

REGULATION NO. 10/2017

on central securities depositories issued for the application of Regulation (EU) no. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) no. 236/2012

In line with the provisions of Art. 1 par. (2), Art. 2 par. (1) sub-pars. a) and d), Art. 3 par. (1) sub-par. b), Art. 6 pars. (1) and (2), as well as with Art. 14 of the Government Emergency Ordinance no. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority (ASF), approved as amended and supplemented by Law no. 113/2013, as subsequently amended and supplemented,

Pursuant to the provisions of Title III of Regulation (EU) no. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) no. 236/2012 and technical standards regulating and enforcing Regulation (EU) no. 909/2014,

Further to the deliberations held in the meeting of the Financial Supervisory Authority's Board of 27/09/2017,

The Financial Supervisory Authority hereby issues this regulation.

TITLE I

General provisions

Art. 1. - (1) This regulation lays down rules on the authorisation, operation and changes in the manner of organisation and operation of central securities depositories, in accordance with the provisions of Regulation (EU) no. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) no. 236/2012 published in the Official Journal of the European Union, series L, no. 257 of 28 August 2014, hereinafter referred to as *Regulation (EU) no. 909/2014*, of Law no. 297/2004 on the capital market, as subsequently amended and supplemented, hereinafter referred to as *Law no. 297/2004*, which do not conflict with the provisions of Regulation (EU) no. 909/2014 as well as technical standards regulating and enforcing Regulation (EU) no. 909/2014.

(2) The Financial Supervisory Authority hereinafter referred to as *A.S.F.*, is the competent authority implementing this regulation's provisions, by exercising its prerogatives as per Art. 1 par. (3²) sub-par. a) of Law no. 297/2004.

(3) Central securities depositories licensed to operate in Romania shall be included in A.S.F.'s Register and notified to ESMA pursuant to the provisions of Art. 21 of Regulation (EU) no. 909/2014.

Art. 2. - (1) The terms, abbreviations and expressions used in this regulation shall have the meaning assigned to them under Art. 2 par. (1) of Regulation (EU) no. 909/2014 and technical standards regulating and enforcing Regulation (EU) 909/2014.

(2) For the purposes of this regulation, the terms, abbreviations and expressions below shall have the following meanings:

a) *settlement agent* – means as set out under Art. 2 par. (1) point 4 of Law no. 253/2004 on settlement finality in payment and securities settlement systems of operations with financial instruments, as subsequently amended and supplemented, hereinafter referred to as Law no. 253/2004;

b) *paying agent* – financial institution appointed by the issuer which has concluded a contract with the issuer and with a central securities depository with a view to making payments through the central securities depository and the participants in its system, through which holders of financial instruments may exercise their financial rights; if the issuer is itself a financial institution, exercise by the holders of financial instruments of the financial rights may be secured by the central securities depository through the respective issuer, pursuant to the statutory provisions in force;

c) *B.N.R.* – National Bank of Romania;

d) *ESMA* – European Securities and Markets Authority;

e) *bank statement* – document issued for the purposes of certifying to the property right of holders of financial instruments, other than derivatives, over the respective financial instruments highlighted in the document at a certain date;

f) *financial collateral* – means a guarantee over financial instruments, defined as per Government Ordinance no. 9/2004 on certain financial collateral arrangements, approved with amendments and supplementations by Law no. 222/2004, as subsequently amended and supplemented;

g) *chattel mortgage* – mortgage on financial instruments, defined as per Law no. 287/2009 on the Civil Code, republished, as subsequently supplemented;

h) *collateral over financial instruments* – financial collateral defined under sub-par. f) and/ or chattel mortgages defined under sub-par. g).

Art. 3. - (1) Decisions with regard to granting of authorisations shall be issued by A.S.F. based upon this regulation's provisions with 60 days at the latest since the complete dossier was submitted by the applicant, unless the provisions of this regulation, Regulation (EU) no. 909/2014 and technical standards regulating and enforcing Regulation (EU) no. 909/2014 determine another time limit. If an application is rejected, A.S.F. shall issue a reasoned decision, which may be challenged as per Administrative Litigation Law no. 554/2004, as subsequently amended and supplemented.

(2) Any request from A.S.F. for additional information or amending documents initially submitted shall interrupt the time limit set out under par. (1), which recommences to run since the respective information or amendments were submitted; this submission may not be made later than 60 days since A.S.F.'s request date, if A.S.F, Regulation (EU) no. 909/2014 or technical standards regulating and enforcing Regulation (EU) no. 909/2014 do not provide otherwise, under penalty of rejecting the application.

(3) Where documents submitted are incomplete, illegible or they are found to have been inadequately submitted or some documents are lacking, as well as where provisions of Law no. 297/2004, Regulation (EU) no.909/2014, technical standards regulating and enforcing

Regulation (EU) no. 909/2014 and A.S.F.'s regulations are not complied with, they shall be returned to the applicant, by presenting the grounds for so doing.

(4) Pursuant to the provisions of Art. 17 par. (3) of Regulation (EU) no. 909/2014, the central securities depository submits additional information with A.S.F. within 60 days at the latest as of A.S.F.'s request.

(5) If the central securities depository fails to submit additional information with A.S.F. within the time limit set out by par. (4), A.S.F. issues a decision rejecting the application for licensing within 30 days as of this time limit's expiry at the latest.

Art. 4. - (1) The documents provided by this regulation, Regulation (EU) no. 909/2014 and the technical standards regulating and enforcing Regulation (EU) no. 909/2014 needed to be authorised, as well as those relating to records and reporting shall be sent to A.S.F. into Romanian.

(2) Documents issued in a different language shall be submitted in certified true copy, along with their notarized translation, except for criminal records or equivalent documents, which shall be submitted in original, accompanied by their notarized translation.

(3) Where A.S.F. shall deem necessary, documents mentioned under par. (1) and (2) shall be submitted along with their notarized translation in a different language from the sphere of international finance.

(4) Sworn statements as part of the documentation needed for authorisation/approval/registration with A.S.F.'s Registry shall be given prior to the registration date with A.S.F. as follows:

- a) 5 working days before for Romanian natural and legal persons;
- b) 20 working days before for foreign natural and legal persons.

(5) In the event of a change in particulars to have relied on a statement's draw-up set out under par. (4), the statement's signatory is obliged to update it suitably within 24 hours as of the date they became aware of the change. Updated statements shall be submitted with A.S.F. under the conditions set out by par. (4).

Art. 5. – Submission of documents provided by A.S.F.'s regulations in original by the central securities depository upon request from judicial bodies or other public authorities shall be made by complying with the following conditions:

- a) A copy of each document sent in original shall be kept with the central securities depository's registered office, under the same conditions as the original document;
- b) The central securities depository's legal representative and, as applicable, the compliance and internal control representative of the central securities depository attests conformity of each copy with the original document;
- c) Copies must bear the mention "certified true copy" and signature of the legal representative and, as applicable, the compliance and internal control representative of the central securities depository;
- d) Proof as to submission of documents in original, which are to be archived along with the copy indicated under sub-par. a).

TITLE II
Central securities depository

Chapter I
Operating licence of the central securities depository

Art. 6. - In order to be licensed and throughout the operation period, central securities depositories must fulfil the requirements provided by Regulation (EU) no. 909/2014, by the technical standards regulating and enforcing Regulation (EU) no. 909/2014 as well as by this regulation.

Art. 7. – To get the operating licence, the central securities depository shall submit an application for authorisation to A.S.F. signed by the person appointed to apply for the operating licence, pursuant to Art. 16 and 17 of Regulation (EU) no. 909/2014, to the provisions of Chapter III of the Commission Delegated Regulation (EU) no. 392/2017 of the Commission of 11 November 2016 completing Regulation (EU) no. 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorisation, supervisory and operational requirements for central securities depositories, hereinafter referred to as *Commission delegated regulation* (EU) no. 392/2017 and to the provisions of Chapter I of the Commission implementing regulation (EU) no. 394/2017 of 11 November 2016, laying down implementing technical standards with regard to standard forms, templates and procedures for authorisation, review and evaluation of central securities depositories, for the cooperation between authorities of the home Member State and the host Member State, for the consultation of authorities involved in the authorisation to provide banking-type ancillary services, for access involving central securities depositories, and with regard to the format of the records to be maintained by central securities depositories in accordance with Regulation (EU) no. 909/2014 of the European Parliament and of the Council, hereinafter referred to as *Implementing regulation (EU) no. 394/2017*.

Art. 8. – In accordance with provisions of Art. 38 of the Commission delegated regulation (EU) no. 392/2017, in order to obtain the operating licence, the following documents and information shall be additionally sent to A.S.F. by the central securities depository:

- a) Copy of the contract entered into with the entities managing trading venues for the transactions in whose systems they carry out settlement operations;
- b) Copy of the contract entered into with a financial auditor, member of the Chamber of Financial Auditors of Romania, fulfilling the joint criteria set out by A.S.F. and the Chamber of Financial Auditors of Romania;
- c) List and proof of legally holding technical equipment, in copy, respectively proof of the right of use and access thereof, which shall be used for the sole purpose of achieving the business purpose submitted for authorisation;
- d) The audit report prepared by an external information systems auditor as per Rule no. 6/2015 on managing operational risks generated by information systems used by entities regulated, authorized, approved, and/or supervised by The Financial Supervisory Authority, as subsequently amended and supplemented, hereinafter referred to as *ASF Rule no. 6/2015*;

- e) List consisting of signature specimens for the central securities depository's representative(s) in relation to A.S.F.;
- f) Proof of payment of the fee to issue the operating licence of the central securities depository, into A.S.F.'s account and registration of the central securities depository in AS.F.'s Registry;
- g) Any other documents A.S.F. may request to evaluate compliance of the authorisation conditions.

Art.9. – (1) A.S.F. shall decide with regard to the operating licence of the central securities depository in accordance with the licensing procedure provided by Title III, Chapter I of Regulation (EU) no. 909/2014, Commission Delegated Regulation (EU) no. 392/2017 and Implementing regulation (EU) no. 394/2017.

(2) The authorisation application for the central securities depository's operation may be rejected, as applicable, if:

- a) the documentation submitted is not prepared in accordance with the regulations in force or the data provided is incomplete or inaccurate;
- b) the documentation submitted is insufficient to be able to determine whether the central securities depository shall conduct its business in accordance with the regulations in force;
- c) provisions of Law no. 297/2014, Regulation (EU) 909/2014, technical standards regulating and enforcing Regulation (EU) no. 909/2014 of regulations of A.S.F. are not complied with.

(3) Withdrawal of the central securities depository's licence shall occur under the conditions set out under Art. 20 of Regulation (EU) no. 909/2014.

CHAPTER II

Conditions to license the central securities depository

SECTION 1

Capital requirements

Art. 10. - (1) The capital together with the retained earnings and reserves of the central securities depository must comply with the capital requirements laid down by Art. 47 of the Regulation (EU) no. 909/2014.

