

Regulation no. 1/2019 on the assessment and approval of members of the management structure and persons holding key positions in entities regulated by the Financial Supervisory Authority

Pursuant to the provisions of Art. 2 para. (1), Art. 3 para. (1) (b), Art. 6 par. (2) and art. 28 of Government Emergency Ordinance no. 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority, approved with amendments and additions by Law no. 113/2013, as amended,

In accordance with the provisions of:

- Art. 173 para. (1) letter t) and art. 179 para. (4) of Law no. 237/2015 on the authorisation and supervision of insurance and reinsurance activity, as amended;
- art. 2 para. (1), art. 15, art. 19, art. 21, art. 26-33, art. 122 para. (2) and para. (3) letter d), art. 123 letter c), art. 129 para. (3) letter d), art. 130 letter c), art. 132, art. 135 para. (4) - (6), art. 162 para. (1), art. 166, art. 174, art. 176 para. (2) and art. 188 of Law no. 126/2018 on markets in financial instruments;
- art. 64 para. (2) - (4), art. 65 and art. 70 letter b) of Law no. 411/2004 on privately administered pension funds, republished, with subsequent amendments and additions;
- art. 22 para. (2) and (3) and art. 23 of Law no. 204/2006 on voluntary pensions, as amended;
- art. 22, art. 24, art. 26, art. 38 para. (1) letter a) of Law no. 1/2020 on occupational pensions;
- art. 1 para. (2), art. 4 para. (1) and (4), art. 9 para. (1) letter c) and para. (7), art. 11, art. 12, art. 14, art. 22-24, art. 45 para. (3), art. 73, art. 75 and art. 178 para. (1) letter a) of Government Emergency Ordinance no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as amending and supplementing Law no. 297/2004 on the capital market, approved with amendments and additions by Law no. 10/2015, as amended;
- art. 1 para. (6), art. 5 para. (1), art. 7 para. (2) letter a) and c), art. 8 para. (1) letter b), art. 10 para. (1), art. 11, art. 12 para. (1) letter e), art. 13 para. (1) and art. 15 para. (1) and (3), art. 39 and art. 47 of Law no. 74/2015 on Alternative Investment Fund Managers, as amended and supplemented, and
- art. 21, art. 22, art. 40, art. 42, art. 61 para. (2) and (3) and art. 62 Commission Delegated Regulation (EU) no. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council as regards exemptions, general conditions for business, depositaries, leverage, transparency and supervision,

according to the deliberations of the Board of the Financial Supervisory Authority at its meeting of 16.01.2019

The Financial Supervisory Authority hereby issues this Regulation.

CHAPTER I

General provisions

SECTION 1

Scope and definitions

ARTICLE 1

Purpose of the Regulation

(1) This Regulation lays down the criteria and procedures applicable by the A.S.F. and the regulated entities for the assessment and approval/notification of persons proposed for appointment to management structures and for the exercise of key positions in entities regulated by the Financial Supervisory Authority, hereinafter referred to as A.S.F.

(2) repealed

(3) The provisions of this Regulation shall not apply to credit institutions, insurance intermediaries, legal entities marketing agents and specialised legal entities in the field of private pensions, legal entities appointed agents or guarantee-compensation funds.

ARTICLE 2

Definitions

(1) The terms and expressions used in this Regulation, with the exception of those referred to in paragraph 1, shall not be used in this Regulation. **(2)** shall have the meanings set out in the specific legislation applicable to the financial supervision sector referred to in Article 2 para **(1)** letters **(a)** to **(c)** of Government Emergency Ordinance no. 93/2012 on the establishment, organisation and functioning of the Financial Supervisory Authority, approved with amendments and additions by Law No 113/2013, as amended and supplemented, as well as in the specific legislation as defined in para. **(2)** letter **o)**.

(2) In addition, for the purposes of this Regulation, the following terms and expressions shall have the following meanings:

a) suitability - the totality of the qualities and attributes on the basis of which a person is considered to be of good character and who has, individually and, where appropriate, collectively with others, the knowledge, skills and experience to perform the specific duties of the position; suitability also covers each person's honesty, integrity and independent thinking and the ability to devote sufficient time to perform his or her duties;

b) collective suitability - the totality of the qualities and attributes of the entire composition of the management structure that apply to regulated entities for which the specific legislation applicable to that entity so provides;

c) approval - the issuance of an individual act of authorisation, approval of a assessed person;

d) professional competence and experience - the body of knowledge, both theoretical and practical, and skills acquired by a person in the course of his or her work;

e) conflict of interest - a situation or circumstance which may arise in the operational or decision-making process in which the personal interest, direct or indirect, of persons evaluated within the regulated entity conflicts with the interest of the regulated entity in such a way as to affect or be likely to affect the independence and impartiality of decision making, professional judgment or the timely and objective performance of the duties of the office or which by their nature could affect the integrity or stability of the entity or the financial market;

f) board - the administrative board in the case of administration in the single system, the supervisory board in the case of administration in the two-tier system;

g) executive/senior management - persons who, according to the instruments of incorporation and/or the decision of the statutory structures of the regulated entity, are empowered to direct and coordinate the day-to-day business of the regulated entity and have the power to bind the company,

i.e. the directors, in the case of unitary management, or the management board, in the case of two-tier management; this category does not include persons who are directly responsible for the management of the divisions and branches of the regulated entity;;

h) financial-banking sector - banking market and non-banking financial markets supervised by the National Bank of Romania and A.S.F. or by equivalent competent authorities of other Member States of the European Union, of the European Economic Area or of third countries;

i) regulated entity - a company authorised, regulated and supervised by A.S.F., which carries out the activities and operations provided for in the legislation specific to the financial supervision sector;

j) group entity - an entity within the scope of consolidation of the financial statements, including entities subject to prudential consolidation requirements under the provisions of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, hereinafter Regulation (EU) No 575/2013;

k) significant entity - a regulated entity that is considered significant in terms of the nature, scale and complexity of its business, such as:

(i) market operators, central depository and central counterparty;;

(ii) regulated entities, authorised by A.S.F., which are admitted to trading on a regulated market or other trading venue;

(iii) financial investment services firms which are registered as an independent operator, operating a multilateral trading facility or an organised trading facility, and those which meet the criteria set out in Article 1(2) and (5) of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 and which are referred to in Article 7(1) of the Regulation of the Financial Supervisory Authority No 3/2014 on certain aspects related to the application of Government Emergency Ordinance No 99/2006 on credit institutions and capital adequacy;

(iv) investment management companies (IACs) and alternative investment fund managers (AIFMs) with a market share of at least 5% in one of the two segments, i.e. UCITS or AIF according to the UCITS and AIF market information published quarterly by A.S.F.;"

(v) insurers meeting the conditions laid down in Article 3 (2) and (3) of Law No 246/2015 on the recovery and resolution of insurers, as well as reinsurers;

(vi) managers of private pension funds;

l) independent thinking or independence of mind - the ability of members of the governance structure to express their own opinions, make objective judgements and take decisions independently during debates

m) induction - any process or programme carried out with a view to the preparation and effective installation of the person to occupy a particular position within the governance structure;;

n) training - any process or programme undertaken to improve the knowledge, skills and experience of members of the governance structure on an ongoing basis or for a specific purpose or circumstance;

o) specific legislation - national primary legislation, directly applicable European regulations, as well as secondary legislation issued by A.S.F., related to the category/type of the regulated entity;

p) key position holder - a person whose duties have a significant influence on the achievement of the strategic objectives of the regulated entity, who is not part of the management structure, performing within the regulated entity, in accordance with the specific legislation of the financial supervision sector, as appropriate, the duties of::

- (i) risk assessment and management (risk management);
- (ii) compliance and/or internal control as required by specific legislation;
- (iii) internal audit;
- (iv) investment manager, within private pension fund managers;;
- (v) actuary;
- q) assessed person - a person proposed by a regulated entity to hold a position as a member of the governance structure or to hold a key position
- r) the principle of independence - refers to the situation in which a member of the board has no personal or professional relationship or present or concluded relationship with the regulated entity or its management in the last 3 or, as the case may be, 5 years, according to Article 1382 of the Company Law no. 31/1990, republished, as amended and supplemented, which could influence the objective and balanced judgment, i.e. the competence to decide independently
- s) the principle of proportionality - seeks to relate the complexity and detail of policies, processes and procedures relating to the suitability of persons assessed to the nature, scale and complexity of the risks inherent in the business conducted by the regulated entity;
- t) personal relationship - the relationship of kinship or affinity up to and including the fourth degree;
- u) professional relationship - a business or employment relationship currently in existence or terminated less than 3 years ago;
- v) financial supervision sector - one of the three activity sectors supervised by A.S.F., namely the financial instruments and investments sector, the insurance-reinsurance sector, the private pension system sector;
- x) management structure - members of the board and members of the executive/senior management..

