with subsequent completions,

- art. 1 paragraph (6), art. 5 paragraph (1), art. 7 paragraph (2) letter a) and c), art. 8 paragraph (1) letter b, art. 10 paragraph (1), art. 11, art. 12 paragraph (1) letter e), art. 13 paragraph (1) and art. 15 paragraph (1) and paragraph (3), art. 39 and art. 47 of Law no.74/2015 on alternative investment fund managers, with subsequent completions, as well as

- art. 21, art. 22, art. 40, art. 42, art. 61 paragraph (2) and (3) and art. 62 of the (E.U.) Regulation no. 231/2013 of the Commission of December 19th 2012 for completing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operation conditions, storage, the leverage effect, transparency and supervision,

according to the deliberations of the Financial Supervisory Authority Council of the meeting held on 16.01.2019,

the Financial Supervisory Authority issues the present regulation

CHAPTER I
General Provisions

SECTION 1
Scope and definitions

Art.1 – Purpose of the regulation

(1) The present regulation establishes the criteria and procedures applicable by the ASF and by the regulated entities for the assessment and approval/notifications of people proposed for management structures and for exercising key functions within entities regulated by the Financial Supervisory Authority, hereinafter referred to as the ASF

(2) The provisions of the present regulation, regarding the key-functions, shall be adequately applied to compliance officers or to persons assigned to apply Law no.656/2002 for the prevention and sanctioning of money laundering, as well as for the introduction of measures to prevent and combat terrorism financing, republished, with subsequent amendments, hereinafter referred to as *Law no. 656/2002*, and of the Government Emergency Ordinance no. 202/2008 regarding the enforcement of international sanctions, approved with amendments through Law no. 217/2009, with subsequent amendments, hereinafter referred to as *compliance officers or persons assigned for applying Law no. 656/2002* and of the Government Emergency Ordinance no. 202/2008.

(3) The provisions of the present regulation are not applied to credit institutions, main intermediaries of the insurance field, marketing companies and specialized companies in the field of private pensions, delegated legal entities, as well as to guarantee - compensation funds.

Art.2 – Definitions

(1) The terms and expressions used in the present regulation, excepting those provided in paragraph (2), have the meanings provided in the legislation specific for the financial supervision sector provided at art.2 paragraph (1), letters a)-c) of the Emergency Government Ordinance no. 93/2012 regarding the establishment, organization and operation of the Financial Supervisory Authority, approved with completions through Law no.113/2013, with subsequent amendments, as well as in the specific legislation, as defined in paragraph (2) letter o).

(2) Furthermore, for the purpose of the present regulation, the terms and expressions provided below have the following significations:

a) *adequacy* - all the qualities and attributes based on which a person is deemed to have a good reputation and which has, both individually and collectively, together with other persons, as applicable, the knowledge, skills and experience necessary to fulfill the attributions specific for the job; adequacy also covers the honesty, integrity and independent thinking of each person, as well as his/her capacity to allocate sufficient time to fulfill his/her duties;

b) *collective adequacy* – all the qualities and attributes of the entire management structure which are applied to the regulated entities for which the specific legislation applicable to the respective entity provides it;

c) *approval* – the issuance of an individual authorization document, the approval of an assessed person;

d) *competence and professional experience* – the overall knowledge, both theoretical and practical, as well as skills gained by a person during his/her activity;

e) *conflict of interests* –the situation or circumstance that can occur during the operational or decisional process, in which the direct or indirect personal interest of the persons assessed within the regulated entity opposes its interests, to the extent in which it affects or could affect the independence and impartiality in the decision-making process, the professional judgment or the due and objective fulfillment of undertaken duties, or which could affect, through its nature, the integrity or stability of the entity or financial market;

f) *council* – the management council, when managed in unitary system, or supervision council, when managed in dual system;

g) *executive management / top management* – individuals that, according to the letters of incorporation and/or to the decisions of statutory structures of the regulated entity, are authorized to manage and coordinate the daily activity of the entity and have the competence of engaging the company's liability, namely the managers, in case of an unitary management, or the directorship, in case of a dual management; this category does not include people ensuring the direct leadership of secondary compartments or headquarters of the regulated entity;

h) *financial-banking field* – the banking market and the non-banking financial markets supervised by the National Bank of Romania and by the ASF or by equivalent competent authorities from other member states of the European Union, of the European Economic Area or of other third party states;

i) *the regulated entity* - a company authorized, regulated and supervised by the ASF, which carries out the activities and operations provided in the legislation specific for the financial supervision sector;

j) *entity in the group* – entity in the perimeter of consolidation of the financial statements, including entities subjected to the prudential consolidation requirements in compliance with the provisions of the (EU) Regulation no. 575/2013 regarding the prudential requirements for credit institutions and investment companies and for amending the (EU) Regulation no. 648/2012, hereinafter referred to as the (EU) Regulation no. 575/2013;

k) *significant entity* – a regulated entity considered significant in terms of the nature, size and complexity of its activity, such as:

(i) market operators, the central depository and the central counter party;

(ii) entities regulated and authorized by the ASF which are allowed to trade on a regulated market or within another trading place;

(iii) companies offering financial investment services which are registered as independent operators, managing a a multilateral trading system or an organized trading system, as well as those subjected to the provisions of art.7 of the Financial Supervisory Authority Regulation no. 3/2014 regarding certain aspects related to the application of the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy and of the (EU) Regulation no. 575/2013 of the European Parliament and of the Council of June 26th 2013 regarding the prudential requirements for credit institutions and investment companies and for the modification of the (EU) Regulation no. 648/2012, with subsequent modifications;

(iv) investment management companies (SAI) and alternative investment fund managers (AFIA) which hold a market share of at least 5%;

(v) insurers fulfilling the conditions provided at art. 3 paragraphs (2) and (3) of the Law no. 246/2015 on the recovery and resolution of insurers and reinsurers;

(vi) private pension fund managers;

l) *independent thinking or independence of mind*– the capacity of members of the management structure to express their own opinions, to issue objective judgments and independently adopt decisions during debates;

m) *integration* – any action or program undertaken with the purpose of preparing and actually establishing in function the person that is to hold a certain position within the management structure;

n) *training* - any action or program undertaken with the purpose of improving the knowledge, skills and experience of the members of the management structure, on a continuous basis or for a certain purpose or in a certain circumstance;

o) *specific legislation* - the primary national legislation, directly applicable European regulations, as well as the secondary legislation issued by the ASF, corresponding to the category/type of the regulated entity;

p) *person holding key-functions* – a person whose attributions have a significant influence on the fulfillment of the strategic objectives set by the regulated entity, which is not part of the

management structure, fulfilling, within the regulated entity, according to the legislation specific to the financial supervision sector, as the case might be, one of the following attributions:

- (i) assessing and managing risks (risk management);
- (ii) compliance and/or internal control, according to the specific legislation;
- (iii) internal audit;
- (iv) investment manager, within private pension funds management companies;
- (v) actuary;

q) *assessed person* – person proposed by a regulated entity for filling in a position within a management structure or for holding a key function and/or exercising attributions corresponding to compliance officers or persons assigned to apply Law no.656/2002 and the provisions of the Government Emergency Ordinance no.202/2008;

r) the principle of independence – refers to the situation in which a member of the council has/had no personal or professional relation or present or ended connection with the regulated entity or with its management, within the past 3 or, as applicable, 5 years, according to art. 138² of the Law of companies no. 31/1990, republished with subsequent amendments, which might influence the objective and balanced judgment, as well as the capacity of making independent decisions;

s) the principle of proportionality - follows the correlation between the complexity and detail of policies, processes and procedures related to the adequacy of assessed persons and the nature, size and complexity of the risks inherent in the business carried out by the regulated entity;

t) *personal relation - relationship of kinship or affinity, up to grade IV inclusively;*

U) *professional relationship – a business or work relationship currently carried out or ended with less than 3 years ago;*

v) *financial supervision sector* – one of the three activity sectors supervised by the ASF, namely the Financial Instruments and Investments Sector, the Insurance and Reinsurance Sector, Private Pension System Sector;

x) *management structure* - the members or the council and of the executive management/top management.

SECTION II

General provisions regarding the application of the regulation

Art. 3 - Approval or notification of assessed persons

(1) The regulated entities will subject to the ASF Approval, before beginning the executions of their attributions:

a) the members of management structures of the regulated entities;

b) persons assigned for they key-functions mentioned at art.2 paragraph .(2) letter p) points (i), (ii) and (iv), excepting the persons holding the critical functions and key functions mentioned at art.1 paragraph (2) point 18 and in art. 26 paragraph (1) letter f) of Law no. 237/2015 regarding the authorization and supervision of the insurance and reinsurance activity, with subsequent amendments, as follows:

(i) in case that the specific attributions of a key-function are divided between several persons appointed by the regulated entity, the individual approval of each person will be necessary;

(ii) in case that the performance of attributions specific for the key-function is carried out within a separate organizational structure, regulated entities will only request the approval of the person ensuring its management.

(2) Regulated entities will notify the ASF with at least 15 business days before beginning the exercising of attributions, with regard to the persons holding the following functions:

a) people exercising the key-functions mentioned at art. 2 paragraph (2) letter p) points (iii) and (v);

b) persons exercising attributions corresponding to the legislation mentioned at paragraph (3);

c) key functions and other critical functions mentioned in art. 1 paragraph (2) point 18 and in art. 26 paragraph (1) letter f) of the Law no. 237/2015, with subsequent amendments.

(3) Individuals exercising attributions provided at art.2 paragraph (2) letter p) point (ii) that can simultaneously exercise the attributions corresponding to compliance officers or to people appointed to apply Law no. 656/2002 for preventing and sanctioning money laundry, as well as for establishing measures for preventing and combating the financing of terrorism, republished, with subsequent amendments, as well as the Government Emergency Ordinance no. 202/2008 regarding the enforcement of international sanctions, approved with its amendments through Law no. 217/2009, with subsequent amendments.

(4) The notification mentioned in paragraph (2) is drafted in compliance with the form provided in annex no.2 and is accompanied by the result of the assessment mentioned in art. 28, as well as by the statement provided in annex no. 1, filled-in by the persons proposed for holding a key-function/critical function, as well as by compliance-officers or persons assigned to apply Law no.656/2002.

(5) In case that the legislation applicable to the regulated entity allows the outsourcing of key-function, it shall be performed while observing the conditions provided in the respective legislation; the notification provided in paragraph (2) includes the data and information regarding the individual that will actually be performing those respective functions and is accompanied by the contract concluded between the regulated entity and the individual/legal entity that takes over the attributions.

(6) The regulated entity cannot be exempted from liability, nor can its liability be limited through the transfer or attributions and obligations specific to the key function to another entity, either natural or legal.

Art.4 - The principle of proportionality

(1) For the purpose of efficiently applying the principle of proportionality depending on the type of the regulated entity we shall consider, without the list being exhaustive, the following criteria:

a) the classification of the regulated entity into the category of significant entities or, as applicable, the size of the entity, in terms of the total balance sheet assets, the assets belonging to investors, participants and beneficiaries of the privately owned, managed or administered pension scheme or, as applicable, the volume of transactions performed by the regulated entity or by the entities belonging in the same group or the volume of assets of insurance and reinsurance companies;

B) the company's form of organization, including whether the company is part of a group and, if applicable, assessing the proportionality for the group;

c) if the entity is admitted for trading within a regulated market/multilateral trading system;

D) the type of authorized activities and services performed;

e) geographical distribution of the entity's activities and the volume of operations in each jurisdiction;

f) the plan/model and main business strategy, the nature and complexity of activities and the organizational structure of the entity;

g) the strategy on risk, risk appetite and the current risk profile of the entity;

h) the entity's capacity of using internal models in order to determine capital requirements;

i) the type of clients;

j) the nature and complexity of the products, contracts or instruments offered by the entity.

(2) The assessed individuals need to pass the good reputation, honesty and integrity requirements, as well as the independent thinking requirements, regardless of the nature, size and complexity of the risk inherent for the activities of the regulated entity.

CHAPTER II
The adequacy of assessed persons

SECTION 1
Requirements for the adequacy of assessed persons

Art. 5 – General provisions

(1) For the purpose of ensuring a prudent and correct management of the regulated entities, the assessed individuals fulfill and maintain, throughout the performance of the activity, the requirements included in the present regulation, regarding:

- a) the knowledge, skills and professional experience;
- b) reputation, honesty and integrity;
- c) governance.

(2) The fulfillment of the individual adequacy requirements by the assessed persons is verified by the regulated entities and by the ASF, respectively, in the following situations:

a) in case of submitting the documentation for the initial authorization of the regulated entity;

b) in case of modifications performed within the management structure, including;

(i) the assigning of new members in the management structure, as a result of projects for the acquisition of qualifying holdings in regulated entities, inclusively, case in which, the adequacy assessment is performed only for the individuals newly appointed in the management structure;

(ii) the appointing of an individual/individuals in a different position than the one previously assessed or if the position's requirements changed with more than 50%;

c) in case that the risk profile and the business plan are significantly modified;

d) in case of assigning new persons for exercising key functions;

e) within the process of monitoring and supervising regulated entities.

(3) The assessment for the approval of an individual which has been previously assessed and approved by the ASF, within the same regulated entity, is performed with the observance of the provisions included in art.30 paragraph (6).