(2) The central securities depository calculates capital requirements by using the provisions of Commission delegated regulation (EU) 390/2017 of 11 November 2016 completing Regulation (EU) no. 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards in respect of certain prudential requirements for central securities depositories and appointed credit institutions providing banking-type ancillary services, hereinafter referred to as *Commission delegated regulation (EU) no. 390/2017* and Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012, hereinafter referred to as *Regulation (EU) no. 575/2013*, as such that the capital held, along with the retained earnings and reserves, is permanently at least equal to the sum of the following items:

a) capital requirements applied to the central securities depository for operational, legal and custodial risks;

b) capital requirements applied to the central securities depository for the investment risk;

c) capital requirements applied to the central securities depository for the commercial risk;

d) capital requirements applied to the central securities depository for run-off or restructuring of the activity.

(3) The central securities depository shall send quarterly to A.S.F. data and information with regard to the capital requirements calculated as per Art. 4-7 of Regulation (EU) no. 390/2017, to the end of the business hours, on the following submission dates: 12 May, 11 August, 11 November and 11 February.

(4) Where the dates for submission indicated under par. (3) are non-working days, data and information shall be sent on the following business day.

(5) The central securities depository shall send the prudential requirements electronically, in a structure and format agreed by A.S.F.

SECTION 2

Compliance and internal control functions, internal audit and risk management of the central securities depository

Art. 11. – (1) The central securities depository sets out and specifies the duties incumbent upon the following functions:

a) Risk – management function;

b) Technology function;

c) Compliance and internal control function;

d) Internal audit function.

(2) Each function provided by par. (1) is well described as regards its duties, has the authority, resources and specialized knowledge needed and it has access to all the pertinent information to exercise the respective tasks.

(3) Each function provided by par. (1) carries out its responsibilities independently from other functions of the central securities depository.

(4) The compliance and internal control officers, internal audit officers and risk management officers shall comply with the evaluation requirements and criteria and approval imposed by A.S.F.’s Regulation no. 14/2015 on the assessment and approval of the members of the management structure and of persons holding key functions in the entities regulated by the Financial Supervisory Authority, hereinafter referred to as *A.S.F. Regulation no. 14/2015*.

Art. 12. – Performance of the internal control audit involves ensuring at least the responsibilities set out by Art. 51 par. (1) of the Commission delegated regulation (EU) no. 392/2017.

Art. 13. - (1) Pursuant to the provisions of Art. 49 of the Commission delegated regulation (EU) no. 392/2017, the central securities depository sets out, implements and maintains suitable compliance and internal control policies and procedures intended to detect any risk that a company might fail to comply with its obligations as per the provisions of the pertinent legislation, as well as related risks, implement suitable measures and procedures so as to minimize these risks and allow ASF to exercise its prerogatives in an operational manner.

(2) The compliance and internal control function shall have at least the following responsibilities:

a) ongoing monitoring and assessing the effectiveness and suitable manner of implementing the measures and procedures set out as per par. (1), as well as the measures ordered to remedy any failure to comply with obligations by the company;

b) give consultancy and assist senior management within the central securities depository, in charge of conducting a certain activity to comply with the requirements imposed as per the provisions of the regulations in force.

(3) In applying responsibilities set out by par. (2), the compliance and internal control officer shall have at least the following duties:

a) monitor and check regularly that the statutory provisions incidental to the activity of the central securities depository are enforced and the internal procedures by the central securities depository or by its employees, keep records of irregularities found out;

b) make sure the company and its employees are informed on the legal regime applicable to the capital market;

c) endorse documents sent by the central securities depository to A.S.F. with a view to obtaining licenses/approvals provided by A.S.F.'s regulations, as well as the reporting sent to A.S.F.;

d) prevent and propose remedial measures for any circumstance relating to infringements of laws and regulations in force, relating to the capital market or company's internal procedures;

e) report rapidly to the board of directors/ board of supervisors, managers/ directorate and internal auditors members the cases of infringement upon the legislation, regulations in force or internal procedures.

(4) When carrying out the tasks provided by par. (3), the compliance and internal control officer maintains a register where he highlights the investigations conducted, duration of these investigations, period to which they refer, investigations' report, proposals forwarded in writing to the board of directors/ board of supervisors/ managers of directorate members to the central securities depository and decisions made by the person authorized to take measures to tackle them.

(5) Where the compliance and internal control officer becomes aware, during the exercise of his duties, of potential infringements of the legal regime applicable to the capital market, including the company's internal procedures, he must inform the board of directors/ board of supervisors/ directors/ members of directorate and internal auditors of the central securities depository.

(6) In the case of certain deviations from the regulations in force, the members of the board of directors/ board of supervisors, directors/ members of directorate and internal auditors within the central securities depository shall notify A.S.F. and other capital market entities involved with the utmost urgency on the circumstance found out and measures adopted.

(7) If the members of the board of directors/ board of supervisors, directors/ members of directorate fail to take the measures required within 15 days at the latest on the notification date set out under par. (6), the compliance and internal control officers must notify A.S.F. immediately on the deviations found out from the provisions of the legislation in force.

Art. 14. - (1) Every year, by 31 January, the compliance and internal control officer shall serve the board of directors/ board of supervisors of the central securities depository a report on the activity conducted the previous year, investigations carried out, deviations found out, proposals made, measures adopted and degree of settlement, as well as the investigations' plan/ schedule forecasted for the current year. The report, proposals endorsed and the investigation plan approved by the board of directors/ board of supervisors shall be sent by them to A.S.F. each year, by 1 March.

(2) The investigations plan stated under par. (1) comprises at least the following:

- a) information on the number of investigations considered during the reporting period;
- b) themes of investigations;
- c) procedures used to conduct investigations.

Art. 15. - The central securities depository must institute risk-monitoring committees set out under Art. 48 of the Commission delegated Regulation (EU) no. 392/2017.

SECTION 3

Shareholders of the central securities depository

Art. 16. - (1) Shareholders shall be assessed as per the provisions of A.S.F. Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increase of shareholdings in the entities regulated by the Financial Supervisory Authority, hereinafter referred to as A.S.F. *Regulation no. 3/2016*.

(2) Pursuant to the provisions of Art. 27 par. (7) of the Regulation (EU) no. 909/2014, any natural or legal person wishing to transfer the property rights entailing a change in the identity of persons exercising control over the central securities depository's operation shall communicate the decision to the central securities depository and send to A.S.F. for approval, acquisition draft along with the documents set out by A.S.F. Regulation no. 3/2016.

Art. 17. - (1) The articles of association of the central securities depository have to contain provisions limiting the voting rights of shareholders who fail to comply with the provisions of Regulation (EU) no. 909/2014, A.S.F.'s Regulation no. 3/2016, as well as provisions on implementation of the procedure set out by Art. 238 of Law no. 297/2004.

(2) If shareholdings are acquired by breaching the provisions of Art. 16 or if the shareholders of the central securities depository do not fulfil the eligibility conditions set out by A.S.F.'s Regulation no. 3/2016, the procedure under Art. 284 of Law no. 297/2004 shall apply.

SECTION 4

Management and leadership of the central securities depository

Art. 18. - (1) Management of the central securities depository shall be entrusted with a board of directors or, as applicable, a board of supervisors, made up of at least 5 natural persons members.

(2) The manner of establishment, duties and responsibilities of the board of directors and of directors or, as applicable, of the board of supervisors and the directorate shall be determined in the company's articles of association, pursuant to the provisions of the Company Law no. 31/1990, republished, with subsequent amendments and supplementations, hereinafter referred to as *Law no. 31.1990*, by observing the provisions of Law no. 297/2004, Art. 27 of Regulation (EU) no. 909/2014, Commission delegated Regulation (EU) no. 392/2017, as well as of this regulation.

(3) Appointment of the board of directors' independent members or, as applicable, of the board of supervisors, shall be made by complying with the criteria set out under Art. 138² of Law no. 31/1990.

(4) Effective leadership of the central securities depository should be managed by directors for the unitary management system or by directorate's members for the two-tier management system, appointed in accordance with Law no. 31/1990.

Art. 19. - (1) Members of the board of directors or, as applicable, of the board of supervisors of the central securities depository have to cumulatively meet the following requirements:

- a) Requirements set out under Art. 27 par. (4) of Regulation (EU) no. 909/2014 and Commission delegated Regulation (EU) no. 392/2017;
- b) Specific requirements set out by A.S.F. Regulation no. 14/2015;
- c) not to be part of the management, not be members of the board of directors, directors, members of the board of supervisors, members of directorate, employees or financial auditors and not to hold any shareholdings with another entity fulfilling the functions of a central securities depository;
- d) not to hold any position with an institution of central public administration, local public administration or with an autonomous administrative authority.

(2) Directors or, as applicable, members of directorate with the central securities depository have to cumulatively meet the following requirements:

- a) requirements set out by Art. 27 par. (1) of Regulation (EU) no. 909/2014 and Commission delegated Regulation (EU) no. 392/2017;
- b) conditions set out by par. (1) sub-pars. b) and c);

c) not to be the spouse/wife, relatives or related up to the 2nd degree to the persons exercising the risk management function, technology function, compliance and internal control function or the financial audit function.

Art. 20. - (1) In order to license members of the board of directors and directors or, as applicable, members of the board of supervisors and directorate of the central securities depository, A.S.F. shall evaluate all the circumstances and information related to the activity, reputation and professional experience of each person proposed, taking account of the documents set out under Art. 13 and the Commission delegated Regulation (EU) no. 392/2017.

(2) A.S.F. refuses to approve the members of the board of directors and directors or, as applicable, members of the board of supervisors and directorate if there are good reasons to believe they are unable to ensure management and carry out of operations within the central securities depository under prudent and safe conditions.

Art. 21. - (1) The central securities depository shall, no later than 30 days since an incompatibility, legal obstacle, final impossibility to exercise the mandate or job vacancy as member of the board of directors/ director occurred or, as applicable, member of the board of supervisors/directorate, submit for A.S.F.'s approval a different appointed person, in accordance with the company's articles of association, to comply with the requirements set out under Art. 19 of this regulation and shall pass on the documents set out under Art. 13 of the Commission delegated Regulation (EU) no. 392/2017.

(2) A final impossibility to exercise the mandate shall consist of any circumstance creating an impediment for 90 consecutive days.

(3) Members of the board of directors/ directors or, as applicable, members of the board of supervisors / members of directorate within the central securities depository shall be licensed by A.S.F. before commencing to exercise each one's mandate.