SECTION 2

General provisions on the application of the Regulation

ARTICLE 3

Approval or notification of persons under assessment

- (1) Regulated entities shall submit to A.S.F. for approval, prior to the commencement of the exercise of their duties:
 - a) members of the management structures of the regulated entities;
 - b) persons appointed to the key positions referred to in Article 2 (2) (p) (i), (ii) and (iv), with the exception of persons holding the critical positions and key positions referred to in Article 1 (2) (18) and Article 26 (1) f) of Law no. 237/2015 on the authorisation and supervision of insurance and reinsurance activity, as amended, as follows:
 - (i) where the specific duties of a key position are shared between more than one person designated by the regulated entity, the individual approval of each person shall be sought;
 - (ii) if the specific duties of a key position are shared among several persons designated by the regulated entity, the individual approval of each person shall be required;
- (2) Regulated entities shall notify A.S.F., at least 15 working days before the start of the exercise of their duties, of the persons holding the following positions:
 - a) persons exercising the key positions referred to in Article 2 (2) (p) (iii) and (v);
 - b) repealed**
 - c) the key positions and other critical positions referred to in Article 1 (2)(18) and Article 26(1) letter f) of Law no. 237/2015, as subsequently amended and supplemented
 - (3)repealed**
- (4) The notification referred to in paragraph. (2) shall be drawn up in accordance with the form set out in Annex No 2 and shall be accompanied by the result of the assessment referred to in Article 28 and the statutory declaration

set out in Annex No 1, filled in by the persons proposed to perform the key position/critical position respectively, in the case of insurance and reinsurance firms.

(5) Where the law applicable to the regulated entity permits the outsourcing of key positions, it shall be carried out in accordance with the conditions laid down in that law; the notification provided for in paragraph (2) shall include the details and information on the natural person who will actually perform those positions and shall be accompanied by a copy of the contract concluded between the regulated entity and the natural person/legal entity taking over the positions

(6) The regulated entity cannot be exempted from liability and its liability cannot be limited by entrusting the duties and obligations specific to the key position to another entity, natural or legal person.

(7) Where regulated entities establish branches in Member States or third countries, the persons authorised to represent the branches shall be assessed by the regulated entities in accordance with the provisions of this Regulation and notified to A.S.F.

ARTICLE 4

The proportionality principle

(1) For the purpose of the effective application of the principle of proportionality according to the type of regulated entity, the following criteria shall be taken into account, without being limited to them:

a) the classification of the regulated entity as a significant entity or, where appropriate, the size of the entity in terms of total balance sheet assets, assets belonging to investors, members and beneficiaries of the private pension scheme owned, managed or administered or, where appropriate, the volume of transactions carried out by the regulated entity or entities in the same group or the volume of assets of insurance and reinsurance undertakings;

b) the form of legal organisation of the entity, including whether it is part of a group and, if applicable, the proportionality assessment for the group;

c) whether the entity is admitted to trading on a regulated market/multilateral trading facility;

d) the type of authorised activities and services performed;

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

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

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

h) the entity's ability to use internal models to determine capital requirements, where relevant;

i) type of clients;

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

(2) Assessed persons must demonstrate that they meet the requirements of good repute, honesty and integrity and independent thinking, irrespective of the nature, scale and complexity of the risks inherent in the activities of the regulated entity.

CHAPTER II

Suitability of persons assessed

SECTION 1

Suitability requirements for persons under assessment

ARTICLE 5

General provisions

(1) In order to ensure prudent and sound management of regulated entities, the persons assessed shall comply with and maintain, throughout their business activities, the requirements contained in this Regulation relating to:

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

(2) The verification of compliance with the individual suitability requirements of the persons assessed shall be carried out by the regulated entities and A.S.F. respectively in the following situations:

- a) in the case of submission of documentation for the initial authorisation of the regulated entity;
 - b) in the case of changes to the management structure, including:
 - (i) appointment of new members to the management structure, including as a result of plans to acquire qualifying holdings in regulated entities, in which case the suitability assessment shall be carried out only for the newly appointed persons in the management structure;
 - (ii) the appointment of the person(s) in a different capacity from that previously assessed or if the requirements of the position have changed;
 - (iii) appointment for a new term of office of a person who has previously been approved by the A.S.F. to the board or executive/senior management of the same regulated entity
 - c) if the risk profile and business plan changes significantly;
 - d) in case of appointment of new persons to key positions;
 - e) in the monitoring and supervisory process of regulated entities.
- (3) The assessment for approval of a person who has been previously assessed and approved by A.S.F. in the same position in the same regulated entity shall be carried out in compliance with the provisions of Article 30 para. (6).

ARTICLE 6

Obligations of regulated entities in the adequacy assessment process

(1) Regulated entities shall verify compliance with the requirements laid down in this Regulation and shall assess in advance the suitability of the persons for whom they apply for approval or whom they notify to A.S.F.

(2) Without prejudice to the powers of the A.S.F., regulated entities shall be responsible for the initial assessment and ongoing monitoring of the individual suitability of the persons assessed and, where applicable, the collective suitability of the members of the management structure.

(3) Regulated entities shall establish appropriate policies and procedures for the assessment of initial and ongoing suitability of the persons being assessed in accordance with the provisions of this Regulation and the specific legislation in force.

(4) Regulated entities shall ensure that the persons assessed do not pose a potential risk that could lead to the vulnerability of the entity, and to this end shall in particular consider whether those persons:

- a) are of good repute;
- b) holds sufficient knowledge, skills and experience to perform their specific duties;

c) are able to act with honesty, integrity and independent thinking to evaluate and challenge executive/senior management decisions and any other decisions when necessary and to effectively supervise and monitor the decision-making process;

d) may allocate sufficient time, where they hold more than one position, for the performance of the duties associated with the positions within the regulated entities and, where applicable, in accordance with the specific legislation applicable, subject to the limitation on the number of management positions that may be held simultaneously.

(5) The assessment of knowledge, skills and experience and the allocation of sufficient time to perform the specific duties of the position concerned should take into account the duties and responsibilities of the person concerned; the requirements as to the level and nature of knowledge, skills and experience may be different for members of the management structure who also exercise executive/senior management positions.

(6) Regulated entities shall continuously monitor the suitability of persons assessed in order to identify, in the context of any relevant new data, situations where a reassessment of their suitability needs to be carried out. A reassessment shall be carried out taking into account the matters referred to in Article 27(2), in particular in the following cases:

a) where there is evidence of a change in the reasons why the member of the governance structure or the person occupying a key position was considered suitable;

b) where there is a real negative impact on the reputation of the person being assessed or the regulated entity, including where members of the governance structure do not comply with the regulated entity's conflict of interest policy;

c) where there are documented reasonable grounds to suspect that money laundering/terrorist financing (ML/TF) has been or is being committed or attempted;

c¹) where there is an increased risk of ML/TF in relation to the regulated entity, in particular where the information available to the A.S.F. indicates that the regulated entity:

(i) has not implemented an adequate internal control system or supervisory arrangements to monitor and mitigate ML/TF risks;

(ii) breaches obligations to prevent and combat ML/TF in Romania, the host Member State or a third country;

(iii) has significantly changed its business plan/model in a way that indicates that its exposure to ML/TF risk has significantly increased.”

d) in all situations which may significantly affect the suitability of the person being assessed.

(7) Regulated entities shall reassess the allocation of sufficient time for the performance of duties in the event that a member of the management structure assumes a new/additional management position or starts other relevant activities, including those of a political nature.

(8) Regulated entities shall assess the suitability of the members of the governance structure in accordance with the provisions referred to in Section 6 - Governance, taking into account, as appropriate, the diversity of the members of the governance structure, as referred to in Article 9, and implement the suitability policy and processes referred to in Articles 19 to 22 and Chapter III Section 1 - Assessment of suitability by the regulated entity.

(9) The provisions of Article 5 para. (1) and (2) shall also apply for the purposes of the collective suitability of the members of the management structure, regulated entities shall ensure that the management structure collectively possesses, on an ongoing basis, the appropriate knowledge, skills and experience to understand the business of the entity, including the main risks.

(10) Regulated entities shall reassess the collective suitability of the members of the management structure in at least the following situations:

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

- b) as part of the review of internal governance measures/procedures by the management structure, impacting on the collective suitability criteria of the members of the management structure;
- b¹) in the case of identification of the situations referred to in paragraph 1. (6) letters (c) and c¹)
- c) in all circumstances that may significantly affect the collective fitness of the management structure.

(11) Where collective suitability reassessments are carried out, regulated entities shall consider relevant changes in activities, strategy and risk profile, the distribution of responsibilities within the management structure and the consequences of those changes in relation to the overall knowledge, skills and experience of the management structure

(12) Regulated entities shall assess the collective suitability of the members of the management structure taking into account the requirements referred to in Article 23.

(13) Regulated entities shall be obliged to continuously monitor and report to the A.S.F. within a maximum of 5 working days from the moment of identification, situations arising after approval/notification relating to:

- a) non-compliance by the assessed persons with the requirements laid down in this Regulation,
- b) vacancy of a position within the management structure or of a key position.

SECTION 2

Objectives on the induction and training of members

ARTICLE 7

Induction and training of members

(1) Regulated entities shall ensure the allocation of sufficient resources for induction and training, individually and collectively, in order to obtain, maintain and deepen the knowledge and skills necessary to perform the duties of the members of the management structure.

(2) Regulated entities shall ensure:

a) on-going induction and training of members of the governance structure to facilitate their clear understanding of the relevant specific legislation, internal administrative rules and procedures, organisational structure, business model, risk profile and governance requirements;

b) tailored training programmes, including on updating or improving knowledge of the applicable regulatory framework, where appropriate.