Art. 6 - Obligations of regulated entities within the process of adequacy assessing

(1) Regulated entities verify the fulfillment of requirements provided by the present regulation and previously assess the adequacy of the persons for which it requests the approval or which it notifies to the ASF

(2) Without prejudice to the competencies of ASF, the regulated entities are liable for the initial assessment and for monitoring the individual adequacy of the assessed persons.

(3) The regulated entities will establish adequate policies and procedures for the assessment of the initial and continuous adequacy of the assessed persons, in compliance with the provisions of the present regulation and of the specific legislation in force.

(4) The regulated entities will ensure that the assessed persons do not present any potential risk, which could determine the vulnerability of the entity and, for this purpose, it specifically investigates if the respective persons:

a) have a good reputation;

b) have sufficient knowledge, skills and experience in order to fulfill the attributions specific for the function;

c) are capable of acting with honesty, integrity and have an independent thinking in order to assess and challenge, having adequate arguments, the decisions of the executive management/top management, as well as any other decisions when necessary and for the purpose of supervising and monitoring the decision making process;

d) are able to allocate enough time, if they hold several functions, for fulfilling the attributions corresponding to the functions held within the regulated entity and, as applicable, in

compliance with the specific applicable legislation, while observing the maximum number of management positions that can be held simultaneously;

(5) The assessment of the knowledge, skills and experience, as well as of the allocation of sufficient time for fulfilling the attributions specific for the targeted function needs to take into account the attributions and responsibilities of the respective person; the requirements regarding the level and nature of his/her knowledge, skills and experience can be different for the members of the management structure that also have attributions within the executive management/top management.

(6) Regulated entities continuously supervise the adequacy of assessed persons in order to identify new relevant facts and the situations in which it is required to perform a reassessment of their adequacy. A reassessment is required, considering the aspects mentioned in art.27 paragraph (2), especially in the following cases:

a) when there are changes in the reason for which the member of the management structure or the person holding a key-function was considered adequate;

b) in case of a real negative impact on the reputation of the assessed person or of the regulated entity, when the members of the management structure fail to observe the regulated entity's policy on conflict of interests, inclusively;

c) as part of the review of governance-related internal measures / procedures performed by the management structure, in case it has an impact on the adequacy criteria for assessed persons;

d) in all the situations that could have a significant impact on the adequacy of the assessed person.

(7) The regulated entities reassess the allocation of sufficient time for fulfilling attributions in case that a member of the management structure undertakes a new / additional function or starts performing any other relevant activities, of political nature inclusively.

(8) The regulated entities assess the adequacy of the members of the management structure while observing the provisions mentioned in *Section VI - Governance*, considering, as applicable, the diversity of the management structure members, according to art. 9, and will apply the adequacy policy and the processes provided in art. 19- 22 and Chapter III, Section 1 – Adequacy assessment by the regulated entity.

(9) The provisions of art.5 paragraphs (1) and (2) are also applicable for the purpose of collective adequacy of the management structure members, meaning that the management structure needs to have collectively and permanently the adequate knowledge, skills and experience for understanding the activity of the entity, including the main risks.

(10) The regulated entities reassess the collective adequacy of the management structure members, at least in the following situations:

a) when there is a significant modification of the entity's business plan / business model, the risk appetite or strategy or structure, both at individual and group level;

b) as part of the internal governance measures/procedures review performed by the management structure, with impact on the collective adequacy criteria of the management structure members;

c) in all circumstances that could significantly affect the collective adequacy of the management structure.

(11) In case that reassessments of the collective reassessment are performed, the regulated entity analyzes the relevant modifications of the strategy activities and risk profile, the distribution of responsibilities within the management structure and the consequences of the respective modifications in relation to the assembly of knowledge, skills and experience of the management structure.

(12) The regulated entities assess the collective adequacy of the management structure members, considering the requirements mentioned in art. 23.

(13) Regulated entities have the obligation of permanently monitoring and notifying the ASF within maximum 5 working days from the moment of becoming aware, with regard to any situations occurring after the approval/notification, regarding:

A) the failure of assessed persons to observe the requirements provided in the present regulation;

b) the vacancy of a position within the management structure, of a key function or of a function exercised by compliance officers or persons assigned for applying the Law no. 656/2002 and of the Government Emergency Ordinance no. 202/2008.

SECTION II

Objectives related to the integration and training of members

Art. 7 - The integration and training of members

(1) The regulated entities ensure the allocation of sufficient resources or the integration and training, both individual and collective, with the purpose of obtaining, maintaining and deepening the knowledge and skills necessary for fulfilling the attributions of the management structure members.

(2) The regulated entities ensure:

a) the integration and continuous training of the management structure members in order to allow them to understand their role within the organizational structure and the rules of governance, activities and risk profile of the entity;

B) customized training programs, even with regard to the updating or improving of the knowledge related to the applicable regulation framework, if applicable.

(3) The regulated entities provide the newly-appointed management structure members the key information regarding the aspects mentioned paragraph (2) letter a) within 30 days from the date of appointment, and their integration will be completed within maximum 180 days since their appointment, without affecting the right and obligations corresponding to the function.

(4) In case that a member of the management structure is allocated certain attributions and responsibilities, his/her integration and training will target completing his/her knowledge or improving the skills necessary for performing / fulfilling them within an appropriate period of time, if possible, before the actual performance of attributions or within the shortest amount of time after beginning their performance. The regulated entities establish the necessary time period, which will not exceed one year since the date of the appointment or, as applicable, from the date on which the respective attributions / responsibilities are granted and shall duly notify the ASF

Art. 8 - Policies, procedures and integration and training plans

(1) The management structure of the regulated entities undertakes and implements policies and procedures for the integration and training of the management structure members, both individually and collectively.

(2) The regulated entities implement training and integration policies, procedures and plans which include:

a) the integration and training objectives for the management structure, separately for the council and for the executive management/top management and, as applicable, the objectives specific for certain positions, depending on their responsibilities, as well as on the involvement in the committees;

B) the areas in which the training of the management structure members, is necessary, both individually and collectively;

c) the responsibilities for the development of a detailed training program and the job to which the respective responsibilities are applied;

d) the financial and human resources available for ensuring that the instruction and training can be supplied in compliance with the established policy;

e) provisions through which each member of the management structure is allowed to request an integration and training plan;

f) the process of assessing the efficiency of the supplied training program.

(3) The policies, procedures and integration and training plans need to be updated considering the review of the governance system, modification of the strategy, offering new products and services, legislative changes, market evolution, as well as other relevant changes.

SECTION III

Objectives regarding the diversity of skills within the management structure

Art. 9 - Diversity within the management structure

Regulated entities implement a policy for advertising diversity within the management structure, targeting at least the following aspects of diversity:

- a) practical and professional education and experience;
- b) sex, age and geographical origin, especially for entities operating internationally;
- c) quantitative criteria and measures, for ensuring gender diversity in the management structure, in case of significant entities in which the number of members exceeds 5;
- d) representing employees within the significant entity, if necessary;
- e) the equality of chances and fair treatment for promoting the staff to management jobs, regardless of the person's gender.

SECTION IV

Knowledge, skills and professional experience

Art. 10 – General requirements

(1) For the purpose of ensuring a prudent, correct and efficient management of the regulated entities, the assessed persons:

a) have graduated with a Bachelor's degree, a higher education institution in the fields financial-banking, economic, legal, accounting, audit, public management, financial regulations, information technology, quantitative methods, without the list being exhaustive, or have relevant master / postgraduate in these areas;

B) have theoretical knowledge, skills and relevant practical and professional experience, complying to the nature, size and complexity of the activities carried out by the regulated entity and of the allocated responsibilities.

(2) For assessing practical and professional experience, the experience gained from previous jobs will be considered.

(3) The management structure members will fulfill the general conditions provided by Law no.31/1990, republished, with subsequent amendments, and will prove that:

a) they understand the current activity of the Company and the related risks, at a level compliant to the allocated responsibilities;

b) they have an adequate level of knowledge, also in relation to the areas for which he holds no direct, individual responsibility, but for which he is liable together with the other members of the management structure;

c) they have a clear understanding of the requirements and governance principles, as well as of the Company's business plan/model, of the role and responsibilities granted and, as applicable, of the group's structure and possible conflicts of interest;

d) they have the capacity of contributing to the implementation of a culture and of adequate values and behaviors within the management structure and the structure of the regulated entities;

(4) The members of the council will have a constructive participation to the decision-making process and will ensure an efficient supervision of the executive management/top management.

Art. 11 - Criteria related to the knowledge, skills and experience adequacy assessment

(1) In order to assess the knowledge, skills and professional experience corresponding to the function that is to be performed by the assessed person, the following aspects are considered:

a) the role and attributions of the targeted job and the capacity necessary for performing them;

B) the knowledge and skills obtained based on studies, practice and professional training;

c) the practical and professional experience gained from the previously-held functions;

d) knowledge and competences gained and proved through professional conduct as member of a management structure or in performing other functions, as applicable.

(2) The assessment of knowledge, skills and experience of a management structure member, considering, while applying the principle of proportionality, the theoretical knowledge and the practical and professional experience related to:

a) financial markets;

b) the regulatory framework corresponding to the field of activity of the regulated entity;

c) strategic planning and understanding the business strategy of an entity or the business plan/business model, as well as its implementation;

d) risk management (identifying, assessing, monitoring, controlling and minimizing the main types of risks of the regulated entity);

e) applying accounting or financial audit principles;

f) assessing the efficiency of the policies and procedures of an entity, ensuring an efficient governing of surveillance and control systems;

g) interpreting the financial situations of entities, identifying the main problems resulting from the analyze of these situations, establishing the internal control mechanisms and adopting the appropriate measures.

(3) The regulated entity ensures the fulfillment of the requirement provided at paragraph (2) letter e) by at least one of the non-executive members of the Board of Directors who is part of the audit committee.

(4) For the purpose of assessing the adequacy of the skills held by management structure members, the role and attributions allocated to each member will be considered, if applicable, together with the adequate abilities/skills necessary, according to annex no. 3.

(5) When applying paragraph (1)-(4) and, as applicable, art. 23, council members need to have a relevant experience of at least 3 years in performing their attributions, unless the law provides otherwise.

(6) Individuals appointed to ensure executive management/top management have an individual experience in management positions of at least 3 years, as well as a practical and professional experience in the financial - banking field or relevant specialized fields, in compliance with the nature of the activity carried out by the entities, of at least 5 years, unless the law provides otherwise.

(7) As an exception from the provisions of paragraph (6), and depending on the nature and complexity of the targeted entity, the experience with management functions of the appointed persons can be of less than 3 years, but it cannot be of less than 1 year.

(8) When assessing the practical and professional experience gained through previously held positions, special attention will be granted to the following aspects:

A) the nature of the management position held and its hierarchical level;

b) the period for which the position was held;

c) the activity's nature and complexity, including information regarding the organizational structure of the entity within which he/she previously operated;

d) the area of competence, decisional competences and responsibilities of the individual;

e) technical knowledge acquired in previous functions;

f) number of subordinated persons.

(9) In case that none of the council members, or the members of the executive management/top management members proposed for approval is not a Romanian citizen, documents attesting that at least one of them speaks Romanian will be provided or, when such

documents are not available, the Romanian language proficiency will be tested within the interview provided at art. 31.

(10) People holding key-functions within the regulated entity need to have experience in exercising the attributions he/she is to perform, of at least 3 years and, as applicable, unless the law provides otherwise, to have had participated in training sessions or to have passed the test on legal knowledge specific for activity in the financial supervision sector, organized by providers of vocational training programs carrying out their activity within the three financial markets supervised by the ASF

SECTION V

Reputation, honesty and integrity

Art. 12 – General requirements

It is considered that the assessed person meets the good reputation, honesty and integrity requirements if there are no objective and demonstrable reasons to believe the contrary, especially when considering the available information regarding the factors or situations mentioned in art.13; within the assessment minor aspects and situations, which together could have a significant impact on the reputation of the assessed person will also be assessed.

Art.13 - Criteria for reputation, honesty and integrity assessment

(1) Without prejudice to any of the fundamental rights, the reputation, honesty and integrity of the assessed person, mentioned at art.12, are questioned when there are any relevant records regarding the existence of any of the following situation, without the list being exhaustive:

a) conviction or prosecution *in personam* in cases related to:

(i) crimes provided by the financial and banking legislation, crimes provided by the legislation on money laundering and the funding of terrorism or corruption-related crimes;

(ii) crimes against the patrimony or other crimes specific for the economic/financial field;

(iii) crimes provided by the fiscal legislation;

(iv) other crimes provided by the legislation on companies, bankruptcy, insolvency, as well as consumer protection;

b) previous or ongoing measures and sanctions, taken by any regulating authority or professional organism for the failure of observing any relevant provisions regulating the activities in the financial and banking field;

c) aspects related to professional performance, as well as to the financial solidity of the member of the management structure, considering the following:

(i) the presence of recordings in the tax crime record;

(ii) the financial results of the entities owned or managed by the member or in which the assessed member has had or has a significant share or influence; special attention will be granted to financial recovery procedures, bankruptcy, liquidation procedures and if and how the respective member has contributed to the situation leading to these procedures;

(iii) declaration of personal bankruptcy;

d) the assessed person was involved in any of the following situations:

(i) has failed to prove transparency, openness and cooperation in relation with regulating authorities;

(ii) has been a member in the management structure of an entity subjected to the rejection of an approval, due to reasons related to the assessed person, or a sanctioning decision taken by a regulated authority or whose registration or authorization was withdrawn by a regulating authority;

(iii) was refused, withdrawn or interdicted the right to perform activities that require the registration or authorization by a regulating authority;

(iv) has been a member in the management structure of an entity that has entered in insolvency or involuntary liquidation, in the period during which the person had a contractual relationship with the respective entity or within one year after their termination;

(v) was fined, suspended or sanctioned for fraud, embezzlement or in relation to the supply of financial services or data;

(vi) was revoked or fired due to attributable reasons, according to the applicable legislation, from the function of manager or from any other management or relevant position;

(vii) there is proof according to which the activity performed by the respective person has not been compliant to the rules of conduct.