Art. 22. – The duties of the board of directors/ directors or, as applicable, members of the board of supervisors within the central securities depository shall be determined by the articles of association, in accordance with the provisions of Law no. 31/1990, ASF Regulation no. 2/2016 on the application of the principles of corporate governance by the entities authorized, regulated and supervised by the Financial Supervisory Authority, Art. 49 par. (2) of the Commission delegated Regulation (EU) no. 392/2017 and, in addition thereto, shall comprise at least the following:

- a) approve the organisation and operation regulation of the central securities depository, general rules concerning the hiring and dismissal of the central securities depository staff, rights and obligations regime, duties and skills of employees, by complying with the requirements as to training, studies and competences;
- b) appoint, remove from office and determine remuneration for directors or, as applicable, members of the central securities depository's directorate, approving their duties;
- c) check fulfilment of the integrity and professional experience requirements by the persons in management or control functions within the central securities depository;
- d) approve the regulations and procedures issued by the central securities depository or submits them for approval by the general meeting of shareholders if this competency has not been delegated, as per the articles of association;

- e) approve the conclusion of rental agreements for premises and equipment, under the conditions set out by the articles of association or by decision made by the general meeting of shareholders;
- f) approve the conclusion of contracts for the provision of services in relation to the business purpose of the central securities depository or intended to fulfil the central securities depository's business purpose, whose estimated amount exceeds the limit set out for directors/ members of directorate, under the conditions set out by the articles of association or by decision of the general meeting of shareholders.
- g) Approve the conclusion of contract for technical and electronic systems of management used by the central securities depository;
- h) Submit for approval by the general meeting of shareholders, 150 days at the latest since the financial year was closed, the accountability with regard to the central securities depository's activity, based upon: balance sheet, profit and loss account on the previous year, as well as the draft budget for the current year;
- i) Settle complaints against decisions made by the directors/ directorate members;
- j) Set up special commissions of the central securities depository and appoint
- k) Appoint members and alternate members thereof;
- l) Set up users committees for each settlement system of the central securities depository, as per Art. 28 of Regulation (EU) no. 909/2014;
- m) Set up risk, audit and remuneration committees, as per Art. 48 of the Commission delegated Regulation no. 392/2017;
- n) Decide on any other issue determined by the general meeting of shareholders.

Art. 23. - Directors or, as applicable, members of directorate of the central securities depository shall have the following principal duties:

- a) Monitor compliance with the rules and procedures of the central securities depository by participants;
- b) Order measures needed so that participants may comply with the rules and procedures of the central securities depository;
- c) Immediately notify A.S.F. about any irregularity or disturbance within the system;
- d) Legally represent the company as legal person in front of public authorities and in relations to Romanian and/or foreign natural or legal persons;
- e) Materially bind the company as a legal person by their signature;
- f) Hire and dismiss company staff, set out duties, responsibilities, obligations and rights specific to every position within the central securities depository and sign the individual employment contracts on its behalf;
- g) Negotiate, conclude, amend and dissolve contracts for goods, services and works in respect to the business purpose of the central securities depository or intended to fulfil the central securities depository's business purpose under the conditions set out by the articles of association or by decision of the board of directors or, as applicable, the board of supervisors;
- h) Sign all documents comprising data and information with regard to the central securities depository, statements, communications, applications, statements of defence, notifications, waiver of rights and other such instruments concluded on behalf of the central securities depository;

- i) Fulfil, as applicable, under the board of directors' approval or, as applicable, the board of supervisors' approval, all operations and acts of preservation, management and disposition needed to carry out the company's business purpose;
- j) Send to A.S.F. and make public the information about the ownership structure in the central securities depository and particularly the identity and value of the interests held by any party able to exercise control over the central securities depository's functioning, as per the provisions of Art. 27 par. (7) sub-par. a) of Regulation (EU) no. 909/2014;
- k) Submit to A.S.F. for approval/licensing the amendments in the manner of the central securities depository's organisation of *modus operandi*.

SECTION 5

Technical equipment available and financial resources

Art. 24. - The central securities depository has to have, at the time of licensing and during the carry out of its business, skilled staff according to its business purpose, sufficient financial resources so as to facilitate its orderly operation and an advanced information system, having regard to the nature and size of the activities it conducts, as well as the types and risk levels to which it is exposed.

Art. 25. – (1) A.S.F. cannot license a central securities depository if the latter does not have distinct own funds or an initial capital level that cannot be lower than the equivalent into Lei of 5 million euros.

(2) Where a central securities depository, Romanian legal person, is set up the initial capital is represented by the registered capital, unless the central securities depository set up originates from a restructuring process by merger or division.

(3) The registered capital of a central securities depository, Romanian legal person, should be fully paid-in cash at the subscription, including in the event of its increase, contributions in kind not being allowed. The shares of a central securities depository, Romanian legal person, may only be registered shares. The central securities depository, Romanian legal persons, shall not establish in their articles of association exceptions from the principle according to which a share entitles to a single vote.

(4) Upon set up, contributions to the registered capital must be paid-in to an account opened with a credit institution. This account shall be blocked until the central securities depository, Romanian legal person, has been incorporated to the Trade Register.

Art. 26. – The information system of the central securities depository has to comply with the requirements mentioned under Art. 45 of the Regulation (EU) no. 909/2014, Art. 75 of the Commission delegated Regulation (EU) no. 392/2017 and Art. 8 of ASF Rule no. 6/2015.

Art. 27. - (1) The central securities depository should be equipped with premises meant as the registered office which ensures the smooth operation and to have at least the following features:

- a) to be intended solely for the specific activity;
- b) to have a surface ensuring compliance with the technical rules for installation and exploitation of the equipment available, the carry out of its own staff's activity under good conditions;

- c) Be equipped with an anti-theft alarm system;
- d) Be equipped with a metal safe resistant to fire to store copies of databases;
- e) Be equipped with a fire alarm system;
- f) Have a main source of electrical power and a back-up one;
- g) Ensure security of the premises as per the regulations in force;

(2) If the central securities depository holds a registered office and a headquarters, the requirements mentioned under par. (1) must be complied with by the headquarters, as this is the office from where the central securities depository conducts activities authorized by A.S.F.

Art. 28. – (1) The central securities depository may hold shareholdings as per the provisions of Art. 18 par. (3) of Regulation (EU) no. 909/2014 and Art. 39 of the Commission delegated Regulation (EU) no. 392/2017.

(2) Any shareholding of the central securities depository to the capital of a legal person which does not provide services set out under sections A and B of the annex to the Regulation (EU) 909/2014 shall be subject to ASF’s prior approval.

(3) The deadline for approving the shareholdings held by a central securities depository as per par. (2) is the one provided by Art. 3.

SECTION 6

Changes to how the central securities depository is organized and it operates

Art. 29. - (1) The following changes to how the central securities depository is organized and operates shall be submitted to A.S.F for approval, prior to entering into force or, as applicable, their entering to the Trade Register Office:

- a) Amendment and completion of procedures provided by Art. 6 sub-par. b) from the Commission delegated Regulation (EU) no. 392/2017;
- b) Change in the members of the board of directors and directors or, as applicable, the members of the board of supervisors and directorate of the central securities depository;
- c) Change of registered office/ headquarters;
- d) Set up/ deregister secondary places of business (branch offices);
- e) Change of the corporate name;
- f) Amendments provided under Art. 19 par. (1) of the Regulation (EU) no. 909/2014.

(2) Within 5 days at the latest since the certificate for registration of entries was issued by the Trade Register Office, but no later than 60 days since the decision of authorizing/approving the changes to have relied upon the license granting was issued, the central securities depository is obliged to send to A.S.F. the copy of the certificate for registration of entries, respectively the new registration certificate if the change occurred requires registration with the Trade Register Office and, as applicable, issue of a new certificate.

Art. 30. – (1) The decision authorizing the change in conditions to have relied upon the operating licence of the central securities depository shall be issued based upon a request, accompanied by the following documents, as applicable:

- a) Decision of the statutory body in the central securities depository as per the provisions of the articles of association;
- b) Foundation of the change and/or completion of the procedures provided by Art. 29 par. (1) sub-par. a);

- c) Prior approval of B.N.R. for any change brought to the settlement system and the regulations related thereto;
- d) The updated articles of association of the central securities depository for the changes set out under Art. 29 par. (1) sub-pars. c), d) and e);
- e) Documents set out under Art. 13 of the Commission delegated Regulation (EU) no. 392/2017 for the changes provided by Art. 29 par. (1) sub-par. b);
- f) Proof as to legal holding of the premises needed for operation, as a certified true copy for the changes provided by Art. 29 par. (1) sub-pars. c) and d);
- g) Branch office's internal regulations for organization and operation, as well as the documents certifying to the fulfilment of requirements under Art. 32 par. (2) for the changes provided by Art. 29 par. (1) sub-par. d);
- h) Proof of payment into A.S.F.'s account, as applicable, of the fee to authorize changes in regard to organization and operation manner;
- i) Any other information A.S.F. may reasonably request with a view to review the documentation.

(2) A.S.F. is entitled to request that changes be adopted in regard to the documents mentioned under par. (1) if they infringe upon the provisions of this regulation, Regulation (EU) no. 909/2014 and the technical standards issued in its implementation and/ or other statutory provisions in force.

Art. 31. - (1) Where changes occur in how the central securities depository is organized and it operates with regard to the change and completion of the policies and procedures set out under Art. 7 par. (1) sub-par. a), 11 par. (1) sub-par. b), 12 par.(3) sub-par. b), 15 par.(1) and (2) sub-par. a), 16 sub-par. c), 19, 20, 24 par.(1) sub-par. a) and b), 26 sub-par. a) and c), 28 par. (1), 29 and 36 sub-par. c) of the Commission delegated Regulation (EU) no. 392/2017 the central securities depository shall notify A.S.F. on these changes 30 days at the most before they are to enter into force, enclosing copies of the supporting documents.

(2) A.S.F. is entitled to request amendment of policies and procedures mentioned under par. (1) if they infringe upon the Regulation (EU) no. 909/2014 and the technical standards issued in its implementation.

(3) If ASF requests change of procedures as per par. (2), the deadline for their entering into force shall be deferred until such time as ASF shall confirm the completeness of the information sent.

(4) The confirmation mentioned under par. (3) shall be made within 15 days at the latest since the completions requested have been sent.

(5) Where there are changes as to the manner of organization and operation of the central securities depository involving change of descriptions/information requested at the time the application for licensing was submitted as per the requirements imposed by Regulation (EU) no. 909/2014 and the technical standards issued in its implementation, the central securities depository shall send the respective descriptions/information suitably updated.

Art. 32. - (1) The central securities depository may conduct its business in a different locality than that where the registered office is, by setting up branch offices.