(3) Regulated entities shall make available to members of the newly appointed governance structure key information on the matters referred to in paragraph (2)(a) within 30 days from the date of their appointment and their induction shall be completed within a maximum of 180 days from the date of their appointment, without prejudice to the rights and obligations attached to the performance of their duties

(4) Where a member of the management structure is assigned certain duties and responsibilities, his/her induction and training shall be aimed at completing the knowledge or improving the skills required to perform/fulfil those duties within an appropriate period of time, if possible before the actual performance of the duties or as soon as possible after the commencement of the performance of the duties. Regulated entities shall determine the necessary time interval, which shall not, however, exceed one year from the date of appointment or, as the case may be, from the date of assignment of certain duties/responsibilities, and shall notify the A.S.F. accordingly

ARTICLE 8

Induction and training policies, procedures and plans

(1) The management structure of regulated entities shall adopt and implement policies and procedures for the induction and training of members of the management structure both individually and collectively.

(2) Regulated entities shall implement induction and training policies, procedures and plans which include:

a) induction and training objectives for the governance structure separately for the board and for executive management/senior management and, where appropriate, objectives specific to particular positions depending on their responsibilities and involvement in committees;

b) areas where training of members of the governance structure is required, both individually and collectively;

c) the responsibilities for developing a detailed training programme and the position to which those responsibilities are assigned;

d) the financial and human resources available to ensure that training and education can be provided in accordance with established policy;

e) provisions allowing each member of the management structure to request an induction and training plan;

f) the process for evaluating the effectiveness of the training programme provided.

(3) Induction and training policies, procedures and plans shall be updated to take account of governance reviews, changes in strategy, new product and service offerings, legislative changes, market developments and other relevant changes.

SECTION 3

Objectives for diversity of skills within the governance structure

ARTICLE 9

Diversity within the governance structure

Regulated entities shall implement a policy to promote diversity within the management structure, which shall address at least the following aspects of diversity:

a) education and practical and professional experience;

b) gender, age and geographical origin, in particular for entities operating internationally;

c) quantitative criteria and measures to ensure a balanced gender representation in the governance structure;

d) employee representation within the significant entity, if applicable

e) equal opportunities and fair treatment for the promotion of staff to management positions, regardless of gender;

f) ensuring non-discrimination based on gender, race, colour, ethnic or social origin, genetic characteristics, religion or belief, membership of a national minority, property status, birth, disability, age or sexual orientation.

SECTION 4

Knowledge, skills and professional experience

ARTICLE 10

General requirements

(1) In order to ensure prudent, fair and efficient management of regulated entities, the persons assessed:

a) are graduates, with a bachelor's degree or diploma, of an institution of higher education;

b) have theoretical knowledge, skills and relevant practical and professional experience appropriate to the nature, scale and complexity of the regulated entities' business and the responsibilities assigned.

(2) For the assessment of practical and professional experience, account shall be taken of experience gained in previous positions

(3) The members of the management structure shall meet the general conditions laid down in Law no. 31/1990, republished, as amended and supplemented, and shall prove that:

a) they understand the day-to-day business of the regulated entity and the risks related thereto, at a level commensurate with their assigned responsibilities;

b) they have an adequate level of knowledge of the business, including those areas for which they are not directly responsible individually, but are responsible for them together with the other members of the management structure;

c) have a clear understanding of the governance requirements and principles, as well as of the regulated entity's business plan/model, assigned roles and responsibilities and, where applicable, group structure and potential conflicts of interest;

d) have the ability to contribute to the implementation of appropriate culture, values and behaviours within the governance structure and the regulated entities.

(3¹) Member of the executive management/senior management, directly responsible for the implementation of Law No 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain acts with subsequent amendments and additions, hereinafter referred to as Law No 129/2019, the regulations issued in application thereof and the administrative provisions incident to ML/TF:

a) must have an appropriate level of knowledge, skills and experience relating to the identification, assessment and understanding of ML/TF risks to which the regulated entity is exposed, with consideration of the business model and policies and procedures for preventing and combating ML/TF;

b) demonstrates an understanding of the extent to which the regulated entity's business model is exposed to ML/TF risks.

(4) Board members participate constructively in the decision-making process and provide effective oversight of executive/senior management.

ARTICLE 11

Criteria for assessing the adequacy of knowledge, skills and experience

(1) In assessing the suitability of the knowledge, skills and professional experience appropriate to the position to be held by the person being assessed, the following aspects shall be taken into account:

- a) the role and duties of the position concerned and the ability required to perform it;
- b) the knowledge and skills acquired through study, practice and training;
- c) practical and professional experience gained in previous positions;
- d) the knowledge and skills acquired and demonstrated through professional conduct as a member of a management structure or in other positions as appropriate.

(2) The assessment of the knowledge, skills and experience of a member of the management structure shall take into account, applying the principle of proportionality, theoretical knowledge and practical and professional experience relating to:

- a) financial markets;
- b) the regulatory framework related to the regulated entity's field of activity;
- c) strategic planning and understanding of an entity's business strategy or business plan/business model and its implementation;
- d) risk management (identification, assessment, monitoring, control and minimisation of the main types of risks of the regulated entity);
- e) application of accounting principles in financial auditing;

f) assessing the effectiveness of an entity's policies and procedures, ensuring effective governance, oversight and control systems;

g) interpreting entities' financial statements, identifying the main issues arising from the analysis of these statements, establishing internal control mechanisms and taking appropriate action.

(3) The regulated entity shall ensure that the requirement laid down in para. (2) letter e) is met by at least one non-executive member of the board of directors who is a member of the audit committee.

(4) For the purpose of assessing the suitability of the competences of the members of the governance structure, the role and tasks assigned to each member, if any, and the relevant skills/skills required shall be taken into account as set out in Annex 3.

(5) In applying para. (1) to (4) and, where applicable, Article 23, the members of the Board must have at least three years' relevant experience in the performance of their duties, unless otherwise provided by law.

(6) The persons appointed to provide executive/senior management shall individually have at least 3 years of experience in management positions and at least 5 years of practical and professional experience in the financial/banking sector or relevant specialist areas, in line with the nature of the business carried out by the entities, unless otherwise provided by law.

(7) By way of exception to the provisions of para. (6), depending on the nature and complexity of the entity concerned, the management experience of the designated persons may be less than 3 years but not less than 1 year.

(8) When evaluating the experience referred to in paragraph 1, the following shall be taken into account (6) acquired from previous positions, particular attention shall be paid to the following aspects:

- a) the nature of the post held and its hierarchical level;
- c) the nature and complexity of the activity, including information on the organisational structure of the entity in which he/she previously worked;
- d) the scope of competences, decision-making powers and responsibilities of the person;
- e) technical knowledge acquired in previous positions;
- f) the number of persons reporting to him/her in the case of management positions.

(9) If none of the members of the Board or of the executive/senior management proposed for approval is a Romanian citizen, documents shall be submitted showing that at least one of them knows Romanian or, failing this, proof of knowledge of Romanian shall be provided during the interview provided for in Article 31.

(10) Persons holding key positions within the regulated entity must have at least 3 years of experience in the duties to be performed and, where applicable, unless otherwise provided for by law, have attended training courses or passed the test on knowledge of the legislation in force specific to the field of activity of the financial supervision sector, organised by the training programme providers operating in the three financial markets under the supervision of A.S.F.

ARTICLE 11¹

Experience in competent authorities

Without prejudice to the provisions of Articles 24 to 26, for the assessment of the adequacy of the knowledge, skills and professional experience of the members of the governance structure, experience acquired in the competent authorities of

banking financial regulation/supervision if the persons assessed meet at least one of the following conditions:

a) have been members of the governing boards of the competent authorities concerned;

b) have at least 3 years' experience in management positions or at least 10 years' experience in executive positions in relevant organisational structures with regulatory/authorising/supervisory/control positions, including specific legal positions within the competent authorities concerned.

SECTION 5

Reputation, honesty and integrity

ARTICLE 12

General requirements

The assessed person shall be considered to be in good repute, honesty and integrity unless there are objective and demonstrable grounds for believing otherwise, taking into account, in particular, the information available with regard to the factors or situations referred to in Article 13; the assessment shall also take into account minor issues and situations which, in relation to their frequency, may have a significant impact on the assessed person's reputation.

ARTICLE 13

Criteria for assessing reputation, honesty and integrity

(1) Without prejudice to any fundamental rights, the reputation, honesty and integrity of the person under assessment, as referred to in Article 12, shall be called into question if there is any relevant evidence of, but not limited to, the existence of any of the following situations:

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

(i) offences under financial banking legislation, offences under legislation on preventing and combating money laundering and terrorist financing, market manipulation, misuse of confidential information or corruption offences;

(ii) offences related to property or other economic/financial crimes;

(iii) offences under tax law committed directly or indirectly, including illegal or prohibited dividend arbitrage schemes;

(iv) other offences under company, bankruptcy, insolvency and consumer protection law;

b) previous or ongoing measures and sanctions taken by any regulatory authority or professional body for non-compliance with any relevant provisions governing activities in the financial and banking sector or any of the situations referred to in point (a);

c) aspects relating to the professional performance as well as the financial soundness of the member of the governance structure, taking into account the following:

(i) the existence of entries in the tax record certificate;

(ii) the financial results of entities owned or managed by the member or in which the member under assessment has owned or holds a significant interest or influence; particular attention shall be paid to financial recovery, bankruptcy, liquidation proceedings and whether and how the member contributed to the situation that led to these proceedings;

(iii) personal bankruptcy;

d) the assessed person was in one of the following situations:

(i) has not shown transparency, openness and cooperation in dealing with regulators;

(ii) has been a member of the management structure of an entity which has been subject to a decision to refuse approval, for reasons related to the person being assessed, or a decision to sanction by a regulatory authority, or whose registration or authorisation has been withdrawn by a regulatory authority;

(iii) has been refused, withdrawn or prohibited from carrying out activities requiring registration or authorisation by a regulatory authority;

(iv) has been a member of the management structure of an entity which has entered into insolvency or involuntary liquidation during the period in which he has had a contractual relationship with that entity or within one year of the date of termination of that relationship with that entity, provided that he has been held liable for the entity's insolvency in accordance with the applicable provisions of the law governing insolvency or involuntary liquidation;

(v) has been fined, suspended or sanctioned for fraud, embezzlement or in connection with the provision of financial or data services;

(vi) has been removed or dismissed for cause, as defined by applicable law, from office as a director or from another managerial or other relevant position;

(vii) there is any other evidence or serious complaints or referrals based on relevant, credible and reliable information suggesting that the person is acting in a manner inconsistent with the rules of conduct.