(2) When applying paragraph (1), for the assessment of a good reputation, honesty and integrity, the following will be considered:

a) relevant criminal actions, considering the type of conviction and the crime he/she is accused of, the role of the assessed individual, the punishment applied, mitigating or aggravating circumstances, the status of the criminal proceedings, the time period that has passed since the offense, the behavior of the assessed person since the moment of the offense or the application of the penal sanction, the relevance of the offense or of the criminal sanction, the role of the assessed person in the performance of the deed and the intervention of rehabilitation cases;

b) the circumstances in which the offenses occurred, the sanction or administrative measure applied, the gravity of the act for which they were applied, the time interval passing since the date on which they were applied, as well as the attitude of the person after the application of sanctions or measures;

c) own analyzes or assessments and those performed by the regulated entity regarding one of the situations provided at letters a) and b);

d) other aspects and circumstances with relevance in relation to the performance of the activity for which the authorization is requested.

(3) Ongoing investigations are considered when they arise from legal or administrative procedures or from any other similar investigations performed by competent authorities or entities, without affecting the fundamental individual rights; the assessed person presents the respective information within his/her affidavit provided in annex no. 1.

(4) Based on the information regarding the ongoing investigations, the regulated entity analyzes and substantiates, in case that it decides to sent the approval request to the ASF the decision to maintain the trust in the assessed person in terms of the reputation risk threatening the regulated entity.

(5) Should the regulated entity's request related to the assessed person finding itself in the situation mentioned in paragraph (4) be approved, upon the completion of the research, depending on its result, the regulated entity reassesses the respective person and notifies the ASF accordingly.

(6) The assessment performed by the ASF on the reputation, honesty and integrity of a person is performed based on the information supplied by the Company, considering the fact that for the exactitude, completeness and accuracy of this information direct liability is borne by the entity or by the assessed person, as applicable.

SECTION VI **Governance skills**

Art.14 – General Provisions

(1) The assessment of the observance of the governance requirement provided at art.5 paragraph (1) letter c) related to:

a) the existence of a possible conflict of interests, as defined in art.2 paragraph (2), letter e);

b) Restrictions and incompatibilities between the assessed position and the positions held within the same regulated entities or other entities, according to the specific legislation;

c) the capacity of actually fulfilling the activity and allocating the adequate amount of time for its performance;

d) the capacity of the assessed person to fulfill the attributions allocated to her, in an independent manner, as well as the relevant aspects that might result from analyzing the information obtained, regarding:

(i) activities carried out in previous and current functions, performed within the same regulated entities or within other entities;

(ii) personal, professional or other type of economic relations with the members of the management structure within the same regulating entities, in the parent company or within other entities of the group the regulated entities are a part of;

(iii) personal, professional or other type of economic relations with the shareholders holding control of the regulated entities, the parent-companies or other entities within the group;

e) Observing other specific requirements regarding the adequacy of the members of the management structure, provided in the internal norms/statutory documents for defining the adequacy policy.

(2) For the purpose of assessing the independence of the management structure members, the entity will consider at least the following:

a) independent thinking - conduit applicable to all members of the management structure;

b) the principle of independence - imposed to some of the council members.

(3) The regulated entities assess, for each member of the management structure, if he/she:

a) is capable of allocating sufficient time for executing all attributions and responsibilities;

b) understands the area of activity of the regulated entity, its main risks and the implications of its business strategy and risk strategy;

c) observes the maximum number of management functions in compliance with the provisions of the specific legislation applicable to the respective regulated entity, in case that the person holds a mandate in a significant entity;

d) has the capacity of fulfilling his/her attributions also during particularly intense periods of activity, such as restructuring, relocation, acquisitions, mergers or take-overs, or in crisis situations or as a result of major difficulties with one or several of its operations, considering the fact that such periods might require a higher level of time dedicated than normal periods.

Art.15 - Sufficient time allocation

(1) In order to assess the time dedicated, in compliance with art. 14 paragraph (3) letter a), the regulated entities will analyze at least the following:

A) The number of management functions held at the same time in financial and non-financial companies, considering the restrictions provided in the specific applicable legislation, as applicable; they shall consider the possible simultaneous activities, if the functions are held within the same group, including the situations in which the assessed person acts in the name of a legal entity or as a substitute for a member of the management structure;

b) nature, purpose, extent and complexity of the activities performed by the companies in which the assessed person holds an executive position, highlighting the case in which the respective entity does not have headquarters in a member state;

c) The geographical area of residence of the member and the travel time necessary for exercising the function;

d) The number of meetings schedules for the management structure;

e) the extend to which he/she is involved in the management functions he/she simultaneously holds in entities not primarily pursuing commercial objectives;

f) the possibility of allocating time resources of any necessary meetings, especially with competent authorities or any other interested parties, either internal or external, excepting official meetings of the management structure;

g) the nature of the member's function and responsibilities, including the attributions specific for any executive or non-executive function, president or member of a committee and the requirement that he attends the meetings in the listed at letters a) and h) and in the Company;

h) other professional, political activities or any other type of relevant functions and activities, both inside and outside the financial sector, as well as inside and outside the European Union;

i) necessary integration and training;

j) any other relevant attributions of the members of management structures that the regulated entities consider when performing the assessment of the sufficient dedicated time.

(2) The regulated entities have written rules regarding the necessary functions, attributions, responsibilities and requirements corresponding to different jobs within their management structures, including the amount of time estimated to be necessary for each position, by also considering the necessity of allocating a sufficient amount of time for integration and training.

(3) The regulated entity informs the member of the management structure with regard to the time he needs to dedicate and asks him to confirm in writing that he can dedicate the respective amount of time for exercising the targeted function, including the possibility of allocating additional time, in case of an unusually busy period.

(4) After the members of the management structure begin their activity, the regulated entities:

a) monitor if they allocate enough time for exercising the respective functions, considering their meeting preparations, as well as their participation and active involvement in meetings;

b) will consider the impact of any long-term absences of the management structure members on the sufficient time that needs to be allocated by other members;

c) maintains the evidence of all professional and political positions held by the members of the management structure outside the regulated entities; such evidences are updated every time when a member notifies a modification, as well as when such modifications enter in the attention of the regulated entities through other means;

d) reassesses the capacity of members to observe the dedicated time necessary for the allocated function, if there are any modifications in relation to the situation presented in a previous assessment.

Art. 16 - Simultaneously held management functions

(1) The members of the management structure within the significant entities provided at art.2 paragraph (2), letter k), point (i) and (iii) confirm in writing the observance of the number of management functions held simultaneously, in compliance with the provisions of the specific applicable legislation.

(2) When applying paragraph (1), for determining the number of functions exercised at the same time, the following are considered:

a) if the management function involves, at the same time, both executive and non-executive responsibilities, its reference will be the executive function;

b) if the assessed person holding several management functions is taken into consideration, according to the specific legislation, as having one management function, it is considered that the said function is:

(i) an executive function, if it includes at least one executive function;

(ii) non-executive function, if the requirement of point (i) is not fulfilled;

c) the management functions owned within the same group are considered to be one function, should the specific legislation provide it;

d) all management functions owned within the companies in which the regulated entity owns a qualifying holding and which are not subsidiaries of the same group are considered to be one management function which is added to the function that is to be owned within the regulated entity;

e) in case that several regulated entities that are part of the same group owned qualifying holdings within other entities, the management functions corresponding to the qualifying holdings are considered, considering the consolidated financial situation of the regulated entity, as being one management function;

f) in case of investment companies in which a member of the management structure owns management functions in different entities or groups, all management functions owned within the same institutional protection system, established in compliance with art.113 paragraph (7) of the (EU) Regulation 575/2013, are considered to be a single management function;

g) management functions, within entities which do not primarily pursue commercial objectives are not considered when calculated the number of management functions; such activities are considered when assessing the allocation of sufficient time dedicated by the respective member.

(3) When applying paragraph (2) letter g) the activities of entities which do not primarily pursue commercial objectives include:

a) charitable activities;

b) activities of non-profit organizations;

c) activities of companies established for the exclusive purpose of managing the private economic interests of management structure members or of their family members, provided that they do not involve the members of the management structures in their daily management activities.

(4) The members of management structures notify to the regulated entity the modification of any information provided at paragraph (2).

Art. 17 - Independent thinking and conflicts of interests

(1) Regulated entities assess the independent thinking of each member of the management structure considering the permanent behavior and:

a) aptitudes necessary based on the previous and continuous behavior, especially within the entity, if applicable, including the method in which the decisions proposed by other members of the management structure are adequately assessed, validated or challenged;

B) existence of conflicts of interests to an extent that would affect the capacity of independently and objectively fulfilling his duties.

(2) When applying paragraph (1) letter b), regulated entities identify the current or potential conflicts of interests in compliance with the policy and procedures on the conflicts of interests of the regulated entity and assess their importance considering the following aspects:

a) economic interests, such as: property rights, including shares, the member quality, participations and other economic interests, intellectual property rights, loans granted by the regulated entity to a company owned by the members of the management structure;

b) personal or professional relations with shareholders owning shares in the regulated entity;

c) personal or professional relations with the own staff or the staff of entities included in the consolidation perimeter;

d) other current or previous engagements;

e) personal or professional relations with interested entities, such as: associates with material suppliers, consultants, other service suppliers;

f) membership in an organism or owning an organism or an entity leading to conflicts of interests.

(3) The management structure of the regulated entities adopt a formalized structure for avoiding or minimizing conflicts of interests and an objective process for implementing it, which includes at least:

a) the members' obligation to avoid, as much as possible, activities that might generate conflicts of interests;

b) examples in which conflicts of interests can occur in the performance of the management structure member function;

c) a rigorous process of analyzing and approving members before involving them in certain activities such as occupying positions in management bodies in order to ensure the fact that the respective activities will not create conflicts of interests;

d) the obligation of members to promptly disclose, both to the entity and to the ASF, the aspects that could generate or which have already generated conflicts of interests, especially considering the circumstances described at letters a) - c);

e) the members' obligation to restrain from voting in case they could be in a conflict of interests or in which their objectivity or ability to duly perform their duties towards the regulated entity;

f) adequate procedures for transactions with entities that are part of the group or with other entities that have a personal or professional relationship so that they are performed in objective conditions;

g) the manner in which the management structure manages the situations in which the policy is breached.

(4) In case of the market operator and of the data reporting services supplier, the policy adopted in compliance with paragraph (2) is published on their own website, while the identification of circumstances that could lead to the conflicts of interests mentioned at paragraph (2) of a management structure member covers at least the following situations:

a) is or has been, within the regulated entity: a shareholder with a share equal to or exceeding 5% of the market operator's or data reporting services supplier's voting rights, a person having management attributions, associated, in any other direct way, with a shareholder whose participation quota is equal to or exceeding 5% of the voting rights;

b) is employed or has been employed within the past 18 months in an executive function by the market operator or by another entity of the group;

c) is or has been, within the 18 months, the representative of an entity which supplies or has supplied advisory or consultancy services to the operator or to another entity in the group or to an employee significantly associated to the supplied service;

d) the member of the management structure is or has been within the past 18 months: a shareholder whose quote equals or exceeds 5% of the market operator's voting rights; the member of a management body of a company listed on the market managed by the market operator;

e) is or has been a significant supplier or client of a market operator or of another entity in the group, is the director/manager or is associated in any other way, either directly or indirectly, to a supplier or a significant client;

f) has or has had other significant contractual relations with a market operator or with another entity in the group, different from the relation as a member of the management structure.

(5) The independent thinking of a management structure member is not considered, on its own, as being influenced by being a shareholder, owner or member of the regulated entity, by owning private accounts, obtaining loans or using other services offered by the regulated entity.

(6) The existence of a circumstance that could lead to a conflict of interests does not automatically prevent a member or a possible member from being part of the management structure of a regulated entity.

(7) Each member of the management structure identifies and presents during the meetings of the management structure any circumstance that might generate conflicts of interests of the same nature as those provided at paragraph (2) and which might prevent their capacity to fulfill their attributions in an objective and independent manner.

(8) The management structure assesses any circumstances that might give birth to a conflict of interests and approves measures for their management and mitigation, including the voting restriction of that respective member, in relation to any matter in which he might find himself in a potential conflict of interests.

(9) The regulated entities notify to the ASF the situations related to the conflicts of interests that might affect the independent thinking of a management structure member, including the provided mitigation measures.

Art. 18 – The principle of independence

(1) The regulated entities have at least one independent member in the structure of the council.

(2) Significant entities analyze and decide the necessity of increasing the number of independent members, in compliance with art.2 paragraph (2) letter r); the members representing the employees of the regulated entity are not considering in the calculation of the independent members number.