(2) The branch office needs to have an organisational structure permitting the carry out, under safe, prudent and transparent conditions, of the activity of central securities depository and to cumulatively comply at least with the following requirements:

a) own premises suitable to conduct its business, to be under the sole use of the central securities depository;

b) ensure the technical equipment necessary at the respective registered office so that the branch office may carry out its activity;

c) the person managing the branch office must fulfil the requirements provided by Art. 19;

d) have its own organization and operation regulation, endorsed by the board of directors or, as applicable, the directorate of the central securities depository, to comprise special provisions on the records and control within the branch office, as well as its staff's duties and responsibility;

e) legally use an information system to fulfil the functions provided by Art. 26.

(3) Summarizing report for the operations conducted within branch offices shall be delivered on a daily basis to the registered office/ headquarters of the central securities depository.

(4) On a monthly basis, all documents relating to the activities conducted by branch offices shall be sent in original with a view to archiving to the registered office/ headquarters of the central securities depository, based upon a delivery- receipt protocol.

Art. 33. - The central securities depository must maintain the requirements imposed on the branch offices' licensing during the whole term of their operation, notifying A.S.F. on any change.

CHAPTER III

Operation of the central securities depository

SECTION 1

Admission of financial instruments, other than derivatives, and of participants in the central securities depository system

Art. 34. - (1) All financial instruments, other than derivatives, issued by issuers established in Romania, that are admitted to trading on a regulated market or within another trading venue shall be registered with the central securities depository's system established in every member state, complying with the provisions of Art. 49 of the Regulation (EU) no. 909/2014 and ensuring support for processing the corporate events in accordance with the legal provisions, rules issued and contracts concluded with issuers and participants in its system.

(2) Upon issuers' request, financial instruments, other than derivatives, freely transferable that are not traded on a regulated market or within a different trading venue may be admitted in the central securities depository's system.

Art. 35. - (1) Financial instruments, other than derivatives, shall be mandatorily registered in the central securities depository's system before being traded within a regulated market or in a different trading venue, based on the contract concluded with the respective financial instruments' issuer.

(2) With a view to registering financial instruments in the central securities depository's system, the issuer for which the central securities depository provides the service provided by point 1 or 2 in Section A of the Annex to Regulation (EU) no. 909/2014, should provide at least the following information and documents:

a) issuer's identifying data, to comprise the corporate name and identifier of the legal entity (LEI) under the appropriate format, provided by Table 2 in Annex IV of the Implementing Regulation (EU) no. 394/2017;

b) registered capital, number of shares and their par value, number of financial instruments and value of the issue, as applicable;

c) class of financial instruments;

d) rights and obligations relating to the financial instruments issued, as well as indication of every limitation of the voting right exercise and deadlines to fulfil the obligations arisen from holding the respective financial instruments;

e) surname, given name, position of the person or persons authorized to represent the issuer, name of the contact person, as well as signature specimens;

f) copy of the financial instruments' registration certificate with A.S.F., should the respective financial instruments been subject to a public offer;

g) application for admission on a regulated market or within another trading venue, if applicable;

h) decision made by the issuer's statutory body with regard to registration of financial instruments in the central securities depository's system.

(3) As regards the financial instruments issued in a certificated form, the provisions of par. (2) shall be completed by the decision of the issuer's statutory body on the financial instruments' immobilization and dematerialization.

(4) The issuer shall send to the central securities depository, under electronic format, the list of legal holders of the respective financial instruments and data regarding their identity, to comprise:

a) for natural persons: surname, given name, personal identification number (CNP for Romanian holders or a similar unique code for foreign holders), series and number of the identity document, address, locality, administrative- territorial unit (County for Romanian holders), country, nationality, e-mail address; for resident natural persons, the information in the fields County and Locality shall be mandatorily be filled in in accordance with the SIRUTA Nomenclature, published by the Romanian Government; if the investor registered does not hold full exercise capacity, the legal representative's name shall be indicated, identification data in the identity document, address, residence or mailing address, legal document based on which he/she is authorized as the investor's legal representative;

b) for legal persons: corporate name, VAT registration no./ tax code (CUI) for Romanian legal persons or the similar unique code for foreign legal persons, running number with the Trade Register, registered office, locality, administrative- territorial unit, state of origin, e-mail address and legal representative's name; for resident legal persons, the information in the fields County and Locality shall be mandatorily filled in in accordance with the SIRUTA Nomenclature, published by the Romanian Government;

c) for entities without legal personality: corporate name of the entity, its legal representative's identifying data;

d) for financial instruments held as undivided co-ownership by two or more investors, their name needs to be mentioned, as well as the name of the one authorized to represent them;

e) guarantees or encumbrances over the financial instruments, indicating the date of their establishment and obligations deriving thereof.

(5) The issuer is responsible for all the information and documents set out under pars. (2), (3) and (4), provided to the central securities depository.

Art. 36. – The contracts concluded by the central securities depositories with issuers and their participants have to:

- a) Make express reference to the provisions of Law no. 297/2004, Law no. 24/2017 on issuers of financial instruments and market operations, hereinafter referred to as *Law no. 24/2017* and of regulations issued in their implementation, Regulation (EU) no. 909/2014 and this regulation;
- b) Be prepared in accordance with the legal provisions mentioned in Law. No. 297/2004, Regulation (EU) no. 909/2014 and in this regulation;
- c) Contain a clause with regard to the fact that the regulations and procedures of the central securities depository complete the contract's clauses;
- d) Stipulate the contract's validity period and modalities to renew it;
- e) Establish procedures and terms for waiver to the respective contract.

Art.37. - (1) The contracts for provision of services concluded by the central securities depository with issuers, with a view to fulfilling the issuer's obligations toward holders of financial instruments shall refer to, without limitation:

- a) payment of dividends, in accordance with the provisions of Art. 86 par. (5) of law no. 24/2017;
- b) payment of interest or principal, in accordance with the provisions of Art. 86 par. (5) of Law no. 24/2017;
- c) issuance of documents certifying to the voting right within the general meeting of holders of financial instruments;
- d) registration of corporate events with results in financial instruments;
- e) carry out of operations relating to the exercise of preference right with a view to purchasing new shares;
- f) collecting options for corporate events where holders of financial instruments are entitled to opt for results they are to receive further to the corporate event.

(2) Pursuant to the provisions of Art. 86 par. (5) of Law no. 24/2017, the central securities depository is responsible for payment toward the participants in the settlement system of dividends and any other sums owed to holders of financial instruments, and participants are responsible for transferring them without delay to the holders of financial instruments.

Art. 38. - The central securities depository shall advise all its participants, A.S.F. as well as the regulated market or other trading venue, as applicable, of admission of financial instruments on the business days following the conclusion of the admission procedure of issuer's financial instruments.

Art.39. - (1) The requirements for participation in the settlement system of the central securities depository are those provided by Art. 33 of Regulation (EU) no. 909/2014 and by Chapter XIII to the Commission delegated Regulation (EU) no. 392/2017.

(2) The central securities depository shall, within a business day, notify A.S.F. on the admission of participants in the system.

Art. 40. - (1) The central securities depository shall suspend or, as applicable, withdraw from the system the participants deregistered from the ASF's Register, as well as those who no

longer fulfil the admission criteria and preservation in the system, as per own rules and procedures.

(2) The central securities depository shall notify A.S.F, within 2 business days, on any suspension or withdrawal from the system of participants no longer fulfilling the criteria for admission and preservation in the system.

SECTION 2

Notary service and central maintenance with respect to financial instruments, other than derivatives

Art. 41. - The central securities depository shall register financial instruments, other than derivatives, traded on a regulated market or within a different trading venue in accordance with the provisions of Art. 147 of Law no. 297/2004, Regulation (EU) no. 909/2014, this regulation and the contracts concluded with issuers of financial instruments.

Art. 42. - (1) In accordance with the provisions of Art. 146 par. (4) of Law no. 297/2004, issuers must conclude contracts for the provision of services with the central securities depository.

(2) Under the contracts stated at par. (1), issuers have the obligation to hand over the financial instruments subject to contracts for depositing.

Art. 43. – Safekeeping of deposited financial instruments, as well as the carry out of any operation in connection thereto shall be made by registering the financial instruments in electronic accounts opened with the central securities depository.

Art. 44. - The central securities depository may maintain the following accounts systems:

- a) individual accounts of financial instruments opened under the names of financial instruments owners, other than derivatives;
- b) global accounts of financial instruments opened by participants where financial instruments, other than derivatives, are registered.

Art. 45. – The central securities depository shall highlight distinctly for accounts of financial instruments provided by Art. 44 sub-par. a):

- a) financial instruments held on behalf of and for the account of participants;
- b) financial instruments held on behalf of and for the account of participating clients;
- c) financial instruments subject to a guarantee contract, concluded by complying with the legal provisions in force;
- d) financial instruments subject to seizure/ stopping;
- e) financial instruments of owners that are not highlighted into accounts administered by participant.

Art. 46. - (1) In the case of accounts of financial instruments set out under Art. 44 sub-

par. b), participants in the central securities depository's system are obliged to open and maintain sub-accounts for own clients and register daily holdings for every client in their own records.

(2) Sub-accounts set out under par. (1) shall be highlighted as such that separation of the financial instruments held on own name and those held on behalf of clients is ensured.

(3) Sub-accounts provided under par. (1) may be:

a) individual accounts of financial instruments under the name of owners of financial instruments;

b) global accounts of financial instruments on behalf of other entities authorized to open accounts of financial instruments for their clients.

(4) The participants and/or, as the case may be, the central securities depository has the following obligations:

a) ensure the safekeeping of financial instruments registered in the accounts kept by them;

b) facilitate receipt or exercise of rights relating to financial instruments by own clients;

c) execute instructions given by their own clients, as per the contracts concluded with them;

d) not to use own clients' financial instruments without their explicit consent.

(5) Where there is a foreign participant in the central securities depository's system or, as applicable, of a foreign client or of a participant in the central securities depository's system, the central securities depository or, as applicable, the participant in the central securities depository needs to take the measures needed so as to ensure exercise of rights relating to the financial instruments the foreign participant in the central securities depository's system or, as applicable, the foreign client, may maintain on behalf of third parties.

Art. 47. – Upon request from A.S.F., any other institutions authorized by law or the central securities depository, the participants in the central securities depository opening global accounts of financial instruments shall report holdings to any investor as soon as possible. Within that meaning, participants are obliged to request and send the information needed so as to identify the owner of financial instruments and, as applicable, the actual beneficiary.

Art. 48. - (1) If the central securities depository comes into possession of documents relating to an issuer showing inconsistencies as compared to the data in the unitary record system, it must notify A.S.F. within one business day as of the date the respective inconsistencies were known.

(2) The central securities depository is entitled to refuse to follow the issuer's instructions or of any person authorized by it if by the respective requests the provisions of this regulation or the applicable legislation would be breached.

Art. 49. – With a view to ensuring access control and database security, the central securities depository sets out procedures for licensing, identification and monitoring of participants' employees and issuers to have access to its database.

Art. 50. - (1) Participants shall have access to the central securities depository only through employees to have attended training courses and to have received a password to access the central securities depository's system.