(2) In applying para. (1), for the assessment of good repute, honesty and integrity shall be taken into account:

a) the relevant criminal proceedings, taking into account the type of conviction and the alleged offence, the role of the person evaluated, the penalty imposed, mitigating or aggravating circumstances, the stage of the criminal proceedings, the time elapsed since the offence was committed, the conduct of the person evaluated since the offence was committed or the criminal penalty was imposed, the relevance of the offence or the criminal penalty, the role of the person evaluated in committing the offence and the occurrence of rehabilitation cases;

b) the circumstances in which the offence was committed, the sanction or administrative measure applied, the seriousness of the offence for which it was ordered, the time which has elapsed since the date of its application and the attitude of the person after the sanction or measure has been applied;

c) own analyses or assessments and those carried out by the regulated entity relating to one of the situations referred to in points (a) and (b);

d) other aspects and circumstances relevant to the activity for which authorisation is sought.

(3) The following are taken into account:

a) ongoing investigations when they result from judicial, administrative or other similar investigations carried out by competent authorities or entities, without prejudice to fundamental individual rights;

b) any other adverse reports containing relevant, credible and reliable information such as that provided by a whistleblower;

(3¹) The person being evaluated shall submit the information referred to in paragraph (3) letter a) in the statutory declaration set out in Annex 1.

(2) On the basis of the information relating to the ongoing investigations, the regulated entity shall analyse and justify, if it decides to forward the request for approval to A.S.F., the maintenance of confidence in the assessed person from the point of view of the reputational risk to the regulated entity.

(3) If the request of the regulated entity in respect of the assessed person in the situation referred to in paragraph 4 is not complied with, the regulated entity shall, upon completion of the search, depending on the outcome of the search, reassess the person concerned and notify A.S.F. accordingly.

(4) The assessment by A.S.F. of the reputation, honesty and integrity of a person shall be made on the basis of information provided by the regulated entity, for the accuracy, completeness and truthfulness of such information the entity or the person assessed, as the case may be, shall be directly responsible.

SECTION 6

Governance

ARTICLE 14

General provisions

(1) Assessment of the fulfilment of the governance requirement set out in Article 5 para. (1) letter (c) refers to:

- a) the existence of a possible conflict of interest as defined in Article 2 para (2) letter (e);
- b) restrictions and incompatibilities between the position being evaluated and positions held in the same regulated entities or in other entities, as defined by specific legislation;
- c) the ability to carry out the work effectively and to allocate the appropriate time to it;
- d) the ability of the assessed person to carry out his/her duties independently and the relevant aspects that may result from the analysis of the information obtained, relating to:

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

(ii) personal, professional or other economic relationships with members of the management structure of the same regulated entities, of the parent company or of other entities of the group to which the regulated entities belong;

(iii) personal, professional or other economic relationships with shareholders who control regulated entities, the parent company or other entities within the group;

e) compliance with other specific suitability requirements for members of the management structure, as set out in the internal rules/statutory documents defining the suitability policy.

(1) For the purpose of assessing the independence of the members of the governance structure, at least the following shall be taken into account:

a) independent thinking - conduct that is applicable to all members of the management structure;

b) the principle of independence - imposed on some members of the Board.

(2) Regulated entities shall assess for each member of the management structure whether:

a) is able to give sufficient time to carry out its duties and responsibilities;

b) understands the scope of the regulated entity's business, its main risks and the implications of the business and risk strategy;

c) complies with the limitation on the maximum number of management positions in accordance with the provisions of the specific legislation applicable to the regulated entity concerned, if the person holds a mandate in a significant entity;

d) has the capacity to perform his/her duties also in periods of particularly intense activity, such as restructuring, relocation, acquisition, merger or takeover processes or in crisis situations or following major difficulties with one or more of its operations, bearing in mind that such periods may require a higher level of dedicated time than normal.

ARTICLE 15

Allocation of sufficient time

(1) In order to evaluate the time spent, according to Art. 14 para. (3) letter (a), regulated entities shall consider at least the following:

a) the number of management positions in financial and non-financial companies held simultaneously, taking into account the restrictions laid down in the specific applicable legislation, where applicable; possible simultaneous activities shall be taken into account if the positions are held within the same group, including situations where the assessed person acts on behalf of a legal entity or as an alternate of a member of the management structure;

b) the nature, purpose, scale and complexity of the activities of the entities in which it has an executive position, indicating whether the entity is not established in a Member State;

c) the geographical area of the member's residence and the travel time required to carry out the duties;

d) the number of meetings scheduled for the governance structure;

e) degree of involvement in management positions held by the member at the same time in entities that do not pursue predominantly commercial objectives;

f) the possibility of allocating time resources for any necessary meetings, in particular with competent authorities or other internal or external stakeholders, except for formal meetings of the management structure;

g) the nature of the member's position and responsibilities, including duties specific to any executive or non-executive position, chair or committee member, and the need for the member to attend meetings at the companies listed in (a) and (h) and at the regulated entity;

h) other professional, political and any other relevant positions and activities, both inside and outside the financial sector and both inside and outside the European Union;

i) the necessary induction and training;

j) any other relevant duties of the members of the management structure that regulated entities take into account when assessing the sufficient time commitment.

(2) Regulated entities shall have written rules on the positions, duties, responsibilities and necessary requirements of the different positions within the management structure, including the expected dedicated time required for each position, also taking into account the need to allocate sufficient time for induction and training.

(3) The regulated entity shall inform the member of the management structure of the time required to be dedicated and shall ask him or her to confirm in writing that he or she is able to devote this time to the performance of the position concerned, including the possibility of allocating additional time when he or she is in a particularly busy period.

(4) Once the members of the governance structure start working, the regulated entities:

a) monitor whether they allocate sufficient time to carry out their duties in terms of preparation for meetings and active participation and involvement in meetings;

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

c) keep records of all professional and political positions held by members of the management structure outside the regulated entities; these records shall be updated whenever a member notifies a change, as well as when such changes come to the attention of the regulated entities through other means;

d) reassess the ability of members to meet the time commitment required for the assigned position if changes occur from the situation presented at the previous assessment.

ARTICLE 16

Management positions held simultaneously

(1) The members of the management structure of the significant entities referred to in Article 2 letter k) (i) and (iii) shall confirm in writing that the number of management positions that may be held simultaneously has been complied with, in accordance with the provisions of the specific applicable legislation.

(2) In applying para. (1), the following shall be taken into account in determining the number of positions exercised at the same time:

a) if the management position involves both executive and non-executive responsibilities, the executive position will be taken as the reference;

b) if the assessed person who holds more than one managerial position is considered, under the specific legislation, to hold a single managerial position, that position shall be deemed to be:

(i) executive position, if it includes at least one executive management position;

(ii) non-executive office, if the requirement in (i) is not met;

c) management positions held within the same group shall be deemed to be a single position if the specific legislation so provides;

d) all the management positions held in companies in which the regulated entity has a qualifying holding and which are not subsidiaries of the same group shall be treated as a single management position in addition to the management position to be held in the regulated entity;

e) where more than one regulated entity in the same group holds qualifying holdings in other entities, the management positions related to the qualifying holdings shall, taking into account the consolidated financial statements of the regulated entity, be considered as one management position;

f) in the case of investment firms where a member of the management structure holds management positions in different entities or groups, all the management positions held within the same institutional protection scheme, established in accordance with Article 113 para. (7) of Regulation (EU) 575/2013, shall be considered as one single management position;

g) management positions in entities which do not pursue predominantly commercial objectives are not taken into account when calculating the number of management positions; such activities are taken into account when assessing the allocation of sufficient time devoted by the member concerned.

(3) In applying para. (2) letter (g) the activities of entities which do not pursue predominantly commercial objectives include:

a) charitable activities;

b) activities of non-profit organisations;

c) activities of companies established exclusively for the management of the private economic interests of the members of the management structure or their family members, provided that they do not involve the member of the management structure in the day-to-day management.

(4) The members of the governance structure shall notify the regulated entity of any changes to the information referred to in para. (2).

ARTICLE 17

Independent thinking and conflict of interest

(1) Regulated entities shall assess the independent thinking of each member of the management structure, taking into account ongoing behaviour and:

a) the skills required based on previous and ongoing conduct, particularly within the entity, where appropriate, including how they evaluate and appropriately validate or challenge decisions proposed by other members of the management structure;

b) the existence of conflicts of interest to an extent that would affect their ability to perform their duties independently and objectively.