(3) The independent members of the council contribute in increasing the control efficiency and balance in the decision-making process of the regulated entity, ensuring the following:

a) the interest of all entities involved, including that of minor shareholders, is duly considered during discussions and decision-making processes; diminishing or compensating the domination of individual members that represent a certain group or a category of interested parties;

b) no small group of members or individual members shall dominate the decision-making process;

c) the conflicts of interests between the regulated entity, the internal work structures, other entities in the group and the external interested parties, including clients, are adequately managed.

(4) When assigning the independent member in the council structure of the regulated entity the criteria provided at art. 138² paragraph (2) of Law no.31/1990, republished, with subsequent amendments, will be considered.

Art. 19 - Adequacy policy within the regulated entity

(1) The management structure defines, controls and is responsible for enforcing the governance provisions that ensure the efficient and prudent management of the regulated entity, as well as for promoting market integrity and stability and the interest of investors, contractors and insurance beneficiaries or of private pension funds participants, as applicable.

(2) When applying paragraph (1), the adequacy policy established by the regulated entity considers the following aspects:

a) is aligned with the general framework of corporate governance, corporate culture and risk appetite;

b) processes within the policies work exactly how they were planned to;

c) it includes principles regarding the selection, monitoring and planning the succession of its members and for renewing the mandate of existing members, including at least the following:

(i) the process of selecting, appointing, renewing the mandate and planning the succession, depending on the members of the management structure;

(ii) the processes of selecting and appointing individuals holding key-functions;

(iii) the internal applicable procedure for assessing the adequacy of assessed persons, including the internal function responsible for granting support for assessment (for example, human resources);

(iv) the assessment criteria used when considering the requirements provided in the present regulation;

(v) the manner in which, within the selection process, the diversity policy of the management structure members and the objective of ensuring gender diversity within the management structures of significant entities are considered;

(vi) the channel for communicating with the ASF including at least the function/structure responsible for communicating with the ASF And the method of communicating with the ASF;

(vii) the manner in which the assessment is documented;

d) includes the contributions of other internal committees, especially the contributions of the appointment committee, if established, and of other internal functions such as the legal one, the human resources one or the internal control /compliance/internal audit one;

e) it is clear, well documented and transparent for the entire personnel of the regulated entity.

(3) Without prejudice to the competence of the general assembly of shareholders established according to the law and the letters of incorporation, any modification of the adequacy policy is also approved by the management structure, by also considering the recommendations made by the structures mentioned at paragraph (2) letter d). The documentation for adopting the policy and any modifications thereof need to be kept at the headquarters of the regulated entity (for example, the minutes of all meetings).

(4) People exercising compliance/internal control functions, risk management and internal audit participate in the drafting and development of the adequacy policy, according to their own attributions. People exercising the compliance/internal control function analyze the manner in which the adequacy policy affects the compliance of the regulated entity to the legislation, regulations, internal policies and procedures, and reports to the management structure all the compliance risks and non-compliance aspects.

(5) The council is responsible for the enforcement of the adequacy policy, for its monitoring, efficiency and modification.

Art. 20 - The adequacy policy within the group

In case of groups, the adequacy policy for the assessment of the adequacy of management structure members and of individuals holding key-functions:

- a) is established at group level and is implemented and observed in all subsidiaries;
- b) is adjusted to the specific situation of the entities in the group;
- c) orders that the management structures within the entities belonging to the group cooperate and exchange information in order to assess the adequacy;
- d) considers the difference between the specific applicable legislations;
- e) has the adequacy requirements provided in the present regulation applied to all regulated entities, even if they are subsidiaries of a parent-company located in another jurisdiction.

Art. 21 - The appointing committee

(1) Significant entities establish an appointing committee composed, by observing the provisions of the specific legislation, of members that do not hold executive management functions or other individuals established in compliance with the internal procedures.

(2) The member of the appointing committee:

- a) have adequate collective knowledge, expertise and experience related to the activity of the regulated entity, in order to be able to assess the adequate structure of the management structure and to be able to recommend candidates for occupying job vacancies;
- b) are provided with financial and material resources, including external consultancy, if necessary, for fulfilling their attributions.

(3) In the case of regulated entities that do not establish an appointing committee, the responsibilities and attributions corresponding to the adequacy assessment processes are borne by the council.

(4) The appointing committee or, as applicable, the council, assesses periodically the adequacy of management structure members and draft a report which they present to the management structure.

(5) The appointing committee, or, as applicable, the council, has access to every information necessary for fulfilling its attributions and can involve, within the assessment process, individuals holding key-functions and other competent internal functions, if necessary.

Art. 22 - Membership of the management structure, the appointment and succession of its members

(1) The management structure of the regulated entity includes a number of members and a structure that observes the adequacy policy mentioned at art.19 paragraph (2).

(2) The nominations for the renewal of the mandates of management structure members take place only after the member's performance during the previous mandate has been analyzed.

(3) The management structure will ensure that:

a) it identifies and selects qualified and experienced members, even in case that, according to the letters of incorporation, employees are allowed to assign their representatives for the management structure;

b) adequately plans the succession of members in the management structure, in compliance with all legal requirements regarding the structure of, the appointing or succession process in the management structure.

(4) Without prejudice to the shareholders' right to appoint members, when recruiting members of the management structure, its council or, as applicable, the appointing committee, will have an active contribution to the selection of candidates for vacant management functions in cooperation with the human resources department, and ensures the following:

a) describes the roles and aptitudes necessary for assigning a certain function;

b) assesses the adequate balance between the knowledge, skills and experience of the management structure;

c) assesses the adequacy of the time period that is to be allocated for fulfilling the related attributions;

d) considers the objectives of the diversity policy.

(5) The recruitment decision is based on a preselection of the adequate candidates, which considers the entity's policy on diversity in the management structure and ensures the fulfillment of management structure's adequacy requirements, both individually and collectively.

(6) Without prejudice to the shareholders' rights to appoint and replace at the same time all the members of the management structure, when establishing a succession plan for its members, the regulated entity and the management structure ensures:

a) continuing to adopt decisions and preventing, if possible, the simultaneous replacement of most members;

b) taking the necessary steps and sending to the ASF the documentation corresponding to the approval within a period of time of 60 to 120 days before the expiration of the mandate.

(7) With the purpose of ensuring succession and continuity in the performance of attributions, the regulated entity establishes the plans, policies and processes necessary for dealing with unforeseen and unexpected of management structure members, including the appropriate temporary measures.

SECTION VII

The collective adequacy of the management structure

Art. 23 - Collective Adequacy

(1) Regulated entities that have, according to the specific legislation, the obligation of ensuring that the members of the management structure have, collectively, a well developed range of knowledge, skills and experience, also making sure that they understand the specific activities and risks involved.

(2) The collective adequacy of management structure members is assessed separately for council members and for the top management/executive management, respectively.

(3) The members of the management structure are collectively endowed with:

a) skills for making adequate decisions in compliance with the business plan/business model, risk appetite, strategy and markets within which the regulated entity operates;

b) all the knowledge and skills necessary for performing the activity of the regulated entity, including a sufficient number of members with knowledge in each area, in order to substantiate opinions during the decision-making process.

(4) The members of the council collectively have the capacity of monitoring and validating or contesting, as applicable, the decisions of the top management/executive management.

(5) The management structure membership needs to reflect the knowledge, skills and experience necessary for fulfilling responsibilities, including the adequate understanding of the areas of interest of the collective responsibility and the overall vision on the entity, with the purpose of ensuring the efficient management and supervision of its activity, the following aspects being considered:

a) The field of activity of the regulated entity, the activities performed, the business strategy and the main related risks;

b) the financial analyze, capital adequacy requirements and reports specific to the regulated entity's activity;

c) the governance system including managerial skills and key functions related to risk management, internal control/compliance, internal audit and, as applicable, actuarial;

d) data and informational systems' security;

E) group governance and the management of risks corresponding to the group's structure, if the respective entity is part of a group;

f) the legal framework applicable to the regulated entity.

CHAPTER III

The procedure of assessing and approving assessed persons

SECTION 1

Adequacy assessment performed by the regulated entity

Art. 24 - Common provisions applicable to the individual and collective assessment of the management structure members

(1) The regulated entity performs its own assessment of the management structure members, individually and, if applicable, collectively, before sending the request regarding the ASF approval.

(2) In order to determine the adequate character, all the aspects relevant and available for the risk-related process, including the reputation risk, in case that deficiencies influencing the individual or collective adequacy of the management structure members are identified, will be taken into consideration.

(3) The result of the adequate character assessment, both individual and, if applicable, collective, of the council's membership is presented to the shareholders of the regulated entity before the general meeting of shareholders that has their appointment on its agenda.

(4) The regulated entity provides the shareholders, in order for them to choose council members:

a) factual information revealing the obligations which council members have within the entity and in relation to the adequacy requirements provided by the specific legislation, so that the decisions are made in full awareness;

b) the list of the recruited or selected candidates, while also observing the provisions of art. 22 paragraph (4) and (5).

(5) For the collective assessment of the management structure members, the regulated entities will also consider the results of the individual assessment of each member and the adequacy

of the entire team. Weak points identified in the general composition of the management structure will not necessarily lead to the conclusion that a certain member is not, individually, adequate.

(6) The regulated entities will sustain the results of the adequacy assessment and will specify any differences identified between the necessary adequacy and the real/effective adequacy, both individual and collective, of the management structure members and the measures that need to be taken in order to overcome these deficiencies.

(7) The result of the adequacy assessment, including the collective adequacy assessment, if necessary, will be submitted to the ASF in compliance with the procedures mentioned at Section 2 of the present chapter, together with the documentation and the information provided at art.30, as follows:

a) for all council members approved by the General Meeting of Shareholders, regardless of the result of the assessment performed by the regulated entity;

b) for persons assigned in the executive management/top management which have been validated by the Council.

(8) Upon the ASF's request, the regulated entity will submit any additional information necessary for assessing the individual or collective adequacy of the management structure members.

(9) Documents attesting that the assessed individuals meet the conditions provided by the present regulation will be kept at the headquarters of the regulated entity, for at least five years since the end of all work /contractual relations with that respective entity, being made available for inspection purposes, upon the ASF's request, whenever necessary.

Art. 25 - The individual assessment of the management structure members

(1) Regulated entities will ask the members of the management structure to prove their adequacy by providing at least the documents requested by the ASF for adequacy assessment, in compliance with the provisions of Section II.

(2) During the process of individually assessing a member of the management structure, the regulated entity:

a) will analyze the adequacy-related information through different means, channels and tools, without being limited to: diplomas and certificates, letters of recommendation, curriculum vitae, interviews, questionnaires etc.;

b) will analyze the information on reputation, integrity and honesty, as well as the individual's independent thinking;

c) will request the assessed person to prove the accuracy of the supplied information, if necessary;

d) will request the assessed person to declare any current or potential conflicts of interest;

e) will validate, to the possible extent, the accuracy of the information provided by the assessed person;

f) will determine the results of the assessment, within the council or, as applicable, within the appointment committee.

(3) In case that a situation generating concern in relation to the eligibility of a member, the regulated entity assesses if the respective situation has an impact related to the adequacy of the assessed person and, if necessary, establishes the useful corrective measures necessary for ensuring the individual adequacy of the management structure members, in compliance with the provisions of art. 29.

(4) The regulated entity documents the description of the function for which the assessment is performed, its role within the entity, and present the results of the adequacy assessment, considering the following criteria:

a) time dedicated / the allocation of sufficient time for the performance of that respective function;

- b) the compliance of the management structure members that hold a management function in a significant entity, with the provisions on the limited number of management functions, provided by the specific legislation;
- c) sufficient knowledge, skills and experience for performing the function;
- d) reputation, honesty and integrity;
- e) independent thinking.

Art. 26 - The collective assessment of the management structure

- (1) When assessing the collective adequacy of the management structure, regulated entities:
- a) will assess separately the structure of the council and of the executive management/top management.
 - b) performs a comparison between the current composition of the management structure, namely the collective knowledge and its collective skills and experience, and the collective adequacy requirements necessary for understanding the entity's activities and the main risks.
- (2) Regulated entities perform the assessment of the collective adequacy of the management structure, using one of the following instruments:
- a) the adequacy matrix presented in annex no. 4; this matrix can be adapted by the regulated entity, depending on the business model, type of activity and specific risks, while considering the main principles and criteria provided at art. 4;
 - b) own and adequate methodology complying to the criteria and principles established in the present regulation.
- (3) The collective adequacy assessment of the management structure, in compliance with provisions of art. 23 is performed at the same time with the individual adequacy assessment of a member; the assessment will focus on whether the individual experience, knowledge and skills of the assessed person complete the collective adequacy of the management structure.

Art. 27 - The monitoring and reassessment of the management structure (by the regulated entity)

- (1) The continuous monitoring of the individual and collective assessment of management structure members mainly focuses on whether a member or the entire management structure remain adequate, considering the individual or collective performances and the situation or event determining the necessity of a reassessment, as well as the impact which this situation has on the fulfillment of all adequacy requirements.
- (2) The individual or collective reassessment of the management structure members considers the following aspects, without limitation:
- a) the efficiency of the management structure, referring to the work process, information flow and lines of reporting to the management structure, while taking into account the reports and recommendation provided by the representatives ensuring the internal control/compliance and internal audit functions;
 - b) the efficient and prudent management of the entity, including the good faith of the management structure in activities performed in the entity's interest;
 - c) the management structure's capacity to focus on aspects of strategic importance;
 - d) the frequency of meetings, the time dedicated, as well as the members' degree of participation and involvement during reunions;
 - e) any modification of the management structure and any deficiencies related to its individual and collective assessment, considering the business model of the regulated entity, as well as its risk strategy and modifications;
 - f) the performance objectives established for the regulated entity, as well as for the management structure;
 - g) the independent thinking of the management structure members, the observance of the independence principle and the compliance of members to the policy on conflicts of interests;

h) the extent to which the management structure has met the objectives established in the diversity policy, in compliance with art. 9;

i) any events that could have a significant impact on the individual or collective adequacy of the management structure members, including modifications of the business model, strategies and organization.