(2) Participants in the central securities depository shall be responsible for the conduct and operations carried out by their employees in the central securities depository's system.

(3) The internal control department's representative of intermediaries or, as applicable, the board of directors/ directorate of the other participants shall be directly liable for how the employees use access to the database of the central securities depository and must notify at once the central securities depository on any change with regard to the list of employees to have access to its database.

(4) The provisions of par. (1) and (2) shall also apply for issuers of financial instruments, other than derivatives, to have established on-line connections with the central securities depository.

Art.51. – In order to protect databases, the central securities depository shall insert a confidentiality clause in the contracts it concludes with its employees for the data they operate and manage.

SECTION 3

Records of the central securities depository

Art.52. - (1) The central securities depository shall keep records of financial instruments, other than derivatives, under electronic form and shall own an information system capable of fulfilling the following data processing functions:

- a) execution of operations of transfer of financial instruments, other than derivatives, based upon the principle of double counting, by previously checking the following conditions:
 1. number of financial instruments, other than derivatives, credited is equal to the number of financial instruments, other than derivatives, debited and the number of financial instruments, other than derivatives, transferred from one account is equal to the number of financial instruments, other than derivatives, added to its account or accounts to which they are transferred;
 2. the account to be debited contains a sufficient number of financial instruments, other than derivatives;
 3. financial instruments other than derivatives, to be transferred are not rendered unavailable;
- b) change in the par value of shares and conversion of the financial instruments into shares.

(2) Participants in the central securities depository's system need to keep records of financial instruments, other than derivatives, under electronic form and need to hold an information system which fulfils the following data processing functions:

a) execution of operations of transfer of financial instruments, other than derivatives, between sub-accounts in a global account, based upon the principle of double counting, by previously checking the following conditions:

1. number of financial instruments, other than derivatives, credited is equal to the number of financial instruments, other than derivatives, debited and the number of financial instruments, other than derivatives, transferred from one account is equal to the number of financial instruments, other than derivatives, added to its account or accounts to which they are transferred;

2. the account to be debited contains a sufficient number of financial instruments, other than derivatives;

3. financial instruments other than derivatives, to be transferred are not rendered unavailable;
- b) change in the par value of shares and conversion of the financial instruments into shares.

(3) The central securities depository shall bear responsibility for identification of the owner of all financial instruments, other than derivatives, deposited in the system it manages, if the respective financial instruments, other than derivatives, are registered into individual accounts opened by the central securities depository under the name of owners of financial instruments, other than derivatives; if the financial instruments, other than derivatives, are registered into individual and/or global accounts opened by participants in the central securities depository's system, the respective participants in the central securities depository's system bear responsibility to identify the owner of such financial instruments, other than derivatives.

Art. 53. - (1) The central securities depository shall draw-up and keep records with regard to the identifying data of each issuer of financial instruments, other than derivatives, for which it provides the service set out under point 1 or 2 of Section A of Annex to Regulation (EU) no. 909/2014, which comprise at least the following:

- a) issuer's name;
- b) legal entity's identifier (LEI) under the appropriate format provided by Table 2 of Annex IV to the Implementation regulation (EU) no. 394/2017;
- c) country code in the appropriate format provided by Table 2 of Annex IV of Implementing Regulation (EU) no. 394/2017;
- d) registered capital, number of financial instruments, par value, value of the issue and class of financial instruments;
- e) surname, given name, position of the person or persons authorized to represent the issuer, contact person's name as well as signature specimens;
- f) ISIN code (for each issue of financial instruments) in the suitable format provided by Table 2 of Annex IV of the Implementing Regulation (EU) no. 394/2017.

(2) Issuers must bring any change to the attention of the central securities depository in data provided by par. (1), as per the rules and procedures of the central securities depository.

(3) Any changes made to the features of an issue of financial instruments of an issuer for which Romania is an origin member state whose financial instruments, other than derivatives, are registered in the central securities depository's system licensed by A.S.F. and are admitted to trading on a regulated market or in a different trading venue shall be operated by the central securities depository only after the delivery and in accordance with the certificate issued to such effect by A.S.F.

(4) The certificate mentioned under par. (3) shall be sent by the issuer to the central securities depository within two business days at the latest since it was sent to A.S.F.

Art.54. – Documents with regard to the record for each class of financial instruments, other than derivatives, should comprise of at least the following data:

- a) decision of the issuer's statutory body with regard to the issue of financial instruments, other than derivatives;
- b) description of the class of financial instruments, other than derivatives, and par value, as applicable;
- c) number of financial instruments, other than derivatives issued;
- d) ISIN code;

e) information with regard to payment of dividends, interests or other sums distributed, stating the registration date, value of dividend or sum distributed, tax withheld at source, if applicable, as well as date of payment.

Art.55. - (1) The records on investors, volume of financial instruments, other than derivatives, held by every investor and status of such financial instruments, other than derivatives, shall be made by:

- a) the central securities depository, for individual accounts of financial instruments, other than derivatives, administered by it on investors' behalf;
- b) participants, for global and individual accounts they administer.

(2) Every account shall be given a sole identification number, as per the procedures to be issued by the central securities depository.

Art.56. - (1) Electronic records for every individual account opened with the central securities depository should comprise at least the items required by the technical standards of regulation and implementation of Regulation (EU) no. 909/2014, as well as the following information:

- a) for natural persons:
 1. full name of the owner of financial instruments, other than derivatives, e-mail address;
 2. VAT registration number, personal identification number (CNP) for Romanian holders or an unique identification number for foreign holders;
 3. series and number of the identity document;
 4. usual address or residence;
 5. if the investor registered is represented by a legal representative, the name and identifying data shall be indicated, the legal document based upon which he is authorized as investor's representative;
- b) for legal persons:
 1. name, VAT registration number (CUI for Romanian legal persons or a similar unique code for foreign legal persons), registered office or the equivalent notion from the applicable legislation for foreign legal persons, country, email address;
 2. running number with the Trade Register;
 3. legal representative's name, to the extent the legal person provides it or the name of the authorized person;
- c) for holders without legal personality: entity's name, identifying and contact data of the legal representative, to the extent they are provided by the entity or its authorized representative; the authorized representative may also be the authorized intermediary who holds the financial instruments accounts opened under the name of the legal person's clients;
- d) for financial instruments held as undivided co-ownership by two or several investors, their name shall be indicated, as well as the name of the person authorized to represent them, if applicable;
- e) guarantees or encumbrances over the financial instruments, indicating the date they were set up and the obligations arising thereto;
- f) restricting the accounts of investors' financial instruments.

(2) For each account of financial instruments, other than derivatives, the central securities depository and/ or participants shall record the following information:

- a) the account's unique identification number, pursuant to Art. 55 par. (2);

- b) number of financial instruments held;
- c) guarantees or encumbrances over the financial instruments;
- d) restrictions over the account of financial instruments;
- e) information about any increase or reduction of the number of financial instruments registered in the account (operations' history).

Art.57. – Apart from the data and information on the issuers, financial instruments and investors' accounts, the central securities depository shall also keep and update the following records:

- a) monthly record, comprising the number of transfer instruction and requests received and settled, as well as of those unresolved;
- b) record on property transfers made in the central securities depository's system, other than those arisen from transactions made on regulated markets and/or within other trading venues;
- c) records on the total number of each issuer's shares, the sum representing the principal for bonds issue or the total number of other financial instruments, issued and put into service.

Art.58. - (1) Participants in the central securities depository must promptly send all the information requested by the central securities depository, needed to organize records set out under Arts. 55 and 56 of this regulation, as well as to make the reporting provided under Art. 146 pars. (6) and (7) of the Law no. 297/2004.

(2) The central securities depository must ensure the participants the technical possibility to send the information mentioned under par. (1) in electronic format.

Art.59. - The records mentioned in this regulation shall be kept for at least 5 years, in the first year in an easily accessible place, and in a manner allowing access within 3 business days at the latest since A.S.F has so requested.

Art.60. - The central securities depository makes available to ASF, upon demand, all records and registrations provided by this regulation, Regulation (EU) no. 909/2014 and the technical standards for regulation and its implementation.

SECTION 4

Information provided to issuers and investors

Art.61. - (1) The central securities depository needs to ensure access to the issuer's authorised representatives and to issuers in an area designed especially for public relations.

(2) The central securities depository must, upon request, make available information on the respective issuer's register to the issuer's representatives as follows:

a) for natural persons: surname and given name, personal identification number (CNP) for Romanian holders or an unique identification number for foreign holders, series and number of the identity document, address, number of financial instruments owned at a certain date;

b) for legal persons: corporate name, VAT registration number/ tax code (CUI), registered office and number of financial instruments owned at a certain date;

c) for entities without legal personality: entity's name, legal representative's identifying data to the extent it is provided by the entity or of its authorized representative and number of financial instruments owned on a certain date.

Art.62. - (1) Changes made to the holders' accounts with regard to an investor's identifying data shall be registered by the central securities depository or by participants, in the case of global accounts of financial instruments, only based on documents certifying the changes requested for registration.

(2) The central securities depository or its participant is entitled to reject any application to register changes with regard to the information comprised in the investors' accounts if by operating such changes legal provisions would be infringed upon.

Art.63. – Upon request from holders of financial instruments or persons mandated by them by special authenticated power of attorney, the central securities depository shall issue either directly, or indirectly via intermediaries, as per their own procedure, the bank statement certifying their ownership, changes made to registrations in accounts and percentage held from the total financial instruments of the same class issued by the issuer.

Art.64. - The bank statement should at least comprise the following information:

- a) investor's identifying data: name/ corporate name, personal identification number (CNP) for Romanian holders or an unique identification number for foreign holders for natural persons; the VAT registration number/ tax code (CUI) for Romanian legal persons or an unique code for foreign legal persons or the legal representative's identifying data, to the extent it has been provided by the entity or of its authorized representative for an entity without legal personality;
- b) issue date of the bank statement;
- c) identifying data for the issuer of financial instruments owned by the investor, corporate name, registered office symbol and ISIN code;
- b) number and class of financial instruments registered under the investor's name;
- d) information about any restrictions or liens imposed on the financial instruments or their transfer;
- e) express mention in the statement's contents to show that the bank statement is not a security or negotiable instrument, but the proof to the fact that, on the indicated date the person whose name is on the bank statement is the holder of financial instruments referred to in the bank statement;
- g) identifying data of the bank statement's issuer, full name and signature of the person to issue the bank statement.

SECTION 5

Settlement cycle

Art.65. – (1) The settlement cycle for transactions with financial instruments, other than derivatives, made on regulated markets and in other trading venues lasts for 2 business days maximum (T +2 moment) since the date of the transaction (T moment).

(2) The central securities depository is bound to enforce measures to prevent and address cases of settlement fails, in accordance with the provisions of Arts. 6 and 7 of Regulation (EU) no. 909/2014.