(2) In applying para. (1) letter (b), regulated entities shall identify actual or potential conflicts of interest in accordance with the conflict of interest policy and procedures of the regulated entity and assess their significance taking into account the following:

- a) economic interests, such as: ownership rights, including shares, membership, equity and other economic interests, intellectual property rights, loans granted by the regulated entity to a company owned by members of the management structure;
- b) personal or professional relationships with shareholders holding qualifying holdings in the regulated entity;
- c) personal or professional relationships with its own staff or staff of entities included in the scope of consolidation;
- d) other present or past commitments;
- e) personal or professional relationships with interested entities such as: associates with material suppliers, consultants, other service providers;
- f) membership or ownership of a body or entity involving a conflict of interest;
- g) any professional or personal relationship with a publicly exposed person as defined in Article 3 para. (2) of Law no. 129/2019.

(3) The management structure of regulated entities shall adopt a formalised policy on the avoidance or minimisation of conflicts of interest and an objective process for its implementation that includes at least:

- a) the obligation of members to avoid, as far as possible, activities that could give rise to conflicts of interest;
- b) examples where conflicts of interest may arise in the exercise of the position of member of the management structure;
- c) a rigorous review and approval process for members prior to their involvement in certain activities, such as holding positions on other governing bodies to ensure that those activities will not create conflicts of interest;
- d) the obligation of members to promptly disclose, both to the entity and to A.S.F., matters that may give rise to or have already given rise to conflicts of interest, taking into account in particular the circumstances described in points a) to c);
- e) an obligation on members to abstain from voting in situations where they would have a conflict of interest or where their objectivity and ability to properly discharge their duties to the regulated entity would be impaired;
- f) appropriate procedures for transactions with group entities or other entities with which they have a personal or professional relationship so that they are carried out under objective conditions;
- g) how the management structure handles situations of policy violation.

(4) In the case of the market operator and the data reporting service provider, the policy adopted pursuant to para. (2) shall be published on its website and the identification of circumstances that could lead to the conflicts of interest referred to in para. (2) of a member of the management structure shall cover at least the following situations:

- a) is or has been within the regulated entity: a shareholder with a shareholding which reaches or exceeds 5% of the voting rights of the market operator or data reporting service provider, a person with managerial powers, otherwise directly associated with a shareholder whose shareholding reaches or exceeds 5% of the voting rights;
- b) is employed or has been employed within the last 18 months in an executive capacity by the market operator or other group entity;
- c) is or has been, within the last 18 months, a representative of an entity that provides or has provided advisory or consultancy services to the operator or other group entity or an employee significantly associated with the service provided;

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

e) is or has been a significant supplier or customer of a market operator or other group entity, is a director/manager or is otherwise directly or indirectly associated with a supplier or significant customer;

f) has or has had any significant contractual relationship with a market operator or other group entity other than as a member of the management structure.

(5) The independent judgment of a member of the governance structure shall not, as such, be deemed to be influenced by his or her status as a shareholder, holder or member of the regulated entity, by the holding of private accounts, by the taking of loans or by the use of other services offered by the regulated entity.

(6) The existence of a circumstance that could give rise to a conflict of interest does not automatically prevent a member or potential member from being part of the management structure of a regulated entity.

(7) Each member of the governance structure shall identify and present at meetings of the governance structure any circumstances that could give rise to conflicts of interest of the kind referred to in para. (2) and which could impair their ability to perform their duties objectively and independently.

(8) The governance structure shall assess any circumstances that may give rise to a conflict of interest and approve measures to manage and mitigate them, including abstaining from voting on any matter in which the member has a potential conflict of interest.

(8¹) In the evaluation process of the persons for which the approval of the A.S.F. is requested, the members of the board shall abstain from participating in the evaluation process, in the situation of carrying out their own evaluation as well as in the situation in which they consider that they are in a conflict of interest in relation to the persons evaluated, such as to affect the objectivity and neutrality of the evaluation process.

(9) Regulated entities shall notify the A.S.F. of situations of conflicts of interest that may affect the independent thinking of a member of the management structure, including the mitigating measures ordered.

ARTICLE 18

Principle of independence

(1) Significant regulated entities as defined in Article 2 para. (2) letter (k) shall have at least one independent member on the board.

(2) Significant entities shall consider and decide on the need to increase the number of independent members in accordance with Article 2 para. (2) letter (r); members representing employees of the regulated entity shall not be taken into account in determining the number of independent members.

(3) Independent board members contribute to enhancing the effectiveness of checks and balances in decision-making within the regulated entity by ensuring the following:

a) the interests of all stakeholders, including minority shareholders, are given due consideration in discussions and decision-making; diminishing or offsetting the dominance of individual members representing a particular group or category of stakeholders;

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

c) conflicts of interest between the regulated entity, internal working structures, other group entities and external stakeholders, including customers, are appropriately managed.

(4) When appointing the independent member of the board of the regulated entity, the criteria set out in Article 138² para. (2) of Law no. 31/1990, republished, as subsequently amended and supplemented.

ARTICLE 19

Suitability policy at the level of the regulated entity

(1) The governance structure shall define, control and be responsible for the implementation of governance arrangements that ensure the effective and prudent management of the regulated entity and for promoting the integrity and stability of the market and the interests of investors, policyholders and beneficiaries in insurance or private pension funds, as appropriate.

(2) In applying para. (1), the adequacy policy established by the regulated entity shall take into account the following aspects:

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

b) the processes within the policy are fully functioning as planned;

c) include principles for the selection, monitoring and succession planning of its members and for the reappointment of existing members, including at least the following:

(i) the process of selection, appointment, reappointment and succession planning of members of the governance structure;

(ii) selection and appointment processes for key individuals;

(iii) the applicable internal procedure for assessing the suitability of the persons assessed, including the internal position responsible for providing support for the assessment (e.g. human resources);

(iv) the evaluation criteria used taking into account the requirements laid down in this Regulation;

(v) how, in the selection process, the diversity policy of the members of the management structure and the objective of ensuring gender diversity within the management structure of significant entities are taken into account;

(vi) the channel of communication with A.S.F., including at least the position/structure responsible for communicating with A.S.F. and how to communicate with A.S.F.;

(vii) how the evaluation is documented;

d) includes contributions from other internal committees, in particular the contributions of the nomination committee, if established, and other internal positions such as legal, human resources or internal control/compliance/internal audit;

e) is clear, well-documented and transparent to all staff within the regulated entity.

(3) Without prejudice to the competence of the general meeting of shareholders established by law and the Articles of Incorporation, any change in the suitability policy shall also be approved by the management structure taking into account the recommendations made by the structures referred to in para (2) letter (d). Documentation of the adoption of the policy and any changes to the policy shall be kept at the registered office of the regulated entity (e.g. minutes of meetings).

(4) Persons exercising the compliance/internal control, risk management and internal audit positions shall participate in the design and development of the suitability policy in accordance with their duties and competencies. The persons exercising the compliance/internal control position shall, in particular, review how the compliance policy affects the compliance of the regulated entity with internal laws, regulations, policies and procedures and report to the management structure all identified compliance risks and non-compliance issues.

(5) The Board is responsible for the implementation of the adequacy policy by monitoring its effectiveness and modification.

ARTICLE 20

Group-wide suitability policy

In the case of groups, the policy for assessing the suitability of members of the management structure and key individuals:

- a) is established at group level and is implemented and respected in all subsidiaries;
- b) is adjusted to the specific situation of the group entities;
- c) requires the management structures of the entities belonging to the group to cooperate and exchange information for the assessment of suitability;
- d) takes into account the differences between the specific legislation applicable;
- e) provides that the suitability requirements laid down in this Regulation shall apply to regulated entities, including where they are subsidiaries of a parent undertaking under another jurisdiction.

ARTICLE 21

Nomination Committee

(1) Significant entities shall set up a nomination committee composed, in compliance with the provisions of specific legislation, of members who do not hold executive management positions and of other persons determined in accordance with internal procedures.

(1¹) The chairman of the management board may be a member of the nomination committee set up by the supervisory board if the primary legislation applicable to the regulated entity does not provide otherwise.

(2) Members of the nominating committee:

a) have adequate collective knowledge, expertise and experience of the regulated entity's business to be able to assess the appropriate composition of the management structure, including recommending candidates for filling management vacancies;

b) have financial and material resources, including external expertise where appropriate, to carry out their tasks.

(3) In the case of regulated entities which do not establish a nomination committee, the responsibilities and powers relating to the suitability assessment processes shall be vested in the board.

(4) The Nomination Committee or, as the case may be, the Board shall periodically assess the suitability of the members of the governance structure and report accordingly to the governance structure.

(5) The Nomination Committee or, as appropriate, the Board shall have access to all information necessary to carry out its duties and may involve key persons and other relevant internal positions in the evaluation process as necessary.

ARTICLE 22

Composition of the governing structure, appointment and succession of its members

(1) The management structure of the regulated entity shall comprise an appropriate number of members and a composition that complies with the policy of adequacy referred to in Article 19 para. (2).

(2) Nominations for reappointment of members of the governing structure shall only take place after consideration of the member's performance during the previous term of office.

(3) The management structure ensures that:

a) identify, select qualified and experienced members, including where, under the articles of incorporation, employees may appoint representatives to the management structure;

b) adequately plan the succession of members in the management structure in accordance with all legal requirements regarding the composition, appointment or succession of the management structure.