(3) Regulated entities perform reassessments at least once every two years, excepting significant entities which have the obligation of performing this reassessment at least once a year.

(4) The conclusions of the reassessment reports, the reason for the reassessment, as well as any other information, recommendation and vulnerabilities resulting from them will be substantiated and submitted to the management structure.

(5) The regulated entities inform the ASF without delay, within maximum 5 business days since the ascertainment, in case that following the reassessment, it is ascertained that a member is not adequate or in case that it is ascertained that the management structured in not adequate collectively, with regard to the measures proposed or undertaken for remedying the situation.

(6) The regulated entities transmit, upon the request of the ASF the support documentation that has been the base for the reassessment of the management structure.

Art. 28 - Assessing the adequacy of key functions

(1) The regulated entity establishes procedures for performing the adequacy assessment for the individuals that hold key functions before their appointment. The result of the assessment is presented to the persons appointed in key functions and management structures and is attached to the notification or approval request sent to the ASF in compliance with art.3 and art.30.

(2) The regulated entity implements adequate measures that enable the replacement of the person assessed by the ASF as being inadequate for exercising the key-function and ensures, until the appointment of another person, the continuity in the performance of the respective function by another member of the executive management or by another person assigned in compliance with the specific legislation.

Art. 29 - Corrective measures adopted by the regulated entity

(1) In case that, following the assessment or reassessment performed, the regulated entity ascertains that the assessed person is not adequate for performing the function, it shall inform the assessed person and, as applicable, the ASF and the shareholders, and will initiate the necessary actions for subjecting another appointed person to the ASF approval.

(2) Excepting the criteria related to the assessment of reputation, honesty and integrity, as well as that related to independent thinking, if the assessment or reassessment performed identifies easily correctable deficiencies in the knowledge, skills and experience of the assessed persons, the regulated authority shall take the adequate corrective measures in order to remove these deficiencies within an adequate term that must not exceed 6 months.

(3) The provisions of paragraph (2) are also applied in case of the collective assessment or reassessment of the management structure.

(4) When the regulated entity implements corrective measures, it shall consider the particularities of the situation and the deficiencies established for the assessed person, at individual or, as applicable, collective level.

(5) If an entity is subjected to an authorization, for performing its activity in a quality regulated and supervised by the ASF, such measures are applied before the authorization is granted.

(6) Without being limited to it, the adequate corrective measures can include:

- a) adjusting the responsibilities of the management structure members;
- b) replacing certain members;
- c) recruiting additional members;
- d) measures for mitigating conflicts of interest;
- e) individually instructing assessed individuals;

f) collectively instructing the management structure for ensuring the individual and collective adequacy of the management structure.

(7) The regulated entity shall timely inform the ASF, within maximum 5 working days since the ascertainment, with regard to any significant deficiencies subsequently identified in relation to any of the individuals assessed, together with the corrective measures taken into consideration for their remedy and the implementation schedule.

SECTION II

Adequacy assessment and the ASF approval

Art. 30 – Documenting the fulfillment of adequacy requirements

(1) For each of the assessed individuals appointed within the management structure or for holding key-functions, the regulated entity will provide the ASF with a request signed by the legal representative, accompanied by the following documents:

a) copy of an identity document, whose compliance with the original is certified through a handwritten signature by the owner of the identity document;

b) curriculum vitae, Europass format, signed and dated, mentioning relevant studies and trainings, professional experience, including the name of every organization the respective individual has worked for, the nature and duration of his/her attributions, especially the activities that are relevant for the targeted function; in case of functions held within the last 10 years, when describing the respective activities, he/she needs to provide details regarding all the powers delegated, the internal decision-making powers and the areas of activity placed under the control of the respective individual or, as applicable, in which he/she has operated; if applicable, he/she will mention the authority supervising the entities within which the respective person has carried out his/her activity;

c) copy of the graduation document and of any other relevant certificates owned, whose conformity is certified by their holder;

d) the appointment decision of the statutory body, expressly providing that the performance of the attributions corresponding to the function shall only be performed after obtaining the approval decision issued by the F.S.A, as well as the letters of incorporation, if applicable;

e) the justifying documents issued/adopted in compliance with the statutory competences, certified by the legal representative of the regulated entity, with regard to:

(i) whether or not the regulated entity is classified in the category of significant entities, in compliance with the provisions of art. 2 paragraph (2) letter k), point (iii)-(v);

(ii) the individual adequacy assessment report, including the justification mentioned at art. 13 paragraph (2) letter c) and (4), as applicable, the result of the interview, if it was carried out by the entity within its own assessment procedure, as well as any other document that can justify the adequacy result;

(iii) the entity's contact person, for details and additional information regarding the assessment process;

(iv) the list of executive and non-executive management functions held until the present day by the respective individual;

(v) details regarding the imposed integration and training plan, including the content, supplier and date until which it will be completion, if necessary, according to the adequacy assessment results;

(vi) whether or not there is a significant conflict of interests and the manner in which this conflict is being managed or remedied, including a reference to the aspects included in the policy of the regulated entity in the field of conflicts of interests or to any provisions for the management or mitigation of conflicts;

f) in case of the regulated entities that have the obligation of collectively assessing their management structure, in addition to the documents provided at letter e):

(i) the assessment report for the collective adequacy of the management structure by using the adequacy matrix provided in annex no. 4 or through any other attached method, the manner in which the proposed individual is integrated in the general capacity of the management structure

and, as applicable, the presentation of any gaps or deficiencies found, together with the remedy measures imposed;

(ii) the list including the names of the management structure members and a short presentation of their roles and attributions;

g) the affidavit of the assessed individual, filled in with the information provided in annex no. 1;

h) the criminal record certificate and the tax crime record, within a legal validity term, or another equivalent document issued by competent authorities of the country which the individual has his/her domicile and/or residence, and of the country of origin, in case that the domicile / residence is located in another country than the country of origin; the individuals who have established their residence in Romania with less than 3 years ago, will also present the criminal record certificate and the tax crime record or any other equivalent document issued by the competent authorities of the last countries in which he/she had established his/her domicile / residence;

i) the list of individuals that could offer references, letters of recommendation regarding the reputation and experience of the assessed person, including their contract data;

j) the justifying document attesting the payment of the tax/tariff provided in Regulation no.16/2014 regarding the ASF income, with subsequent amendments.

(2) the ASF can request additional information and documents, also by organizing preliminary meetings / discussions with the assessed persons or with other relevant persons within the regulated entity, and, especially if, based on the primary analyze, there are doubts related to the fulfillment of all adequacy requirements.

(3) The provisions of paragraph (2) do not prejudice the right of the ASF to verify the information provided and the declarations made by the assessed persons, by requesting documents attesting that all statements comply to reality and/or by obtaining a confirmation from other national or international authorities, as applicable.

(4) The regulated entities authorized to perform activities corresponding to several financial surveillance sectors, being therefore classified into several categories of regulated entities, will ensure the observance of the provisions included in paragraph (5) - (7).

(5) In the case of management structure members, the entities mentioned at paragraph (4) will submit, for approval, one request and one set of documents attesting the fulfillment of the specific conditions for each category of regulated entities.

(6) As an exception from the application of paragraph (1), for the approval of a person which has been previously assessed and approved by the ASF, for the same function at the same regulated entity, the request submitted, signed by the legal representative of the regulated entity, will be accompanied by:

a) the individual's affidavit, providing that he/she confirms that the information previously submitted to the ASF, on the occasion of the last assessment, are still valid, or, as applicable, presenting the updated/completed documents or documents which are no longer valid, which are relevant for the targeted position;

b) the copy of the last individual adequacy reassessment report and, as applicable, the collective adequacy reassessment report drafted by the regulated entity in compliance with art. 27 paragraph (3);

d) the appointment decision of the statutory body, expressly providing that the performance of the attributions corresponding to the function shall only be performed after obtaining the approval decision issued by the F.S.A, as well as the letters of incorporation, if applicable;

j) the justifying document attesting the payment of the tax/tariff provided in the Regulation of the Financial Supervisory Authority no.16/2014 regarding the income of the Financial Supervisory Authority, with subsequent amendments.

(7) The persons proposed to exercise they key functions mentioned at art. 2 letter p) points (i) and (ii) are approved separately for each area of activity of the regulated entity.

(8) The withdrawal of the approval granted to a management structure member, who activates in a financial surveillance sector, attracts the rightful termination of the approval granted to him/her by the other financial surveillance sectors. The provisions are not applied in case of a requested approval withdrawal.

Art. 31 – Performing Interviews

(1) the ASF organizes an interview with the assessed person subjected to the assessment process, if the regulated entity within which they are to perform their attributions is:

- a) insurance - reinsurance company;
- b) significant entity defined at art. 2 paragraph (2) letter k) point (i)-(iv) and (vi);

(2) The interviewing process can also serve for reassessing the adequate character of an approved management structure member or of the holder of a key-function, if there are new facts and circumstances indicating the failure of observing requirements related to the adequacy of the person.

(3) In case that the provisions of art.30 paragraph (6) are applied, the interview's organization will take place in one of the following cases:

- a) if, from the date of the last approval, the person has had pauses longer than 1 year in exercising his/her function;
- b) if there are new facts or circumstances indicating the individual's failure to observe the adequacy requirements;
- c) if, from the analyze of the data and information provided by the ASF, results the necessity of obtaining certain information / clarifications.

(4) During the interview, the interviewed person is assessed only in terms of observing the criteria provided at art.5 paragraph (1) letters a) and c).

(5) The structure of the Interviewing committee, hereinafter referred to as the Committee, will be established nominally for each interview and is approved through the decision of the vice-president of the financial surveillance sector corresponding to the regulated entity.

(6) The interview's result, together with the conclusions resulting from the analyze performed by the responsible organizational structures of the ASF, on which the settlement proposal for the approval requests is based on.

(7) Within the interviewing process, the ASF requests the assessed person to present, as applicable, without the list being exhaustive:

- a) the motivation for exercising the function for which the approval is requested;
- b) relevant aspects regarding the studies, knowledge and experience gained from previously performed activities, including the measures ordered for settling certain special situations and results obtained;
- c) information and opinions on the governance system, internal organizations and the reporting system used between hierarchical levels and the compliance/internal control functions, risk management and internal audit;
- d) general aspects regarding the regulatory framework of the regulated entity and specific provisions applicable to the function and attributions that are to be exercised;
- e) the activities and services performed by the regulated entity and main risks,
- f) attributions corresponding to the targeted function, to the management structure and the role of key functions;
- g) the objectives included in the business plan/business model;
- h) information regarding the structure of the ownership and of the group in which the regulated entity is included;
- i) proposals or measures for improving the objective governance system or the activity's development strategy and for mitigating risks;

j) the manner in which the simultaneous owning of several functions influences the capacity of performing the function for which the approval is requested, if applicable.

(8) The interview is registered in audio format, with the approval of the interviewed person, for the purpose of developing the interview's report and also for clarifying any subsequent misunderstandings resulting from the interpretation of any aspects, during the interview. Records are kept for 3 years since the date of the interview, ensuring the adequate technical and organizational conditions to ensure the protection of personal data included therein.

Art. 32 - Cooperating with other authorities and the exchange of information

(1) the ASF cooperates with other competent authorities, while observing the applicable legislation on the processing of personal data and the free movement of such data, in relation to the exchange of the information it owns or requests for the purpose of assessing the adequate character of the assessed individuals.

(2) The information supplied to other authorities include, upon request, the motivation of the decision made in related to the adequacy of a person.

(3) the ASF can consider the results of the adequacy assessments performed by other competent authorities in relation to the management structure members or the persons holding key-functions and can request, for the purpose, the necessary information.

(4) In case that the ASF Receives requests of the same nature as those mentioned at paragraph (3) from other competent authorities, it shall supply, as soon as possible, the relevant information regarding the adequacy of the respective individuals, in order to enable the competent requesting authority to observe the period of time for assessing the adequacy.

(5) The information supplied by the ASF shall include the result of the adequacy assessment (the approval / rejection decision), any deficiencies identified, the measures taken for ensuring adequacy, the responsibilities of the function for which the respective person was assessed and the base information regarding the size, nature, scale and complexity of that entity.

(6) Within the adequacy assessment process, the ASF Considers the information provided by the European Supervision Authorities through their own databases, with regard to the administrative penalties, by identifying any sanctions against the entity in which the assessed individual was a member of the management structure or has hold a key-function within the past 5 years, considering the gravity of the facts, as well as the liability of the assessed person.

(7) the ASF Can request information from other authorities with regard to the assessed person, also in case that the respective person has not been actually assessed by another competent authority, but the latter would be capable of supplying additional information (for ex. with regard to refused recordings or criminal records).