SECTION 6
Settlement finality and transfer of ownership

Art.66. - (1) The central securities depository issues procedures where the moment a transfer order is entered in the settlement system is expressly specified, as per Art. 169 par. (1) of Law no. 297/2004; it also states the moments where delivery of the financial instruments and pecuniary funds become irrevocable and unconditional, as well as the moment the settlement becomes final.

(2) The moments under par. (1) are applicable to all participants in the settlement system.

(3) The settlement system managed by the central securities depository is constituted in a way that it prohibits unilateral revocation of a transfer order from the time established by the respective system's rules (moment of irrevocability).

(4) The transfer orders and compensation are valid, produce effects and are binding upon third parties even if the insolvency proceedings are opened over a participant (in the system concerned or in an interoperable system), subject to such transfer orders entering in the system before the moment the insolvency proceedings were opened.

(5) A.S.F shall notify the central securities depository and entities managing the trading venue on the decisions for opening the insolvency proceedings, received pursuant to the provisions of Art. 170 par. (2) of Law no. 297/2004 and Art. 6 pars. (2), (3) and (4) of Law no. 253/2004, at the opening of the following trading session at the latest, from which moment entry into the system of any transfer order into the entity concern's account is prohibited.

Art.67. – For cross-border transactions, the settlements timetable needs to be adapted to the operating hours of the TARGET system (Trans-European Automated Real-time Gross Settlement Express Transfer), system managed by the European Central Bank, which allows trans-European real-time settlement transfer into euro.

Art. 68. - (1) In accordance with the provisions of Art. 145 of Law no. 297/2004, the transfer of ownership over the financial instruments takes place on the transaction's settlement date, into the settlement system managed by the central securities depository.

(2) Registration of ownership is made by debiting/ crediting the financial instruments accounts.

(3) For global accounts, participants have to debit/credit in their own records the accounts of financial instruments of clients who ordered transactions, as soon as such transactions 'settlement was finalised.

Art. 69. – The financial instruments purchased may be alienated as of the time they were purchased, as per the rules of the market where the respective financial rules are traded and the rules of the central securities depository/

Art.70. - (1) By way of exception to the provisions of Art. 68 par. (1), the central securities depository may operate direct transfers of ownership over the financial instruments, as an outcome of:

- a) succession;
- b) severance of the joint tenancy;
- c) assignment by the issuer of own shares to staff;
- d) issuer's acquiring of its own shares, further to withdrawal from the company of shareholders disagreeing to the decisions made in the general meeting, in accordance with the statutory provisions in force;
- e) merger, division or winding-up;
- f) constitution/ increase of trading companies' registered capital, other than those of financial instruments, traded on the capital market and other than companies of financial investment services and investment management companies, by in-kind contribution representing shareholders issued by companies admitted to trading;
- g) enforcement of a final judgment;
- h) privatisation;
- i) acquiring of shares from the Ministry of Public Finance or from other legally qualified within the procedure executing budget claims;
- j) transfer to Fondul Proprietatea of the shares issued by the companies mentioned in the annex of title VII of Law no. 247/2005 on the reform in the fields of ownership and justice, as well as certain adjacent measures, as subsequently amended and supplemented, admitted to trading on the capital market;
- k) transfer of shares issued by Fondul Proprietatea from the Ministry of Public Finance's account into the account of entitled persons, as per the legal provisions;
- l) transfer of shares made between a parent company and its branch offices or between the branch offices of the same parent company, under A.S.F.'s approval;
- m) purchase/ sale of shares by the tenderer, under the conditions of Art. 42 and 43 of Law no. 24/2017;
- n) transfer request from under one of spouses' names under the name of both of them, as joint holders of financial instruments;
- o) documents for good consideration or free of charge, concluded between relatives of persons related to the fourth degree included, and/or legal persons controlled by such persons, subject to the activity of the respective legal persons not being subjected to supervision and licensing by A.S.F., by cumulative fulfilment of the following requirements:
 1. none of the parties involved in a transaction of this kind is not or, as a result of such a transaction, does not become a significant shareholder;
 2. the aggregate volume of such transactions does not exceed, over a 12 months period, 1% of the total number of financial instruments of the same type and class, put into circulation by the respective issuer;
 3. document concluded by the parties mentioned is authenticated by a notary public;
- p) enforcement of chattel mortgages or financial collaterals by appropriation of financial instruments subject to the chattel mortgage or, as applicable, the financial collateral by the creditor/beneficiary;
- q) other transmissions of rights, qualified as direct transfers by A.S.F's regulations;
- r) other transmissions of rights, as per special laws or regulations in force, by A.S.F's express approval.

(2) Transfers of ownership over the financial instruments provided by par. (1) shall be operated by the central securities depository within 3 days since the application was drawn-up and full documentation requested for every case separately was submitted.

(3) For direct transfers of ownership over financial instruments, representing at least 10% of the issuer's registered capital, the central securities depository is bound to immediately notify A.S.F and the regulated market or a different trading venue, as applicable.

(4) The central securities depository is responsible if it makes the direct transfers of ownership over financial instruments without receiving suitable instructions.

(5) The central securities depository shall notify A.S.F., within 3 business days as of registration, with regard to the situations identified concerning requests for direct transfer of ownership over financial instruments they deem contradictory or subject to interpretation, as well as on the objections lodged with regard to the transfers already made.

Art. 71. - (1) By way of exception to the provisions of Art. 68 par. (1), the central securities depository may operate transfers of financial instruments as a result of lending operations of financial instruments and operations of constitution/ reimbursement of financial collaterals by transfer of ownership.

(2) Transfers of the financial instruments provided by par. (1) are operated by the central securities depository on the date indicated by the parties involved.

(3) By way of exception to the provisions of Art. 68 par. (1), participants in the central securities depository's system may operate transfers of financial instruments into own back-office systems, as an outcome of lending operations of financial instruments and operations of constitution/ reimbursement of financial collaterals by transfer of ownership between own clients whose holdings of financial instruments are highlighted within the same global account.

(4) Under exceptional and duly justified circumstances, the central securities depository may operate direct transfers of ownership to correct some previous transfers made erroneously, solely for the purposes of restoring the correct situation about the ownership over the financial instruments in its records. The central securities depository is responsible for carrying out these direct transfers of ownership, being bound to report to A.S.F., within 3 business days since registration, for each direct transfer made to such regard.

SECTION 7

Management of settlement risks

Art.72. - (1) In order to manage risks relating to settlement operations, the central securities depository may establish a guarantee fund, made up of contributions from each participant in the settlement system, as per own procedures, for the proper operation of the settlement mechanism of transactions for which settlement is not guaranteed by a central counterparty.

(2) The guarantee fund provided by par. (1) may not be used for other purposes than those mentioned.

Art.73. - (1) The guarantee fund may not be included in the assets of the central securities depository and it may not be subject to request or payment of the central securities depository's creditors.

(2) Provisions of par. (1) apply including for bankruptcy or administrative winding-up of the central securities depository.

Art.74. – Participants in the central securities depository must participate in the guarantee fund’s establishment.

Art.75. – The contribution amount to the guarantee fund shall be determined by the central securities depository’s regulations.

Art.76. - Establishment of guarantee fund contributions shall be made as per the central securities depository’s regulations, to contain including restrictive provisions with regard to the circumstances where they are not established to the requested amount.

Art.77. - The central securities depository shall review and evaluate, at least annually, the methodologies as regards the requirements to establish the guarantee fund, taking account of the periods of turmoil of the regulated market and/or other trading venues.

Art.78. – With a view to managing settlement risks, the central securities depository may, in addition to the obligation of establishing and maintaining the guarantee fund, establish other risk-control mechanisms, including by ensuring the infrastructure needed to facilitate lending of financial instruments for participants within the settlement system.

SECTION 9

Transparency conditions

Art.79. - (1) The central securities depository shall publish and update regularly at least the following information, including in an international language, on its own website;

- a) articles of association of the central securities depository;
- b) legal framework governing the settlement system;
- c) class and type of financial instruments, other than derivatives, registered with the central securities depository ;
- d) law governing the contractual relationship established between the central securities depository and participants in the system;
- e) registered office and/ or secondary places of business, as applicable, where activities specific to the central securities depository are pursued;
- f) law governing the ownership rights over the financial instruments, other than derivatives, kept in the system;
- g) rules with respect to the lending of financial instruments and use of guarantees related thereto;
- h) rules about unsuccessful settlements;
- i) compensation schemes protecting investors in the event the intermediary is unable to fulfil its obligations;
- j) rules about the establishment/evaluation/ reimbursement/execution of financial collaterals and chattel mortgages;

- k) governance system of the central securities depository, as per Art. 26 par. (4) of Regulation (EU) no. 909/2014;
 - g) shareholding of the central securities depository and particularly the identity and value of interests held by any party able to exercise control over the central securities depository's functioning, as per Art. 27 par. (7) of Regulation (EU) no. 909/2014;
 - j) governance system of the users committee needed to secure its independence, as per Art. 28 par. (2) of Regulation (EU) no. 909/2014;
 - k) criteria on participation, pursuant to the provisions of Art. 33 of Regulation (EU) no. 909/2014;
 - l) prices and commissions related to the basic services listed in section A from the annex to Regulation (EU) no. 909/2014 it provides, as per Art. 34 of the same regulation
 - m) protection levels and costs related to the various levels of segregation it provides, as per Art. 38 par. (6) of Regulation (EU) no. 909/2014;
 - n) rules regulating the finality of transfers of securities and pecuniary funds within the settlement system of the financial instruments, as per Art. 39 par. (3) of Regulation (EU) no. 909/2014;
 - o) principal indicators and financial statements with regard to the central securities depository's activity.
- (2) The central securities depository is responsible for the accuracy of information about the settlement system published on the website and it is bound to review it at least once a year.

SECTION 10

Management services of collateral over financial instruments kept in the system

Art.80. - (1) Chattel mortgages over financial instruments subject to chattel mortgage contracts shall be established and executed by their distinct entry and highlight into special accounts, opened under the name of the chattel mortgage's establisher in the central securities depository's system, as per the rules of the central securities depository.

(2) The mortgages mentioned under par. (1) fulfil the publicity requirement to be binding and determination of the mortgages' rank in priority since they were registered with the central securities depository. Registrations shall indicate the amount of financial instruments mortgaged, covered bond and identity of the person establishing the mortgage, debtor of the covered bond (if they are different from the mortgage's establisher) and the mortgage creditor.

(3) Deregistration of chattel mortgages is made by the central securities depository according to its own rules issued to such effect, under the law.

(4) The rank of chattel mortgages shall be determined depending on the order chattel mortgage are registered, in accordance with the provisions of par. (1). Within the meaning of this paragraph, the entry order is given by the moment of entry into the accounts mentioned under par. (1), moment recorded by indicating the exact date and time (expressed into hours, minutes and seconds) in the document issued by the central securities depository confirming entry of the chattel mortgage.