(4) Without prejudice to the shareholders' right to appoint members, when recruiting members for the management structure, the board or, as the case may be, the nomination committee shall actively contribute to the selection of candidates for vacant management positions in cooperation with the human resources department and shall ensure the following:

- a) describes the roles and skills required for the designation of a particular position;
 - b) assesses the appropriate balance of knowledge, skills and experience of the management structure;
 - c) assess the adequacy of the time to be devoted to the performance of the duties;
 - d) take into account the objectives of the diversity policy.
- (5) The recruitment decision shall be based on a pre-selection of suitable candidates, taking into account the entity's policy on diversity in the management structure and ensuring that the suitability requirements of the management structure are met individually and, where appropriate, collectively.
- (6) Without prejudice to the rights of shareholders to appoint and replace all members of the governance structure simultaneously, when establishing a succession plan for its members, the regulated entity and the governance structure shall ensure:
- a) continuity of decision-making and prevention, if possible, of simultaneous replacement of the majority of members;
 - b) to take the necessary steps sufficiently in advance so that the complete documentation relating to the approval is submitted to the A.S.F. at least 60 days before the expiry date of the mandate.
- (7) In order to ensure succession and continuity in the performance of duties, the regulated entity shall establish the necessary plans, policies and processes to deal with unforeseen or unexpected absences of members of the management structure, including appropriate interim arrangements.

SECTION 7

Collective adequacy of the governance structure

ARTICLE 23

Collective suitability

- (1) Regulated entities which are required by specific legislation to ensure that the members of the management structure collectively possess a sufficiently broad range of knowledge, skills and experience shall ensure that they understand the specific activities and the risks involved.
- (11) In applying the provisions of para. (1), without prejudice to compliance with the requirements relating to the experience, knowledge and skills of each member of the management structure, regulated entities shall ensure that the management structure collectively has appropriate and diversified experience.
- (2) The collective suitability of the members of the governance structure is assessed separately for Board members and senior management/executive management respectively.
- (3) The members of the management structure collectively have:
- a) skills to make appropriate decisions in line with the business plan/business model, risk appetite, strategy and markets in which the regulated entity operates;
 - b) all the knowledge and skills needed to carry out the regulated entity's business, including a sufficient number of members with knowledge in each area to inform the decision-making process.
- (4) Board members collectively have the ability to monitor and validate or challenge, as appropriate, senior management/executive management decisions.
- (5) The composition of the management structure should reflect the knowledge, skills and experience necessary to fulfil the responsibilities, including an appropriate understanding of the areas of concern for collective responsibility and an overview of the entity for the effective management and oversight of its business, with the following aspects being taken into account:

- a) the scope of the regulated entity's business, the activities carried out, the business strategy and the main risks related to them;
- b) financial analysis, capital adequacy requirements and reporting specific to the regulated entity's business;
- c) the governance system, including managerial competencies and key positions relating to risk management, internal control/compliance, internal audit and, where appropriate, actuarial;
- d) data and information systems security;
- e) group governance and risk management related to the group structure, if the entity is part of a group;
- f) the legal framework applicable to the regulated entity.

CHAPTER III

Procedure for the assessment and approval of the persons assessed

SECTION 1

Assessment of suitability by the regulated entity

ARTICLE 24

Common provisions applicable to the individual and collective assessment of members of the governance structure

(1) The regulated entity shall carry out its own assessment of the members of the management structure, individually and, where appropriate, collectively, prior to the submission of the request for approval to A.S.F.

(2) All relevant and available aspects of the risk assessment process, including reputational risk, shall be taken into account in determining suitability, where deficiencies are identified that influence the individual or collective suitability of the members of the governance structure.

(3) The result of the assessment of the suitability, individually and, where appropriate, collectively, of the members of the board shall be presented to the shareholders of the regulated entity prior to the general meeting of shareholders that has their appointment on the agenda.

(4) The regulated entity shall make available to shareholders for the election of board members:

- a) factual information revealing the duties that board members have within the entity and on the suitability requirements set out in specific legislation, so that decisions are taken in full knowledge and ownership;

- b) the list of candidates recruited or selected taking into account the provisions of Art. 22 para. (4) and (5).

(5) In the case of collective assessment of members of the governance structure, regulated entities shall take into account the results of the individual assessment of each member and the suitability of the collective as a whole. Identified weaknesses in the overall composition of the management structure do not necessarily lead to the conclusion that a particular member is individually not fit and proper.

(6) Regulated entities shall substantiate the results of their own suitability assessment and specify any identified gaps between the required and actual/effective individual and collective suitability of the members of the management structure and the measures to be taken to address these gaps.

(7) The outcome of the suitability assessments, including the collective suitability assessment, if any, shall be submitted to the A.S.F. in accordance with the procedures referred to in Section 2 of this Chapter, together with the documentation and information listed in Article 30, as follows:

- a) for all board members approved by the General Meeting of Shareholders, regardless of the outcome of the valuation carried out by the regulated entity;

b) for the persons appointed to the executive/senior management who have been validated by the board.

(8) At the request of A.S.F., the regulated entity shall submit additional information necessary to assess the individual or collective suitability of the members of the management structure.

(9) The documents proving that the persons assessed have fulfilled the conditions laid down in this Regulation shall be kept at the registered office of the regulated entity for a minimum of five years after the termination of the employment/contractual relationship with the said entity and shall be available for verification, at the request of A.S.F., whenever necessary.

ARTICLE 25

Individual assessment of members of the management structure

(1) Regulated entities shall require members of the management structure to demonstrate their suitability by providing at least the documents required by A.S.F. for the suitability assessment, in accordance with the provisions of Section 2.

(2) In the process of individual assessment of a member of the management structure, the regulated entity:

a) analyses information on suitability through various modalities, channels and tools, not limited to: diplomas and certificates, letters of recommendation, curriculum vitae, interviews, questionnaires, etc.;

b) reviews information relating to reputation, integrity and honesty including whether there are documented reasonable grounds to suspect that a ML/TF transaction or attempt has been or is being committed or that there is an increased risk of ML/TF associated with the person being assessed;

b¹) assesses independent thinking;

c) requires the assessed person to prove the accuracy of the information provided, if necessary;

d) requires the person being evaluated to declare any actual or potential conflicts of interest;

e) validates, as far as possible, the accuracy of the information provided by the person being assessed;

f) determines the results of the evaluation, within the Board or, as appropriate, the Nomination Committee.

(3) Where a situation is identified that gives rise to concerns about a member's eligibility, including the existence of documented reasonable grounds to suspect that a ML/TF has been or is being committed or an attempted ML/TF or the existence of an increased risk of ML/TF, the regulated entity shall assess whether the situation has an impact on the suitability of the person being assessed and, if necessary, determine appropriate corrective measures to ensure the suitability of individual members of the management structure, in accordance with Article 29."

(4) The regulated entity shall document the description of the position for which the assessment is performed, its role within the entity and present the results of the suitability assessment against the following criteria:

a) time dedicated/allocation of sufficient time to perform the position in question;

b) compliance of members of the management structure who hold a senior management position in a significant entity with the provisions on limiting the number of senior management positions laid down in specific legislation;

c) sufficient knowledge, skills and experience to perform the duties;

d) reputation, honesty and integrity;

e) independent thinking.

(5) Regulated entities shall carry out the assessment of the individual suitability of the management structure using one of the following tools:

a) the suitability matrix set out in Annex 4¹; this matrix may be adapted by the regulated entity according to its business model, type of activities and specific risks, taking into account the principles and criteria set out in Article 4;

b) its own appropriate procedures and methodology in accordance with the criteria and principles laid down in this Regulation.

ARTICLE 26

Evaluation of the management structure collectively

(1) When assessing the collective suitability of the governance structure, regulated entities:

- a) evaluate separately the composition of the Board and the executive/senior management;
- b) compare the current composition of the management structure, i.e. its collective knowledge, skills and experience, with the collective suitability requirements necessary to understand the entity's activities and key risks.

(2) Regulated entities shall carry out the assessment of the collective suitability of the management structure using one of the following tools:

a) the suitability matrix set out in Annex 4; this matrix may be adapted by the regulated entity according to its business model, type of activities and specific risks, taking into account the principles and criteria set out in Article 4;

b) its own appropriate methodology in accordance with the criteria and principles laid down in this Regulation.

(3) The assessment of the collective suitability of the management structure, as referred to in Article 23, shall be carried out simultaneously with the assessment of the individual suitability of a member; in particular, it shall be assessed whether the individual experience, knowledge and skills of the person assessed complement the collective suitability of the management structure.

ARTICLE 27

Monitoring and reassessment of the management structure (by the regulated entity)

(1) Ongoing monitoring of the individual or collective suitability of members of the governance structure shall primarily focus on whether a member or the entire composition of the governance structure remains suitable, taking into account individual or collective performance and the situation or event that triggers the need for reassessment and the impact that this situation has on the fulfilment of suitability requirements.

(2) The process of individual or collective reassessment of members of the governance structure shall take into account, but not be limited to, the following aspects:

a) the effectiveness of the management structure, referring to the work process, information flow and reporting lines to the management structure, taking into account the reports and recommendations provided by representatives providing internal control/compliance, internal audit positions;

b) effective and prudent management of the entity, including the good faith of the management structure in carrying out activities in the best interests of the entity, including preventing and combating ML/TF;

c) the ability of the management structure to focus on issues of strategic importance;

d) the frequency of meetings, the amount of time spent and the degree of participation and involvement of members during meetings;

e) any change in the composition of the management structure and any deficiencies in its individual and collective suitability, taking into account the regulated entity's business model, risk strategy and changes thereto;

f) the performance targets set for the regulated entity and the management structure;

g) the independent thinking of the members of the management structure, respect for the principle of independence and compliance of members with the conflict of interest policy;

h) the extent to which the composition of the management structure has met the objectives set out in the diversity policy in accordance with Article 9;

h¹) the extent to which the members of the management structure, through their work and decisions, have demonstrated a good understanding of the ML/TF risks and how they affect the regulated entity's business and whether they have adequately managed these risks, including by taking corrective action where necessary;

h²) documented reasonable grounds to suspect that a ML/TF has been or is being committed or attempted or that there is an increased risk of it being committed, including as a result of findings by internal auditors, external auditors or other competent authorities as to the adequacy of ML/TF systems and procedures;

i) any events that may have a significant impact on the individual or collective suitability of the members of the management structure, including changes in the business model, strategies and organisation.