(8) In case that the ASF makes a decision regarding the adequacy of a person, which is different from any previous assessment performed by another competent authority, it shall notify the respective authority with regard to the result of its assessment.

(9) When requesting information from another authority, the ASF will supply the name of the assessed individual, together with the date of birth or the name of the entity and the position for which the person has already been assessed, in order to ensure that the data supplied for the targeted person are correct.

Art. 33 - The ASF decision

(1) The ASF analyzes the adequacy individually and, if applicable, collectively, for each person already proposed for exercising responsibilities within the management structure or attributions corresponding to certain key-functions, based on the eligibility criteria and requirements provided in the applicable specific legislation and in the present regulation, considering that the information presented or arising from the documents and information presented by the assessed

person and/or by the regulated entity, from the interview carried out in compliance with art. 31 and annex no. 5, as applicable, or brought to the ASF's attention in any other way.

(2) In the case of regulated entities which are subjected, according to the specific legislation, to collective assessment criteria for their management structure members, the ASF shall fill in the collective adequacy matrix in compliance with the model provided in annex no. 4, corresponding to the regulated entity.

(3) The persons mentioned in art. 30 paragraph (6) assessed and declared adequate during the subsequent approval process, will be subjected to a new assessment process only in the circumstances provided at art. 34.

(4) the ASF Will make a decision with regard to the approval and registration into its own registers/rejection of the request, within maximum 30 days from the date on which the complete documentation is submitted, term which could be extended with a maximum of 60 days in case of applying the provisions of art.30 paragraphs (2) and (3) and/or of art.31. In case of the entity's initial authorization, the approval term provided in the applicable legislation will be applied.

(5) the ASF Rejects the request regarding the approval of the person proposed to exercise responsibilities within the management structure or attributions corresponding to certain key-functions, within a regulated entity, if:

a) there are objective and demonstrable reasons to consider that the assessed person does not fulfill the requirements and criteria provided by the applicable specific legislation and by the present regulation;

b) they failed to present sufficient information and evidence to prove that the assessed person is capable of ensuring the management of the activity or the performance of the attributions corresponding to key functions in an adequate, prudent and efficient manner, excepting the case in which the identified deficiencies are remediable and can be solved through other measures taken by the entity;

c) the regulated entity fails to send, or the assessed person fails to present sufficient information in order to prove the adequacy of the assessed person or the regulated entity fails to comply to the ASF's request to complete the data, documents and information necessary for assessing the adequacy within maximum 30 days since their transmission.

(6) In case that the provisions of paragraph (3) are applied, a new approval request can be send in case there are any new elements, of which the ASF has not been aware when issuing the rejection decision or in case of meeting the requirements provided by the present regulation or by the specific legislation.

(7) The decision to approve or reject the request, written and justified, will be communicated to the requesting regulated entity, and can be challenged at the ASF within 30 days since the date of communication, or appealed at the Bucharest Court of Appeal, contentious administrative and fiscal section, in compliance with the provisions of the law in force.

SECTION III

Continuous surveillance and reassessment

Art. 34 - Supervising the observance of adequacy requirements

(1) The ASF can attend or organize meetings with the regulated entity, with a part of or all the members of the management structure, with the holders of key-functions, or can participate as an observer to the reunions of the management structure, in order to assess the efficient functioning of the management structure. The frequency of these meetings is established by using a risk-based approach.

(2) In order to ensure an efficient supervision, to identify the potential risks to which the regulated entity might be exposed and to obtain a general image of its activity, the ASF can organize an interview / a meeting with the assessed person, upon the termination of the function for which

he/she was approved or appointed, especially in the cases when the revoking or termination of the mandate takes place before the expiration of the term the person was appointed for.

(3) the ASF can establish, within the surveillance and control process, that the assessed person is no longer adequate, in case that:

a) there are breaches of the prudential requirements or of other requirements provided by the applicable law, caused by the regulated entity;

b) the failure of observing the requirements mentioned at letter a) is attributable to the assessed person, since he/she failed to take the necessary measures which, according to his/her attributions and competences, he/she should have reasonably taken in order to prevent, remedy or stop the breach.

(4) In case that, within the monitoring, continuous supervision and control process, certain aspects which, through their nature, would lead to a failure to observe the initially assessed adequacy requirements in relation to a certain person approved, the ASF can order:

a) remediation measures, based on the circumstances that have determined the reassessment at the level of the regulated entity and the result of the reassessment performed by the regulated entity;

b) the reassessment performed by the ASF on the assessed individuals, in case of findings proving the faulty performance of attributions;

c) the withdrawal of the approval granted.

(5) ASF monitors the regulated entity's observance of its obligations to reassess assessed individuals.

(6) the ASF can request the replacement of the person notified person by a regulated entity in compliance with the provisions of art.3 paragraph (2), if the considers that the notified person does not fulfill the criteria for the performance of the attributions corresponding to the respective functions.

(7) the ASF analyzes the measures adopted by the regulated entity for remedying the identified deficiencies, and, as applicable, establishes as soon as possible a schedule for the implementation of an adequate plan through which it can order the entity:

a) to organize specific trainings for the management structure members, either individually or collectively;

b) modifying the distribution of attributions between the members of the management structure;

c) the replacement or revoking of the person proposed for approval or previously approved;

d) the change of the management structure in order to ensure the general individual or collective adequacy of the structure.

(8) The measures ordered in compliance with paragraph (7) can be accompanied, if necessary, by sanctions or other provisions necessary for observing the legal requirements in force and, should they be breached, the withdrawal of the operational authorization of the regulated entity can be ordered.

(9) ASF can request, through the structure specialized in the prevention of money laundering and terrorism financing field, every time it considers it necessary, additional information and documents, even by organizing preliminary meetings/discussions with the compliance officers or with the individuals assigned to apply Law no. 656/2002 and the Government Emergency Ordinance no. 202/2008 within the regulated entity.

Art. 35 - Withdrawing the approval / Notification of Cessation of Office

(1) The regulated entity has the obligation of notifying the ASF with regard to the Notification of cessation of office of the assessed individual or, as applicable, according to the specific legislation, to request the ASF to withdraw its approval within maximum 5 working days from the date on which the assessed person's cessation of office is established.

(2) In case of requests for withdrawing the approval of assessed individuals, the ASF will decide within 15 working days from the date on which the request, accompanied by the justification of the reasons leading to this request, by justifying documents regarding the date of termination or the change of work relations and the evidence that the approval withdrawal tariff was paid into the ASF account, are submitted.

CHAPTER IV Transitional and final provisions

Art. 36 – Transitional provisions

(1) Individual documents issued before the enforcement of the present regulation for the approval of management structure members and of persons holding key-functions within the regulated entities shall maintain their validity.

(2) The approval requests submitted to the ASF and not settled until the enforcement of the present regulation will be settled by the ASF in compliance with the provisions in force upon their submission, unless otherwise provided by law.

(3) The members of the management structure, the individuals holding key-functions and the compliance officers or the individuals assigned to apply the Law no.656/2002 and the Government Emergency Ordinance no.202/2008 have the obligation of complying to the provisions of the present regulation within maximum 90 days from its registration date.

(4) The policies and procedures provided in the present regulation and drafted or, as applicable, filled in or amended by the regulated entities within a maximum term of 90 days since the enforcement of the present regulation

(5) Regulated entities perform, until the expiration of the term provided at paragraph (3), the assessment of the manner in which the requirements provided at art. 5 paragraph (1) letter a), b) and c) were observed by the members of the management structure, the individuals holding key-functions and the compliance officers or the individuals assigned to apply the Law no.656/2002 and the Government Emergency Ordinance no.202/2008 and only if it requires or implements modifications in the organization and functioning, will submit to the ASF, as applicable, requests for the approval or modification and/or notifications, with the purpose of complying to the provisions of the present regulation.

Art. 37 – Final provisions

(1) The documents and information provided in the present regulation are transmitted in Romanian, while the document issued in another language are submitted as a copy, together with their legalized translation, while observing the provisions of the conventions Romania is a part of.

(2) The approval request is accompanied by the complete documentation submitted in one copy, filed and paged, which includes the corresponding schedule.

(3) For the failure of observing the provisions of the present regulation, the sanctions and/or the administrative measures provided in the primary specific legislation will be applied.

(4) The provisions of the present regulation will be completed with the provisions of the specific regulations applicable to the regulated entities, as applicable.

(5) Annexes no. 1 - 5 are an integral part of the present regulation.

Art. 38 – Enforcement

(1) The present regulation will be published in the Official Gazette of Romania, Part I, and will enter in force on its publication date.

(2) On the date on which the present regulation enters in force, the following will be abrogated:

a) The Regulation of the Financial Supervisory Authority no. 14/2015 on the assessment and approval of the members of management structures and of persons holding key-functions within entities regulated by the Financial Supervisory Authority, published in the Official Gazette, Part I no. 975 of December 29th 2015;

b) art. 13 paragraph (12) of the Regulation of the Financial Supervisory Authority no.10/2015 regarding the management of alternative investment funds, with subsequent amendments;

C) any contrary provisions provided in the regulations issued by the ASF

(3) Every time when, through normative documents, there is a referral to the provisions abrogated in compliance with paragraph (2) letter a), the referral is considered as being made to the present regulation.

President of the Financial Supervisory Authority

Leonardo Badea

Bucharest, January 18th 2019

No. 1

Annex no.1

DECLARATION

(To be filled in by evaluated ¹ people)

No.	Subject / Question	Answer		Explanations		
		YES	NO			
1	Regulated Entity			Name	Registered Office	Type of entity
2	Candidate's identity <i>(Foreign citizens have to mention as well the date on which they established or will establish their residence or domicile in Romania)</i>			Name and surname		
				Name from the birth certificate (if different)		
				PNC		
				Series and number of the identity card, issuer and date of issuance		
				Date and place of birth		
				Citizenship / Nationality		
				Domicile and / or residence		
3	Proposed position <i>(For people from the management structure, one has to mention the activities that they will coordinate / monitor)</i>			Description of attributions and responsibilities		

People having key positions, conformity officers and people assigned for the application of Law no.656/2002 do not fill in the information from no. 5,6,11,12,13 And 15

No.	Subject / Question	Answer		Explanations				
		YES	NO					
				Data of starting and duration of the mandate				
				Name and function of the person that he/she replaces, if there is the case				
4	Professional training and relevant experience			Description of relevant aspects that have contributed to the professional training and to the acquirement of the relevant experience for the aimed position				
5	Shareholder or associate during the last 10 years.			1. Individual belongings ²				
				Name and activity of the entity.	Participation quota (%)			
				2. Belongings together with other people involved or with whom you have close relations ³				
				Name and activity of the entity.	Participation quota (%)			
6	Other responsibilities for the administration or management			Name and activity of the entity.	Function:	Period:	Responsibilities	Results

² One has to mention the belongings representing at least 1% from voting rights; in the case of companies admitted for transactioning one has to mention the belongings representing at least 5% from voting rights.

³ Idem point 1

No.	Subject / Question	Answer		Explanations						
		YES	NO							
	during the last 10 years, other than the ones mentioned in the CV.									
7	Assessment performed by authorities from Romania or other states no matter if the assessment of the respective person has been performed as a possible buyer or as the person proposed for the management of the regulated entity			<table border="1"> <thead> <tr> <th>Name of the authority</th> <th>Date of assessment</th> <th rowspan="2">Assessment result (proved with documents)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of the authority	Date of assessment	Assessment result (proved with documents)			
Name of the authority	Date of assessment	Assessment result (proved with documents)								
8	Conflicts with regulation authorities and surveillance authorities in the financial-banking and fiscal domain, from Romania or from other states: litigation or on-going inquiries; refusal of approval / registration; contravention sanctions applied by these authorities or any other disposed measures.			<p>Explanations:</p> <p>In the case of measures / sanctions disposed by authorities, please mention the date of application / type of sanction / fault performed / disposed measure and according to the case, rehabilitation stipulates in national law.</p>						

No.	Subject / Question	Answer		Explanations			
		YES	NO				
9	Sanctions following some inquiries, investigations or professional procedures, disciplinary, administrative, judicial from Romania or from other state <i>(Information are provided as well in the case when the rehabilitation has been performed)</i> Exclusion by a regulatory authority, a government body or a professional association,			The authority that ordered the sanction	The sanctioned action	Sanction	Date of sanction enforcement
10.	Registered incidents affecting reputation and integrity including information on files, criminal investigations and proceedings, civil and administrative cases in progress or, as the case may be, the non-existence of these ones			Explanations: Indications of the facts alleged in the proceedings / Detailed information on civil proceedings, administrative or criminal proceedings pending before courts:			
11	Details of disciplinary sanctions in a position or position of administrator, fiduciary relationship or similar relationship - dismissal or termination / cancellation of mandate			Entity sanctioned	Subject of sanction	Sanction	Date of sanction enforcement

No.	Subject / Question	Answer		Explanations
		YES	NO	
12	Financial stability aspects:			Explanations:
	- recordings in the fiscal record certificate;			
	- declaration of the personal bankruptcy;			
13	Clarifications on the intention to obtain a significant shareholding in the regulatory entity referred to in paragraph 1 in the next 12 months			
14	Any financial and non-financial interests that may create potential conflicts of interest, including:			
	(a) loans, participations and interests, or non-financial relationships between the rated entity, its close relatives or persons with whom it is closely connected and the regulated entity, the parent or its subsidiaries or any person holding a qualifying holding in such an entity, including any members of those institutions or key function			