(5) If parties agree with regard to enforcement of chattel mortgage, the creditor sells the mortgaged financial instruments in its favour, via an intermediary, on a regulated market or in a different trading venue, using the "special-order-sale" method, by complying with the regulations applicable.

(6) For the chattel mortgage's forced execution, the creditor shall sell, under exercise of the bailiff, the financial instruments mortgaged in its favour, via an intermediary, on a regulated market or in a different trading venue, using the "special-order-sale" method, by complying with the regulations applicable.

(7) In the event of forced execution based upon the Civil procedure code, the bailiff proceeds to exploitation of the financial instruments subject to stoppage/ seizure using an intermediary, on a regulated market or in a different trading venue, using the special-order-sale" method, by complying with the regulations applicable.

(8) If the claim may not be extinguished by the sale of financial instruments subject to stoppage/ seizure or chattel mortgage, the creditor may take possession, on account of claim, the financial instruments offered for sale, the central securities depository having to operate transfer into the creditor's account, as per Art. 70 par. (1) sub-par. p).

(9) The chattel mortgage contract should provide a modality to assess the financial instruments subject to the chattel mortgage if the chattel mortgage is enforced by the creditor's appropriation of the respective financial instruments into the claim's account.

(10) Both in the use of the individual accounts system, and when using global accounts' system, as per the C.N.V.M. Regulation no. 5/2010 on the use of global accounts system, implementation of mechanisms with or without pre-validation of financial instruments, performance of securities lending operations, operations of establishing associated guarantees and short selling operations, approved by C.N.V.M Order no. 10/2010, hereinafter referred to as *C.N.V.M. Regulation no. 5/2010*, operations of establishment and execution of chattel mortgages are carried out by their distinct entry and highlight into special accounts opened under the name of the person establishing the chattel mortgage into the central securities depository's system, related to the accounts provided by Art. 44 sub-par. a).

(11) The central securities depository shall update daily the mortgaged financial instruments' market value and shall notify the mortgage value both to the person establishing the mortgage, and to the creditor of the covered bond, in accordance with its own regulations issued to such regard.

(12) The establisher of the mortgage may alienate the mortgaged financial instruments only under previous notification of the central securities depository on the intent to alienate the respective financial instruments. The notice shall be made by the establisher through the participant whereby the financial instruments' alienation shall take place and shall comprise the amount and features of the mortgaged financial instruments to be alienated. In the case of alienation of the mortgaged financial instruments, the mortgage shall be displaced over the pecuniary funds or over other financial instruments arisen from the mortgaged financial instruments' alienation.

(13) If the person who established the mortgage alienates the mortgaged financial instruments, he must notify the creditor of the covered bond, subsequently to alienation, with regard to the substitution of the initial mortgage with financial instruments and/or pecuniary funds to cover the covered amount set out by the mortgage contract. The covered bond's creditor may request supplementation and/ or change of the financial instruments and/or of the respective pecuniary funds, in accordance with the provisions of the mortgage contract and the legal provisions applicable.

(14) The central securities depository shall update the information about the chattel mortgage in its own system, in accordance with its own rules relating to registration of chattel

mortgages and based upon the instruments concluded by the parties to the mortgage contract to such effect and ensures their suitable publicity in accordance with its own regulations.

Art.81. - (1) Financial collateral over the financial instruments subject to financial collateral contracts are established by their separate entry and highlight into the accounts provided under Art. 44.

(2) The documentary evidence should allow identification of the financial collateral, being considered sufficient to prove that the transmissible financial instruments by entry to account, subject to the collateral arrangement without transfer of ownership, are registered into the credit of the account stated under par. (1) or it constitutes a credit over this account.

(3) The transmissible financial instruments by entry into account, subject to the financial collateral contract with transfer of ownership, are made available to the guarantee's beneficiary, who shall gain property over them.

(4) If parties to the financial collateral contract so set out, the beneficiary may be entitled to use the financial collateral under the conditions provided by the respective contract and by complying with the provisions of the Government Ordinance no. 9/2004, approved with subsequent amendments and supplementations by Law no. 222/2004, with subsequent amendments and supplementations.

(5) The transfer of the financial instruments subject to the contract shall be made, in the case of the financial collateral contract, as follows:

a) by the central securities depository's system, as per Art. 71 par (1) and (2); or, as applicable:

b) in back-office systems of participants in the central securities depository's system, as per Art. 71 par. (3).

(6) Where using the individual accounts system provided by the C.N.V.M. Regulation no. 5/2010, the operations of establishing financial collaterals by transfer of ownership shall reflect in the central securities depository by a transfer of financial instruments between the accounts involved, as per suitable instructions, received from the participants involved, in the format provided by the central securities depository's regulations. When the individual accounts system is used, registration of financial collaterals without transfer of ownership shall be reflected in the central securities depository into individual accounts by blocking the financial instruments subject to collateral without transfer of ownership, as per the regulations of the central securities depository applicable.

(7) Where using the global accounts system provided by the C.N.V.M. Regulation no. 5/2010, the participants in the central securities depository's system must register in their own records the blocking of the financial instruments subject to collateral without transfer of ownership or other liens and to instruct at once the central securities depository about the reflection of locks in the global accounts, by sending suitable instructions, in the format provided by the central securities depository's regulations. Participants in the central securities depository's system must register the unfreezing of the financial instruments having been subject to collateral without transfer of ownership or other liens in their own records and instruct the central securities depository immediately about the reflection of unfreezing in the global accounts, by sending suitable instructions, in the format provided by the central securities depository's regulations.

(8) The central securities depository shall update daily the market value for the financial instruments affected by the financial collateral and shall notify the financial collateral's value both to the financial collateral's provider, and to the financial collateral's beneficiary, in accordance with its own regulations issued to such effect. The participant shall update the market value of the financial instruments affected by the financial collaterals daily, in accordance with its own regulations issued to such effect.

(9) Where a different cause determining the enforcement of collateral, its beneficiary may enforce the financial collateral made available by sale or appropriation of the financial collaterals subject to the collateral arrangement, by complying with the provisions of the Government Ordinance no. 9/2004, approved with amendments and supplementations by Law no. 222/204, as subsequently amended and supplemented.

(10) If the financial collateral arrangement sets out the enforcement modality by the sale of the respective financial instruments, the beneficiary shall sell the financial instruments affected by the financial instruments affected by the financial collateral, by an intermediary, on a regulated market or in a different trading venue using the "special-order-sale" method.

(11) Appropriation of the financial instruments subject to the financial collateral arrangement without transfer of ownership is possible only if parties have set out in the financial collateral contract without transfer of ownership, this possibility to enforce the financial collateral without transfer of ownership and, at the same time, have provided a modality to assess the financial instruments.

(12) If the financial collateral arrangement without transfer of ownership provides for an enforcement modality by appropriation of the respective financial instruments, the beneficiary of the financial collateral may take possession, on the claim's account, the financial instruments concerned, the central securities depository would operate the transfer into the beneficiary's account, as per Art. 71 par. (1) and (2).

Art.82. - (1) The forced execution of chattel mortgages, financial collateral or, as applicable, the forced execution initiated further to the instituting of the stoppage/ seizure procedure over the financial instruments are carried out in accordance with the provisions of Law no. 287/2009, republished, as subsequently amended, of the Government Ordinance no. 9/2004, approved by subsequent amendments and supplementations by Law no. 222/2004, as subsequently amended and supplemented and A.S.F. regulations applicable, including this regulation.

(2) Publicity of the financial instruments' sale operations in the event of forced execution shall be made by the entity managing the trading venue where the financial instruments concerned are admitted to trading via its communication system. The commissions collected by the entity managing the trading venue in connection with these publicity services shall be established by it as per its own regulations and they shall notified to A.S.F.

(3) On the date the bailiff notified that forced execution procedures have been initiated over the financial instruments, the central securities depository or, as applicable, the relevant participant in the central securities depository's system shall proceed to the preservation of the financial instruments concerned in the accounts they are registered.

Art. 83. - (1) Operations of registration and deregistration of the stoppage/seizure over certain financial instruments, other than derivatives, registered in the central securities depository's system for which the central securities depository is appointed as the issuer's central

securities depository, shall be conducted by entering and separately highlighting such financial instruments, other than derivatives, into special accounts opened under the name of the holder/debtor of the respective financial instruments in the central securities depository's system, both if individual accounts system is used, and if global accounts system is used, as per the C.N.V.M. Regulation no. 5/2010, according to the central securities depository's regulation, under the law.

(2) The measures stated under par. (1) fulfil the publicity requirement in order to be binding since their registration with the central securities depository , under the law.

(3) Deregistration of the seizure/ stoppage over certain financial instruments registered with the central securities depository's system shall be made by the central securities depository as per its rules, under the law.

Art. 84. - (1) Upon receipt, by the central securities depository, from the bodies/ persons qualified of a request to institute seizure/stoppage over the financial instruments, other than derivatives, registered with the central securities depository's system, the central securities depository must notify the participants immediately, in accordance with its own regulations issued to such effect.

(2) Upon receipt by the central securities depository of the notice provided under par. (1), participants in the central securities depository must confirm immediately receipt and not to carry out any other operations in relation to the financial instruments concerned outside their transfer as per par. (3).

(3) Participants in the central securities depository must transfer immediately, but no later than the day the notice set out by par. (1) was received, the financial instruments concerned into special accounts opened under the name of the respective financial instruments' holders /debtors in the central securities depository's system, in accordance with their own regulations issued by the central securities depository to such regard, with a view to registering the seizure/stoppage in the central securities depository and block their transfer.

(4) The central securities depository does not levy any fee for the transfer of financial instruments, other than derivatives by the participants in the central securities depository as per par. (3).

(5) If the financial instruments concerned are registered into individual accounts opened with central securities depository's system, the central securities depository must register the seizure/stoppage immediately into special accounts opened under the name of the holder of the respective financial instruments/ debtor in the central securities depository's system and to freeze their transfer.

(6) If the number of financial instruments, other than derivatives, transferred by participants as per par. (3) exceeds the amount of financial instruments constituting the subject of the seizure/stoppage, the central securities depository shall transfer the balance in the accounts opened by participants in own system, as per the regulations issued by the central securities depository to such regard.

CHAPTER IV

Supervision of the central securities depository

Art.85. - (1) Supervision of the central securities depository with regard to compliance with the requirements imposed when the license was granted, orderly and transparent carry out of notarized services, centralised management and settlement of financial instruments, as well as with regard to the meeting of requirements on investor protection shall be made by A.S.F., based upon the reporting, information and records set out by this regulation, in the Regulation (EU) no. 909/2014, Commission delegated Regulation (EU) no. 392/2017 and by inspections carried out at the registered office of the central securities depository.