(2¹) The following aspects shall also be taken into account in the reassessment process:

a) the tasks and reporting levels assigned within the regulated entity, including within the group, as appropriate, to determine whether any significant fact or finding should be attributed to one or more responsible members of the management structure;

b) in applying the provisions of letter a), the manner in which the assigned tasks are performed shall be carried out taking into account:

(i) all relevant documents such as the governance code, organisation chart, internal policies and procedures and other forms of designation of responsibilities such as articles of association, organisational and operational regulations, available suitability assessments and additional information provided in this context, management contracts/tenure/job descriptions and minutes of meetings of the management structure;

(ii) the credibility and reliability of any facts leading to the reassessment, and the seriousness of any allegations of wrongdoing or actual non-compliance with internal rules or applicable law by one or more members of the management structure;

(iii) the source of the information held, the credibility and reliability of the source including the absence of conflict of interest for the source providing the information;

(iv) the opinion of the person(s) being re-evaluated in view of the fact that the absence of criminal records is not sufficient evidence to refute possible allegations of wrongdoing."

(3) Regulated entities shall carry out revaluations at least once every two years, except for significant entities which are required to carry out such revaluation at least once a year.

(4) The conclusions of the reassessment reports, the reason for the reassessment, and any other information, recommendations and vulnerabilities arising from them shall be substantiated and communicated to the management structure.

(5) Regulated entities shall inform A.S.F. without delay, but no later than 5 working days after the finding, if following the reassessment they find that a member is unsuitable or if the management structure is found to be collectively unsuitable, including the measures proposed or undertaken to remedy the situation.

(6) Regulated entities shall submit, upon request of A.S.F., the supporting documentation on which the reassessment of the members of the management structure is based.

ARTICLE 28

Assessing the adequacy of key positions

(1) The regulated entity shall carry out an assessment of the suitability of persons holding key positions prior to their appointment using one of the following tools:

a) the suitability matrix set out in Annex 4²; this matrix may be adapted by the regulated entity according to its business model, type of activities and specific risks, taking into account the principles and criteria set out in Article 4;

(b) its own appropriate procedures and methodology in accordance with the criteria and principles laid down in this Regulation.

(1¹) The result of the assessment shall be presented to the key appointees and the management structure and shall be attached to the notification or request for approval submitted to A.S.F. in accordance with Articles 3 and 30.

(2) The regulated entity shall put in place appropriate measures allowing the replacement of the person assessed by the A.S.F. as unsuitable for the key position and shall ensure, until the appointment of another person, the continuity of the exercise of that position by a member of the executive management or by another person designated in accordance with specific legislation.

ARTICLE 29

Corrective measures taken by the regulated entity

(1) If, following the assessment or reassessment carried out, the regulated entity finds that the assessed person is unsuitable for the position, it shall inform the assessed person and, where appropriate, A.S.F. and the shareholders and shall take the necessary steps to submit another appointee to A.S.F. for approval.

(2) With the exception of the criteria relating to the assessment of reputation, honesty and integrity and those relating to independent thinking, if the assessment or reassessment carried out identifies remediable deficiencies in the knowledge, skills and experience of the persons being assessed, the regulated entity shall take appropriate corrective action to remedy those deficiencies within an appropriate period of time not exceeding 6 months.

(3) The provisions of para. (2) shall also apply in the case of collective evaluation or re-evaluation of the management structure.

(4) When the regulated entity institutes corrective measures, it shall take into account the particularity of the situation and the shortcomings found for the assessed person, individually or, where appropriate, collectively.

(5) In the case of an entity being submitted for authorisation to operate in a capacity regulated and supervised by A.S.F., such measures shall be implemented before authorisation is granted.

(6) Without limitation, appropriate corrective measures may include:

- a) adjusting responsibilities between members of the management structure;
- b) replacement of certain members;
- c) recruiting additional members;
- d) measures to mitigate conflicts of interest;
- e) training of individual assessed persons;
- f) training the management structure collectively to ensure individual and collective suitability of the management structure.

(7) The regulated entity shall inform A.S.F. without delay, but no later than 5 working days after the finding, of any significant deficiencies identified in relation to any of the persons assessed together with the corrective measures taken or envisaged to remedy them and the timetable for implementation.

SECTION 2

Suitability assessment and approval by A.S.F.

ARTICLE 30

Documentation of compliance with suitability requirements

(1) For each of the persons evaluated appointed within the management structure or for the exercise of key positions, the regulated entity shall file with the A.S.F. or transmit by electronic means in accordance with para. (10), the application signed by the legal representative, accompanied by the following documentation:

a) a copy of the identity card, certified by a holographic signature by the holder of the identity card as being a true copy of the original;

b) curriculum vitae, in Europass format, signed and dated, giving details of relevant education and training, professional experience, including the names of all organisations for which the person concerned has worked, the nature and duration of the duties carried out, in particular as regards activities relevant to the post; in the case of positions held within the last 10 years, details of all delegated powers, internal decision-making powers and areas of activity under the control of the person concerned or, where applicable, in which he/she has worked, must be given when describing those activities; where appropriate, the supervisory authority of the entities in which the person concerned has worked must be mentioned;

c) a copy of the certificate of studies and other relevant certificates held, certified for conformity by the holder;

d) the decision/ resolution of the statutory body appointing the person to the position, expressly stating that the duties of the position shall be performed only after obtaining the approval decision issued by A.S.F., as well as the Articles of Incorporation, if applicable;

e) supporting documents issued/adopted in accordance with the statutory powers, certified by the legal representative of the regulated entity, concerning:

(i) **repealed**

(ii) the individual suitability assessment report, including, where appropriate, the reasoning referred to in Article 13 para. (2) letter c) and para. (4), drawn up in the form set out in Annex 4¹, or by another method, the outcome of the interview if conducted by the entity as part of its own assessment procedure and any other document showing the outcome of the suitability;

(iii) contact person within the entity for further details and information on the assessment process;

(iv) **repealed**

(v) details of the required induction and training plan, including content, provider and date by which it will be completed, if applicable, according to the results of the suitability assessment;

(vi) the existence of a material conflict of interest and how that conflict is managed or remedied, including in relation to matters contained in the regulated entity's conflict of interest policy or any conflict management or mitigation arrangements;

f) in the case of regulated entities which are required to carry out a collective evaluation of the management structure, in addition to the documents referred to in point (e):

(i) the report assessing the collective suitability of the management structure using the suitability matrix set out in Annex No 4 or by another method to be attached, how the proposed person is integrated into the overall capacity of the management structure and, where appropriate, showing any shortcomings or deficiencies identified together with the measures required to remedy them;

(ii) a list of the names of the members of the management structure and a summary of their roles and responsibilities;

(iii) the identification data of the person(s) falling under the provisions of Art. 11 para. (3);

(iv) identification details of the independent member(s) of the Board, if applicable;

g) the statutory declaration of the person being assessed filled in with the information set out in Annex 1;

h) criminal record certificate and tax record certificate within the legal validity period or other equivalent document issued by the competent authorities of the country of domicile and/or residence, as well as of the country of origin, if the domicile/residence is in a country other than the country of origin; for persons who have resided in Romania for less than 3 years, the criminal and tax record certificate or other equivalent document issued by the competent authorities of the last countries of domicile and/or residence must also be presented;

i) documents relating to the reputation and experience of the person assessed, including letters of recommendation and contact details of persons who can provide additional references;

j) the supporting document proving payment of the fee/tariff provided for in the Regulation of the Financial Supervisory Authority no. 16/2014 on the revenues of the Financial Supervisory Authority, as amended and supplemented.

(11) For each of the persons evaluated appointed to perform key duties, the regulated entity shall submit to A.S.F. the application signed by the legal representative, accompanied by the following documentation:

a) the documents referred to in para. (1), with the exception of letters (e) points (ii), (iv) and (v) and letter (f);

b) the individual suitability assessment report referred to in Article 28 para. (1), drawn up in the form set out in Annex 4² or by another method, including, where appropriate, the elements referred to in Article 13 para. (2), letters (c) and para. (4), the outcome of the interview if conducted by the entity as part of its own assessment procedure and any other document showing the outcome of the suitability.

(2) A.S.F. may request additional information and documentation, including through preliminary meetings/discussions with the persons under assessment or other relevant persons within the regulated entity, and in particular in cases where on the basis of the primary review carried out there are doubts as to whether the suitability requirements have been fully met.

(3) The provisions of para. (2) shall be without prejudice to the right of A.S.F. to verify the information and statements made by the persons assessed, by requesting documents attesting that the statements are true and/or by obtaining confirmation from other national authorities or from other countries, as appropriate.

(4) Regulated entities authorised to carry out activities corresponding to more than one sector of financial supervision and thus falling into more than one category of regulated entities shall ensure compliance with the provisions referred to in para. (5) - (7).

(5) In the case of the members of the management structure, the entities referred to in para. (4) shall submit, for approval, a single application and a single set of documents certifying that the conditions specific to each category of regulated entities are met.