No.	Subject / Question	Answer		Explanations
		YES	NO	
	holders;			
	b) an indication of the existence or not of a commercial relationship with any of the entities or persons referred to in let. (a) or is involved in any legal proceedings with those entities or persons;			
	c) mentions regarding the existence or non-existence between the rated person or his close relatives and the regulated entity, the parent company and its subsidiaries of some interests in competitive relations;			
	d) the rated person is or not proposed on behalf of a single significant shareholder;			
	e) mentions of any financial obligation towards the regulated entity, the parent company or its subsidiaries;			
	f) Mentions of any position of political influence (national or local) held in the last 2 years			
	g) Other mentions that could create conflicts of interest with the regulated entity.			
15.	Information on the minimum time to be devoted to the performance of the person's			

No.	Subject / Question	Answer		Explanations
		YES	NO	
	functions within the regulated entity (annual and monthly indications)			
	<p>a) Mandates in entities pursuing predominantly commercially owned objectives, including:</p> <ul style="list-style-type: none"> - any additional responsibilities associated with these mandates - number of meetings / yearly meetings and estimated time, in days per year, dedicated to each mandate - the size of the entities or organizations in which these mandates are held, including total assets, whether or not the company is listed, and the number of employees. 			
	<p>b) Mandates held in non-commercial entities or held in entities established exclusively for the purpose of managing personal economic interests, including:</p> <ul style="list-style-type: none"> - any additional responsibilities associated with these mandates - number of meetings / yearly meetings and estimated time, in days per year, dedicated to each mandate - the size of the entities or 			

No.	Subject / Question	Answer		Explanations
		YES	NO	
	organizations in which it holds these mandates, including total assets, irrespective of whether the company is listed or not, and the number of employees			
16.	Any other information relevant to the demonstration of professional qualifications, moral probity and integrity			

I, the undersigned⁴, knowing the provisions of Article 326 of the Penal Code on the counterfeit in the declarations, declare under my own responsibility the following:

- a) all the information provided fair, complete and in line with reality;
- b) there are no other facts on which the ASF and the regulated entity should be acknowledged;
- c) comply with the legal provisions in force regarding the activity to be carried out, including the limitation of the number of managerial positions simultaneously held;
- d) I am not in situations of incompatibility provided by the legislation in force / I am in situations of incompatibility provided by the legislation in force as a result of ⁵ and I undertake to renounce this situation within 30 days of the date of the communication of my approval by the A.S.F., and shall transmit at the latest at the expiration of the term the supporting documents showing the incompatibility.

However, I agree to the processing of personal data⁶ for the purpose of exercising the functions of A.S.F. and the regulated entity, and I undertake to communicate to A.S.F. and to the regulated entity all changes to the information provided.

Signature:

Date

NOTE: A.S.F. S the regulated entity that maintains the confidentiality of information contained in the answers to this declaration, except the cases stipulated by law.

Annex no.2

⁴Fill in with the name and surname as shown in the identity card

⁵The choice is highlighted and filled in by the signatory if it is in such a situation.

⁶Regulation (EU) 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC

Notification Form

I. Contact data

Name of regulated entity	LEI Code and Unique registration code					
		Contact person				
		Surname	Name	Function	Phone number	E-mail address

II. Notified elements, according to the case

Information regarding previous notifications

Date	Notification number	District

III. 1. Description of notified attributions

Data of awarding of attributions	Key-position or assigned person / officer / conformity officer for the application of Law no.656/2002 and of Government Emergency Ordinance no.202/2008	Attributions and responsibilities of the assigned person	Other information that are considered relevant for the assessment by the entity

2. Details regarding the access to information for the conformity officer / persons assigned for the application of Law no.656/2002 and Emergency Government Ordinance no.202/2008

Type of access		Modality of access to information			
direct	indirect	Mail support	Electronic support		Other type of access (To be punctually specified)
Documents or information necessary for the profile	See the note*	Access to original documents	Access to IT applications		
		YES	NO	YES	NO

*Please describe punctually the flow of obtaining of the information regarding the relationship with the clients or financial operations, including the people / employees that intermediate the obtaining of such information, with the mention of the quality of these ones within the entity.

IV. Information about the notified person

Name and surname	
Former names	
Nationality / Citizenship	
Personal identification number (PNC)	
Date of birth	
Place of birth	
Domicile and / or residence	
Phone number	
Information regarding the assessment process or previous notification process, performed by another monitoring authority from the financial sector of SEE	One will indicate: a) Name of the authority b) Member state c) Date
Information regarding previous jobs, awards of qualified attributions as a management member:	One will indicate: a) name and code LEI or unique registration code b) nature and covering of operations c) the registered office of the entity d) the duties
Description of the level of knowledge, competence and experience of the person to whom the assignment is assigned including, but not limited to:	One will indicate as well: a) knowledge and abilities (university studies, courses, diplomas and certificates) b) on the cumulative functions or on other responsibilities exercised within the regulated entity
Information regarding the cumulus of functions or regarding other responsibilities exercised within the regulated entity	Specify the additional functions and duties exercised:
Other information relevant for the performance of the assessment	

V) Declaration

Statement signed by the legal representative of the company according to which:

I, the undersigned, legal representative of I mention that the assessment of the person notified has been carried out in compliance with the legal provisions and internal policies regarding the requirements of professional competence and moral probity, according to which the person notified is appropriate for the exercise of the assigned duties and declare that the information provided in the notification is accurate and complete.

Date,

Signature:

Annex no. 3

List of Skills / Skills to Assess the Suitability of Members of the Management Structure

Without enumeration being exhaustive, the following skills / aptitudes are taken into account, depending on the competencies and attributions conferred on the members of the management structure, for the purpose of assessing the suitability of the regulated entity:

a. authenticity - the evaluated person demonstrates that he is consistent in word and deed / expression and action and behaves in accordance with his own values and beliefs. Openly communicates his intentions, ideas, and feelings, encourages an open and honest environment, and accurately informs the superior / superior about the real situation, equally identifying and recognizing the risks and problems.

b. communication and language skills - the person being assessed is able to communicate orally and in a structured and conventional manner and to write correctly and in a cursory manner in the national language or in the working language of the entity. It is also able to convey a message in an intelligible and appropriate form. Focuses on clarity, transparency and encourages active response;

c. The ability to make decisions - The evaluated person makes timely and well documented decisions, knowingly acting, acting promptly or engaging in a well-established action plan, expressing his / her views and without postponing the resolution of situations arising;

d. The ability to issue judgments / independent thinking - The evaluated person is able to appreciate data, information and different lines of action to arrive at a correct and logical decision. It has the ability to examine, recognize and understand the essential elements and aspects of a situation. It has the ability to have an overview, and sees beyond its own area of responsibility, especially when addressing issues that may jeopardize the good work flow;

e. Quality and customer orientation - The evaluated person pays full attention to quality and how to ensure it and, whenever possible, to find ways to constantly improve. Particularly, this may mean abstaining from giving consent to the development and marketing of products and services and capital expenditures, e.g. products, office buildings or holdings in situations where they are not in a position to adequately assess the risks due to a lack of understanding of the overall situation or of the underlying principles. Identifies and studies the wishes and needs of customers, supports the provision of accurate, complete and balanced information to customers and ensures that the risks to which customers are exposed are appropriate to their profile;

f. Leadership - Assessed person provides guidance and guidance to the group, develops and maintains teamwork, motivates and encourages available human resources, and ensures that staff members have the professional competence to achieve the objectives. Is responsive to criticism and offers the opportunity for critical debate;

g. loyalty / devotion - the rated person has the feeling that he / she identifies himself with the entity through his / her involvement. It demonstrates that it can dedicate sufficient time to the position it occupies and can perform its tasks properly, defend the interests of the entity and act objectively and critically. Recognizes and anticipates potential conflicts of interest both at the personal and entity level;

h. Internal and external awareness - The evaluated person monitors developments, lines of action and attitudes within the entity. It is well informed about the relevant financial, economic, social and other developments at national and international level that could affect the entity as well as the interests of shareholders and is capable of implementing this information, efficient manner;

i. Negotiation skills - The evaluated person identifies and reveals common interests in a manner designed to reach consensus, while pursuing negotiation objectives;

j. Convincing Skills - The person being evaluated is able to influence the opinions of others by adopting a convincing, firm and tactful attitude in a natural way. Has a strong personality and is a vertical person;

k. teamwork skills - the person being evaluated is aware of the interest of the group and contributes to the common final outcome; it is also able to function as part of a team;

l. Resistance to stress - The person being assessed is resilient / resilient and capable of performing its tasks in a consistent manner, even when subjected to high pressures or in times of uncertainty;

m. strategic ability - the rated person is able to develop a realistic strategic vision of future developments and translate / translate this into long-term goals, for example by applying the scenario method. Thus, it takes into account the risks to which the entity is exposed and takes appropriate measures to manage and control them;

n. The sense of responsibility - the rated person understands the interests of the entity, both internal and external, has the ability to carefully evaluate and take account of them. It also has the ability to learn and realize that its actions affect the interests of shareholders;

o the ability to chair meetings / meetings - the rated person is able to effectively and efficiently chair the meetings and create a relaxed atmosphere that encourages everyone to participate on an equal footing; knows the duties and responsibilities of others.

Annex no. 4

The matrix on the assessment of the collective adequacy of the members of the management structure

Introduction and instructions

The responsibility of the management structure is collective. The management structure performs its role effectively when it is capable of making informed decisions and undertake effective supervision. In this respect, the management structure should include persons with diverse and up-to-date knowledge, skills and experience covering the areas of major concern of the entity as well as the risks to which it is exposed. The regulated entity shall ensure that members of the management structure are collectively appropriate at all times.

Instrument for the assessment of collective suitability by the regulated entity

The adequacy matrix is an instrument that the regulated entities have at its disposal to assess periodically or annually the collective suitability of the members of the management structure. If it chooses not to use the matrix in this appendix, the regulated entity builds its own model for adequacy assessment, which must be proportionate and appropriate to the size, nature and complexity of the entity.

By individually assessing the knowledge, skills and experience of each member of the management structure in relation to / in relation to the major areas of activity of the entity and its associated risks, strengths and weaknesses are identified with respect to all knowledge, skills and experience. The results obtained from this assessment determine the training needs and / or the required profile of the new members so as to ensure the collective adequacy of the management structure.

Internal Matrix Completion Process

The management structure as a whole is responsible for conducting self-evaluation of collective adequacy and for establishing an internal process for completing the matrix effectively, transparently, correctly and critically. The practical aspects of the internal process are set out in the procedures of the regulated entity, specifying the parties involved and the specific role (nomination committee, internal committees, including the human resources structure or other structures related to the main field of activity, external consultancy, etc.) as well as the way the information for matrix filling is collected.

For example, the data needed to complete the collective matrix can be retrieved from the information resulting from the completion of an individual questionnaire by each member / marking or assigning an individual score from A / 1 to R / 5 similar to the one provided in the collective matrix, as follows:

- level A or 1 - lack of knowledge;
- level S or 2 - low level - understand the subject if explained;
- level M or 3 - basic level (medium) - understands the answers received within the area / area of competence;
- level MR or 4 - advanced level (high average) - formulate appropriate questions and answers and understand the answers received;
- level R or 5 - expert level (high) - formulates, implements, monitors strategies and responses and fully understands the reports received In the case of significant regulated entities, involvement of the nomination committee is mandatory.

In the case of significant regulated entities, the involvement of the nomination committee is mandatory.

Required information on prudential supervision

The model of the matrix presented should be seen from a dual perspective: on the one hand, the requirements resulting from the specific characteristics of the business model of the regulated entity and, on the other hand, the common requirements that are usually relevant to all types of entities (although the degree of relevance may vary).

Module A includes information that can be tailored to the business model of the entity.

Module B covers common requirements and includes three types of sub-requirements: (1) governance (management framework), (2) risk management, compliance and internal audit, and (3) management and decision-making.

Descriptive tables and passages in the matrix

The matrix consists of the collective scoreboards, in accordance with the model in Section 1 - Section 4, serving as quantitative indicators for the collective adequacy of the driving structure and its annexes.

The scores (high, medium-high, medium, low, absent) are used to define the concept of "experience" in its broad sense: the experience, both in theoretical and practical terms, includes knowledge and skills; account shall be taken of both theoretical knowledge obtained through training, education and training, but also the practical experience gained in previously occupied positions;

The regulated entity must determine how the best analysis of collective adequacy is carried out. It is advisable to fill in a separate matrix for executive / superior management (insofar as it is a collegial body) and council members, respectively. In the case of the matrix of the members of the Board, attention is paid, if they are constituted, to the collective knowledge and expertise of the specialized committees (risk / remuneration / audit / appointment or nomination) within the management structure.

Interpretation of scores / scores obtained:

1. In the case of individual assessment - obtaining a score / score A / 1- S / 2 is considered an unacceptable level; obtaining an M / 3 - R / 5 score indicates an appropriate individual level;
2. In the case of collective evaluation, obtaining an A / 1-M / 3 score indicates an insufficient collective level; obtaining a MR / 4 - R / 5 score indicates an appropriate level. Without prejudice to the provisions of Art. 29, collective assessment is considered appropriate if at least one of the board members obtains a MR / 4-R / 5 score for each of the matrixed criteria.