(2) Supervision of the settlement system managed by the central securities depository shall be made by A.S.F and B.N.R as per the duties specific to each institution.

(3) The central securities depository shall, upon request from B.N.R., send the necessary reports and information with regard to the settlement activity with a view to B.N.R.'s meeting of duties for assessment of the systemic risk induced by the settlement systems with systemic importance or of particular importance.

(4) Review and assessment of the central securities depository shall be conducted in accordance with the provisions of Art. 22 of Regulation (EU) no. 909/2014, chapter V of the Commission delegated Regulation (EU) no. 392/2017 and Chapter II of the Implementing Regulation (EU) no. 394/2017.

Art. 86. - The central securities depository shall notify A.S.F. at once at least the following circumstances:

- a) breach of regulations and procedures of the central securities depository by participants in the system, as well as measures adopted;
- b) significant errors of the technological structures and of the information systems;
- c) planing activities corresponding to the central securities depository's objectives;
- d) breach of capital market's legislation and regulations issued by A.S.F.;
- e) any relevant event which may have an impact over its organisation and functioning.

Art.87. - (1) The central securities depository must send to A.S.F. all decisions made by the general meeting of shareholders and of the board of directors/ board of supervisors with regard to notary services, centralised management and settlement of financial instruments, with 10 days at the latest since the meetings occurred.

(2) Upon request from A.S.F, the central securities depository shall send the protocols relating to the meetings held by the general meetings of shareholders.

Art.88. - The central securities depository must send annually to A.S.F. within 150 days at the latest since the financial year was closed, the following information and documents:

- a) annual financial statement;
- b) report of the financial auditor and the internal auditor;
- c) report of the board of directors/ board of supervisors;
- d) list of issuers with which it has concluded the deposit agreement;
- e) list of participants admitted to the system;
- f) structure of shareholders of the central securities depository by indicating the number and type of shares held for each shareholder, as well as the percentage of shares entitling to voting rights;
- g) activity report of the central securities depository drawn-up by directors or members of directorate and approved by the board of directors/ board of supervisors;

- h) list of custodian agents;
- i) list of payment agencies;
- j) list of compensating participants;
- k) list of companies with which a register contract has been concluded, other than that from sub-par. d);
- l) internal audit annual report.

Art.89. - (1) The activity report mentioned under Art. 88 sub-par. g) shall be drawn-up and submitted by taking account of the following organizational requirements:

- a) separation of the risk management, technology, compliance and internal control functions, as well as the procedure for managing conflicts of interests;
- b) control of operations, by specifying liens an responsibilities, with regard to monitoring and correcting irregularities especially;
- b) reporting procedures at different levels of the management structure, by specifically indicating the reporting of errors occurred an measures taken to remove them;

(2) The report mentioned under par. (1) should at least consist of the following:

- a) organisation chart and functional structure;
- b) delegation of duties;
- c) structure of the internal control system;
- d) measures taken to ensure orderly operation of notary services, centralised management and settlement, with special reference to the technical means and compliance with regulations, keeping accounts, registering transfers of ownership, as well as measures taken with a view to fighting against money laundering;
- e) evaluation of measures adopted to limit risks, by underlining any operational issue arisen;
- f) principal results of the control activity on all levels of the organisational structure.

(3) The synthetic activity report of the central securities depository containing information sent to A.S.F., as per the provisions of Art. 88, shall be published on its own website, within the time limit set out at Art. 88.

Art.90. - (1) The central securities depository must send to A.S.F., within the legal deadline set out by A.S.F.'s regulations, the semi-annual accounting reports, to comprise the following statements:

- 1. statement on assets, liabilities and equity;
- 2. statement on income and expenditure;
- 2. informative data.

(2) The central securities depository must send quarterly to A.S.F. a report consisting of the following information:

- a) statement on assets, liabilities and equity and the statement on income and expenditure, complying with the structure of the semi-annual reports;
- b) statement on highly liquid financial assets;
- c) causes to have led to the occurrence of certain changes as compared with the previous quarterly reports' content, if applicable.

(3) Quarterly reports shall be sent to A.S.F. 45 days since the end of each quarter at the latest.

Art.91. - (1) For the purposes of A.S.F. exercising its duties of supervision of the central securities depository activity, the depository's financial auditors shall report to A.S.F. any fact or act in liaison with the activity of the central securities depository under the conditions and by complying with the terms set out by Art. 260 of Law no. 297/2004.

(2) The information comprised by the financial auditor's report set out by par. (1) with regard to the settlement operations carried out by the central securities depository shall be sent to B.N.R. as well.

Art. 92. - The central securities depository shall notify A.S.F. t once and, as applicable, B.N.R., with regard to any alliance or cooperation which may have an impact over the notary services' organization and functioning, centralized and settlement management.

Art. 93. - (1) Upon request from A.S.F., the central securities depository shall provide any information and/or document in connection with the activity its conducts, including with regard to financial instruments and participants admitted to the settlement system, as well as data and information with regard to transfer orders between accounts, consistency between the number of financial instruments registered into the accounts opened in the central securities depository's system and the number of financial instruments issued.

(2) Data and information may be obtained by:

- a) regular flows of information under electronic form, in which data is processed in the modality set out by A.S.F;
- b) punctual requests concerning certain pieces of information, under electronic form or on paper.

Art. 94- (1) The central securities depository must report the occurrence of any incident related to the settlement activity to A.S.F.

(2) The report shall be sent by the end of the settlement day where it is ascertained that, on the settlement date, one or several participants do not have sufficient liquid assets in the settlement account to cover the payment liability or do not have sufficient financial instruments available into their account.

(3) The report shall contain the following information: volume and value of transactions aimed, data the respective transactions took place and the date they were settled, ISIN of the financial instruments aimed, participants in the settlement system and compensating participants involved, reasons leading to the settlement incident, measures ordered, measures adopted by the participants in the settlement system or compensating participants involved.

Art. 95. - Any act or fact that is likely to have significant consequences over transparency, orderly carry out of notary services and investor protection, as well as over the settlement services' organization and operation, must be notified to A.S.F. and, as applicable, B.N.R., within 2 days as of the occurrence date.

CHAPTER V Penalties

Art.96. – Breach of this regulation’s provisions shall be punished as per the provisions of Title X of Law no. 297/2004 and Title V of the Regulation (EU) no. 909/2014.

Art.97. – Penalties imposed by A.S.F. shall be made public, both in A.S.F.’s Bulletin, and on its website, in accordance with the provisions of Art. 62 of Regulation (EU) no. 909/2014.

CHAPTER VI Transitional and final provisions

Art.98. – Judicial insolvency and bankruptcy of the central securities depository and participants in the central securities depository’s system shall be subjected to the provisions of Law no. 85/2014 on insolvency prevention procedures and on insolvency procedure, as subsequently supplemented, as well as the special provisions of Title IX of Law no. 297/2004.

Art. 99. - (1) Where the companies “Depozitarul Central” S.A. and “Depozitarul Sibex” S.A. intend to provide settlement services pursuant to the provisions of the Regulation (EU) no.909/2014, they shall submit to A.S.F., within the time limit provided by Regulation (EU) no. 909/2014 a request for licensing as central securities depository, accompanied by the necessary documentation, as per the provisions of this regulation, except for the document provided by Art. 8 sub-par. f).

(2) By the time A.S.F. adopts decision with regard to the licensing/ withdrawal of the operating license for entities mentioned under par. (1), the provisions of C.N.V.M. Regulation no. 13/2005 on the authorisation and operation of the central securities depository, clearing houses and central counterparties, as subsequently amended and supplemented shall be further applicable for the operation and supervision of the respective entities.

(3) A.S.F. shall, by adopting a decision, withdraw the operating license of the Company Depozitarul Central” S.A. and “Depozitarul Sibex” S.A. within maximum 60 days:

- a) as of the date of the end of the period set out under par. (1) if the entities mentioned fail to submit the request for licensing as per par. (1);
- b) as of the date A.S.F. has rejected the request for licensing.

(4) In the circumstances described in par. (3), the board of directors/board of supervisors/directorate shall only accomplish administration acts, within the meaning of preserving the existent assets on the date set out by par. (3) sub-par. a) or, as applicable, b) and/or within the meaning of supervising settlement and quick and orderly transfer of clients and participants’ assets to another settlement agent if the license is withdrawn as per Art. 57 par. (5) of Regulation (EU) no. 909/2014 and shall send A.S.F. a report in relation thereto.

(5) The acts of administration mentioned under par. (4) shall be accomplished within 60 days maximum as from the date provided by par. (3) sub-par. a) or, as applicable, sub-par. b).

(6) On the date of entry into force of decisions provided by par. (2) with regard to licensing/ withdrawal of the operating license in consequence of request for licensing’s rejection, in accordance with the provisions of Regulation (EU) no. 909/2014, the following shall be repealed:

- a) C.N.V.M. Regulation no. 13/2005 on the authorisation and operation of the central securities depository, clearing houses and central counterparties, approved by Order of National Securities Commission no. 60/2005, published in the Official Journal of Romania, Part I no. 983 and 983 bis of 4 November 2005, as subsequently amended and supplemented;
- b) Order of measures of the National Securities Commission no. 3 dated 26/04/2007;
- c) Order of measures of the National Securities Commission no. 2 dated 20/01/2010;
- d) Order of measures of the National Securities Commission no. 5 dated 23/02/2012;
- e) Order of measures of the National Securities Commission no. 18 dated 10/10/2012;
- f) Order of measures of the National Securities Commission no. 27 dated 20/12/2012;¹
- g) Any other contrary provisions comprised by C.N.V.M/A.S.F. regulations.

(7) If none of the entities mentioned under par. (1) submits an application for licensing as per par. (1), the provisions of regulations mentioned under par. (6) shall be repealed on the date decision to withdraw these entities' operating license is issued.

(8) If the date of entry into force of the licensing or withdrawal of license for the Company "Depozitarul Central" S.A. and "Depozitarul Sibex" is not on the same day, the provisions of regulations mentioned under par. (6) shall be repealed on the following day in which the individual act issued by A.S.F. enters into force for the second of the two entities.

Art. 100. – (1) This regulation shall be published in the Official Journal of Romania, Part I and in the Financial Supervisory Authority's Bulletin and shall enter into force on its publication date in the Official Journal of Romania, Part I.

(2) The provisions of this regulation with regard to the operation and supervision of a central securities depository shall enter into force on the date the provisions of C.N.V.M. Regulation no. 13/2005, mentioned under Art. 99 par. (2) would no longer be applicable.

President of the Financial Supervisory Authority

Leonardo Badea

Bucharest, 27/09/2017
No. 10

¹ Documents provided by Art. 99 par. (6) sub-par. b)-f) have not been published in the Official Journal of Romania, Part I