Section 1:

Convergence of collective suitability with business plan

Description of the following:

1. Business plan of the company

2. Main risks associated with the current business plan according to the risk appetite and approved risk tolerance limits

*3. Company strategy (prospective perspective) for the next three years
(for life insurance companies, strategy for the next five years)*

4. The main risks associated with the strategy described in section 3.

This section aims to map the necessary collective management experience in relation to the main characteristics of the business plan of the company, its strategy and the experience required to manage the main associated risks, taking into account, on the basis of its own classification, the main geographical segments, lines of activity, subsidiaries, branches, product lines and sub arrays.

1

2

3

<p>Mention the generic names in the company-specific column 1 by adding the entity's own analysis to column 2 (adding or deleting the rows as needed according to the activity being carried out)</p>		<p>Enumerate the score obtained in the individual assessment next to the name of each member; (add columns for all members of senior management / senior management respectively for Board members)</p>								<p>Complete a collective score for the management structure by assigning the highest score in the individual assessment</p> <p>Note: A separate matrix is drawn up for the members of the board and, respectively, for members of the executive / superior management, insofar as it is a collegial body</p>
		Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	<p>A/1 = Absent S/2 = Low M /3 = Average MR/4 = Average - High R/5 = High</p>
Group business plan / group level										
Main line of activity 1										

	<p>Mention next to the name of each member the score / score obtained in the individual evaluation;</p> <p><i>(add columns for all members of senior management / senior management respectively for Board members)</i></p>								<p>Complete a collective score for the management structure by assigning the highest score in the individual assessment</p> <p>Note: A separate matrix is drawn up for the members of the board and, respectively, for members of the executive / superior management, insofar as it is a collegial body</p>
	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	<p>A/1 = Absent S/2 = Low M /3 = Average MR/4 = Average - High R/5 = High</p>
Assessment of the organizational structure and its functioning									
Assessment of the structure and functioning of the governance system									

Evaluation of the structure and functioning of the agreements on group governance (e.g. relations between the parent and subsidiaries)									
Evaluation of the structure and functioning of the human resources									
Evaluation of the adequacy of the members leadership									
Policies and procedures for integration and training of management and company members									
Remuneration policies and practices, remuneration committee if set up and incentives offered to influence professional behaviour									
Capital management policy and asset valuation policy and other obligations									
Succession planning									

Policy on outsourcing and oversight of outsourced activities									
Investment policy, following the prudent person principle (in the case of insurance / reinsurance societies)									
Emergency plan									
<p><i>Other governance issues can be included below (e.g. if the company undergoes a major restructuring exercise involving specific organizational experience, etc.)</i></p> <p><i>To be completed, if and to the extent that this is the case / applicable</i></p>									
▢ Allocation and separation of duties and responsibilities									
▢ Policy to ensure the independence of key functions and critical functions									

Section 3:

Common requirements

B. Governance system - Internal control mechanism - risk management, compliance and audit

This section is designed to identify and analyse the experience of members of the management structure as regards the understanding of the functions of key functions and critical functions, as appropriate, as well as their knowledge of the culture of risk at company and group level (management experience in report with admin risk assessment, internal control / compliance and internal audit activity respectively)

	<p>Mention next to the name of each member the score / score obtained in the individual evaluation;</p> <p>(add columns for all members of senior management / senior management respectively for Board members)</p>						<p>Fill a collective score for the management structure by allocating the highest score / score obtained in the individual assessment</p> <p>Note: A separate matrix is drawn up for the members of the board and, respectively, for members of the executive / superior management, insofar as it is a collegial body</p>		
	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	Member's name	<p>A/1 = Absent S/2 = Low M /3 = Average</p>
								<p>MR/4 = Average - High R/5 = High</p>	

Establish and implement risk strategy, risk culture and approved risk tolerance limits									
Investment strategy, especially with respect to derivatives and similar agreements									
Capital management (according to company-specific prudential requirements)									
Active-obligation management									
Recovery and resolution									
Stress tests and analysis of scenarios									
Internal model									

Intragroup transactions									
Subscription and calculation of technical provisions (actuarial function) ⁷									
Reinsurance and other risk minimization techniques (actuarial function) ⁸									
Evaluation of the risk management function									
Policies and Procedures and Applied Measures									
Legal Provisions Regarding Risk Management									
Assessment of the Internal Control System and the Compliance Function Activity									

⁷Exclusively for insurance and reinsurance companies

⁸Exclusively for insurance and reinsurance companies

Policies and Procedures internal control and applied measures										
Warning mechanisms										
Assessment of internal audit function										
Elaboration and verification of annual audit plan implementation										
Aspects of product and service reporting and records										
Financial information and reporting requirements according to regulations										

Other aspects of the governance system ex. specific issues that were not covered by business model analysis)										
□										
□										

Section 4: Common requirements	
C. Governance System - Management, Strategy and Decision-Making	
<i>This section is intended to analyse managerial knowledge, expertise and leadership abilities and to assess the ability to take decisions at a collective level.</i>	
<p>Mention next to the name of each member the score / score obtained in the individual evaluation;</p> <p><i>(add columns for all members of senior management / senior management respectively for Board members)</i></p>	<p>Complete a collective score for the management structure by assigning the highest score in the individual assessment</p> <p>Note: A separate matrix is drawn up for the members of the board and, respectively, for members of the executive / superior management, insofar as it is a collegial body</p>

	Member's name									
										<i>A/1 = Absent</i> <i>S/2 = Low</i> <i>M /3 = Average</i> <i>MR/4 = Average - High</i> <i>R/5 = High</i>
Managing processes and duties and staff guidance										
Safety, quality, liquidity, profitability and availability of investment portfolios										
Convergence of statements with actions taken in accordance with their own values and beliefs										
Development of institutional culture										

Supervision, either on executive management or on day-to-day management,									
Professional and ethical standards									
Employing external experts to perform certain tasks									
Developing and implementing business strategy and plans									
Identifying and exploiting opportunities for applying the business continuity principle									
Product matching for target groups of potential clients									
Identifying the entity's long-term interests in product valuation services and markets in which the company operates and proper action									

Communication on strategy, policies and objectives within a company or group in a transparent and clear manner									
Communication with the outside and knowing when stakeholders (such as ASF, shareholders, contractors and external auditors) need to be informed									
Organizing decision-making									
Presiding an internal structure decision-making, a committee or a steering group									
Supervision of directors (either the executive management oversight function or the management function of the lower level directors)									
Ensuring an adequate frequency of sessions									
Communication in an international context (use of several languages) if necessary									

Collecting information (internal and external) in order to make informed and reasoned decisions									
Reporting of committees or specialized committees to management									
Analysing a sufficient number of variants in the decision-making process									
Promoting a decision-making process open that allows constructive discussion of proposals									
Taking into account the interests of all shareholders in the decision-making process									
Recognizing and debating conflict of interest issues in the decision-making process									
Assessing decisions so that they are adopted in accordance with the strategy of the company									
Documenting the decisions taken									

<i>Other relevant aspects of management or decision-making (particularities due to the unique or dual structure of the management)</i>										
<input type="checkbox"/>										
<input type="checkbox"/>										

Section 5: Description of the overall experience

This section provides an overview of the professional experience in financial-banking or other relevant areas that management members hold in the company or other entity. It also provides an overview of other types of experience and is intended to guide the assessment of collective adequacy to ensure diversification of types of experience and to establish a succession plan.

<p><i>Fill in, as appropriate, the number of years corresponding to the professional experience:</i></p>	Member's name							
Year in which the current mandate is to be renewed								
Number of years in a non-executive position within the company / group								
Number of years in an executive position within the company / group								
Number of years of experience in the financial and banking field in large entities , other than the undertaking concerned								
Number of years of experience in the financial and banking field in medium-sized entities other than the undertaking concerned								
Number of years of experience in the financial and banking field in small entities other than the undertaking concerned								
Number of years in leading positions								

Number years of experience in other relevant fields (e.g. academic environment, legal practice, etc.)								
---	--	--	--	--	--	--	--	--

Section 6: Overview of collective adequacy

This section is intended to evaluate the collective suitability of management members, taking into account analysing the experience of all members in the whole context leadership components

What are the strengths of executive or board leadership?

--

**What are the weaknesses of executive or board leadership?
How and how long can these be managed and diminished? How effective were the measures already taken for these purposes?**

--

Considerations on the overall composition of management

Explain why society believes that this composition of management is appropriate and effective, e.g.:

- How is collaboration between members?
- What are the roles they have for the dynamics of discussion and group decisions?
- What particular features do members have that add value to collective self-sufficiency?
- Is the size of the driving structure adequate?

--

Taking into account a long-term perspective on society (major challenges that may arise such as business plan sustainability, mergers or acquisitions, restructuring, expansion of activity) as well as succession planning, what will be the need for collective leadership adequacy?

Section 7: Annexes

This section is intended - for internal registers / documents - to briefly explain the internal process underlying the matrix completion, explain in addition the way in which the mark was made where necessary or where it is desired, to introduce an overview of the documents attached to this array.

Internal Matrix Completion Process

Issues to be included:

- *Involved parties*
- *Stakeholders Planning (annual evaluation, periodic evaluation, ad hoc evaluation)*
- *Collecting information*

Additional explanation of scores / scores for different sections

Convergence with the business plan

The governance system in general

Risk management, actuarial, internal control and Audit
Management, Strategy and Decision-Making Process
Overview of Attached Documents
<i>List of Presented Documents</i>

**Annex 5
Assessment Sheet of the Interviewed Person**

First Name of Assessed Person			
Name of Regulated Entity			Position / Function
No.	Evaluated criteria	Awarded score⁹⁾ (1 - 5)	Qualificative

⁹⁾ Each member shall fill in the column corresponding to his name a score of 1 to 5, without decimals, corresponding to the requirements of sub-paragraph a, b and c of item I, respectively lit. a and b of point II. The score awarded corresponds to the degree of fulfilment of the requirement, 1 being the lowest.

		Members of the Interview Committee ¹¹ (Name / Surname of each member)					awarded ¹⁰
		Member 1	Member 2	Member 3	Member 4	Member 5	(A-R)
0	1	2	3	4	5	6	7
1	Knowledge, skills and professional experience <i>(Issues to be assessed in accordance with Articles 10 and 11 of the Regulation):</i>						
a	Theoretical knowledge <i>Targets:</i> - Specific field of activity, knowledge of specific legislation; - general aspects related to the activity / functioning of the entity; - organizational requirements (entity ROF) and legislation						

¹¹) The number of members of the Interview Board is at least 3.

¹⁰) The Chairman of the Interview Board records the grade corresponding to the arithmetical score (1 to 5) awarded by the members of the Interview Board. To determine the grade, the score for the arithmetic mean is rounded to the nearest whole number. The awarded scores corresponding to the arithmetic mean are as follows:

- score 1 = score A - lack of knowledge / skills / experience / governance;
- score 2 = S rating - low level of knowledge / skills / experience / governance requirements;
- score 3 = M score - average (basic) level of knowledge / skills / experience / governance requirements;
- score 4 = MR rating - high level of knowledge / skills / experience / governance requirements;
- score 5 = rating R - expert (high) level of knowledge / skills / experience / governance requirements.

	<p>applicable to the function concerned;</p> <ul style="list-style-type: none"> - financial markets; - issues related to risk management. 						
b	<p>Relevant practical and professional skills and experience, appropriate to the nature, extent and complexity of the entity's activities and responsibilities to be pursued</p> <p><i>Targets concerned:</i></p> <ul style="list-style-type: none"> - seniority - relevant experience - scope of competencies and responsibilities in previous positions - understanding of the business strategy and model and solutions for its implementation, is the case; - solving critical situations in previously 						

	<p>occupied positions;</p> <ul style="list-style-type: none"> - level of awareness of the incidental risks: - the main identified risks related to the activity / attributions to be carried out prudential - requirements related to the prevention / mitigation of identified risks - knowledge of the Romanian language, if any 						
--	--	--	--	--	--	--	--

c	<p>Knowledge and skills of organization and leadership / experience in leading positions</p> <p><i>Targets concerned:</i></p> <ul style="list-style-type: none"> - managerial vision; personal views on the strengths and weaknesses of the business of the target entity; - priorities, - operational planning objectives (analysis, costs, sources of financing) business plan / activity schedule; <p><i>(Obs .: not to be noted for key functions) 2.</i></p>						
2.	<p>Governance (issues assessed under Article 14 of the Regulation):</p>						
a	<p>General principles of the governance system</p>						

	<p>Aspects concerned:</p> <ul style="list-style-type: none"> - Knowledge of executive board / executive responsibilities; the internal reporting system; the internal control system - the corresponding functions; - the time allocated to the function concerned - other management functions held - independent thinking in exercising the functions / function and respecting the principle of independence, if any - conflicts of interest, restrictions, incompatibilities 						
b	<p>Overall structure of the management structure</p> <p>Aspects concerned:</p> <ul style="list-style-type: none"> - experience, knowledge and 						

<p>individual competencies complement the experience, knowledge and skills of other members for the purpose of collective self-sufficiency; ____</p> <p>- adjusting responsibilities between members so as to reflect the proper understanding of the areas of interest for collective responsibility and the overall view of the entity</p> <p><i>(Note applies only to persons in the management structure of regulated entities for which specific legislation provides for collective appraisal)</i></p>						
<p>Signature of the members of the Interviewing Commission</p> <p>Date: _____</p>						