(6) By way of exception to the application of para. (1), in order to approve a person who has previously been assessed and approved by the A.S.F. in the same position in the same regulated entity, the application submitted, signed by the legal representative of the regulated entity, shall be accompanied by:

a) a sworn statement by the person confirming that the information previously submitted to the A.S.F. at the time of the last assessment remains valid or, where applicable, the submission of updated/completed or outdated documents relevant to the position concerned;

b) a copy of the most recent individual and, where applicable, collective suitability reassessment report prepared by the regulated entity in accordance with Article 27 para. (3);

c) the decision/ resolution of the statutory body appointing the person to the position, expressly stating that the duties of the position shall be performed only after obtaining the approval decision issued by A.S.F., and the Articles of Incorporation, if applicable;

d) the supporting document proving payment of the fee/tariff provided for in the Regulation of the Financial Supervisory Authority No. 16/2014 on the revenues of the Financial Supervisory Authority, as amended and supplemented.

(6¹) Any change of hierarchical nature in the structure of the board, respectively in the structure of the executive/senior management which does not change the composition evaluated and approved by A.S.F., shall be notified within 15 days from the date of adoption of the decision of the competent statutory body.

(7) The persons nominated to perform the key positions referred to in Article 2 para. (2) letter (p) points (i) and (ii) shall be approved separately for each business area of the regulated entity.

(8) Withdrawal of the approval granted to the person in the management structure, acting in a financial supervision sector, shall automatically result in the termination of the approval granted to that person by the other financial supervision sectors. The provisions shall not apply in the case of withdrawal of approval on request.

(9) The validity of the approval of the members of the governing structure as well as of the persons holding key positions in accordance with the provisions of these Regulations shall automatically cease on the date of revocation/withdrawal of the approval granted/termination of the respective employment contract, as the case may be.

(10) Documents sent in electronic format in accordance with para. (1) shall comply with the regulations of A.S.F. on the transmission of reports and other documents in electronic format.

ARTICLE 31

Conducting interviews

(1) A.S.F. shall organize an interview, at the A.S.F.'s head office or by using remote communication means, with the evaluated persons subject to the approval process, if the regulated entity where they will perform their duties is:

a) insurance-reinsurance company;

b) significant entity as defined in Art. 2 alin. (2) letter k) points (i) - (iv) and (vi).

(1¹) By way of exception to para. (1), depending on the outcome of the analysis of the documentation submitted in accordance with Article 30, A.S.F. may interview the assessed persons subject for the first time to the approval process in the management structure of regulated entities which are not considered significant, according to the provisions of art. 2 para. (2) letter k) points (i) - (iv) or, where appropriate, may waive the interview for the persons under assessment falling under Art. 11¹."

(2) The interview process may also serve to reassess the suitability of an approved management structure member or key position holder if there are new facts or circumstances that indicate a failure to meet the suitability requirements.

(3) In the case of application of the provisions of Art. 30 para. (6), the interview shall take place in one of the following cases:

a) if the person has had more than 1 year's break in service since the last authorisation/approval;

b) if there are new facts or circumstances that indicate non-compliance with the suitability requirements;

c) if the analysis of the data and information in the possession of the A.S.F. shows the need to obtain information/clarification.

(4) During the interview, the interviewee shall be assessed only in terms of compliance with the requirements laid down in Article 5 para. (1) letters a) and c).

(5) The composition of the interview committee, hereinafter referred to as the Committee, shall be established by name for each interview and approved by decision of the Vice-Chairman of the financial supervision sector of the regulated entity.

(6) The outcome of the interview together with the conclusions resulting from the analysis carried out by the responsible organisational structures within the A.S.F. form the basis for the formulation of the proposal for the settlement of applications for approval.

(7) During the interview process, A.S.F. asks the person being assessed to present, as appropriate, but not limited to:

- a) the reasons for the positions for which approval is sought;
- b) relevant aspects of the studies, knowledge and experience acquired in previous activities, including measures taken to deal with particular situations and the results obtained;
- c) information and views on the governance system, internal organisation and reporting system between hierarchical levels and the compliance/internal control, risk management and internal audit positions;
- d) general issues relating to the regulatory framework of the regulated entity and the specific provisions applicable to the position and duties to be performed;
- e) the activities and services carried out by the regulated entity and the main risks;
- f) the duties corresponding to the position concerned, the management structure and the role of key positions;
- g) the objectives contained in the business plan/business model;
- h) information on the ownership structure and the group to which the regulated entity belongs;
- i) proposals or measures to improve the system of governance of the objectives or strategy for business development and risk minimisation;
- j) how holding more than one post simultaneously affects the performance of the post for which approval is sought, if applicable.

(8) The interview shall be recorded in audio or audio-video format, with the consent of the interviewee, for the purpose of drawing up the minutes of the interview, but also to clarify any subsequent misunderstandings arising from the interpretation of any aspects during the interview. The recordings shall be kept for a period of 3 years from the date of the interview, with appropriate technical and organisational conditions for the protection of personal data contained therein.

ARTICLE 32

Cooperation with other authorities and exchange of information

(1) A.S.F. shall cooperate with other competent authorities, in compliance with applicable legislation on the processing of personal data and the free movement of such data, in connection with the exchange of information it holds or requests to receive for the purpose of assessing the suitability of the persons assessed.

(2) Information provided to another authority shall include, upon request, the reasons for the decision taken on the suitability of a person.

(3) A.S.F. may take into account the results of the suitability assessment carried out by other competent authorities or other relevant information for the purpose of assessing the suitability of the members of the management structure or persons holding key positions and may request the necessary information for this purpose.

(3¹) In situations where the ML/TF risk associated with the regulated entity or the assessed person is increased, A.S.F. shall request information and consider assessments made by:

- a) the authorities defined in Article 1 para (1) of Law No 129/2019;
- b) the authorities and institutions of other states with powers to prevent and combat SB/FT, on the basis of cooperation agreements and in accordance with the process of cooperation and exchange of information provided for in Regulation No 13/2019 on the establishment of measures to prevent and combat money laundering and terrorist financing through the financial sectors supervised by the Financial Supervisory Authority, as amended,

(4) If A.S.F. receives requests of the nature referred to in para. (3) from other competent authorities, it shall provide relevant information as soon as possible

on the suitability of persons, in order to allow the requesting competent authority to meet the timeframe for the suitability assessment within the requested timeframe.

(5) The information provided by A.S.F. shall include the outcome of the suitability assessment (approval/rejection decision), any deficiencies identified, the measures taken to ensure suitability, the responsibilities of the position for which the person has been assessed and basic information on the size, nature, scale and complexity of the entity concerned and any other information relevant to the suitability assessment.

(6) In the suitability assessment process, A.S.F. shall take into account the information made available by the European Supervisory Authorities through their databases, as regards administrative sanctions, by identifying any sanctions against the entity in which the assessed person has been a member of the management structure or has held a key position in the last 10 years, taking into account the seriousness of the facts as well as the liability of the assessed person.

(7) A.S.F. may request information from other authorities about the person assessed, including in cases where the person concerned has not actually been evaluated by another competent authority but this authority would be able to provide additional information (e.g. on refused registrations or criminal records).

(8) Where A.S.F. makes a suitability decision on a person that differs from any previous assessment made by another competent authority, it shall notify that authority of the outcome of its assessment.

(8¹) Where A.S.F. finds on the basis of relevant facts and information that an assessed person is not appropriate in terms of risk or any actions related to ML/TF, without prejudice to the provisions of Law no. 129/2019, A.S.F. shall communicate the findings made and the decisions taken in relation thereto to the National Office for the Prevention and Combating of Money Laundering and/or the competent authorities referred to in Article 32 para. (3¹), letter b).

(9) When requesting information from another authority, A.S.F. shall provide the name of the person assessed, together with the date of birth or the name of the entity and the position for which the person has already been assessed, to ensure that the data provided for the person concerned are correct.

ARTICLE 33

A.S.F. decision.

(1) A.S.F. shall assess the suitability individually and, where appropriate, collectively, for each person proposed to exercise responsibilities within the management structure or duties related to key positions, on the basis of the requirements and eligibility criteria laid down in the specific applicable legislation and in this Regulation, taking into account the information submitted or emerging from the documents and information submitted by the assessed person and/or by the regulated entity, from the interview conducted in accordance with Art. 31 and Annex no. 5, where applicable, or, to the extent that they are brought to the attention of the A.S.F. from any other source.

(2) repealed

(3) The persons referred to in Article 30 para. (6) assessed and found suitable in the previous approval process shall be subject to a new assessment process only in the circumstances referred to in Article 34.

(4) The A.S.F. shall decide on the approval and registration in its registers / rejection of the application, within a maximum of 30 days from the date of submission of the complete documentation, which may be extended by a maximum of 60 days in case of application of the provisions of Art. 30 para. (In the case of initial authorisation of the entity, the time limit for approval provided for in the applicable legislation shall apply).

(5) A.S.F. shall reject the application for approval of the proposed person to exercise responsibilities within the management structure or duties related to key positions within a regulated entity if:

a) there are objective and demonstrable grounds for considering that the person under assessment does not meet the requirements and criteria laid down in the specific applicable legislation and in this Regulation;

b) sufficient information and evidence has not been presented to demonstrate that the assessed person can manage the business or perform the duties of key positions fairly, prudently and effectively, unless the deficiencies identified are remediable and can be addressed by other measures taken by the entity;

c) the regulated entity does not submit or the assessed person does not submit sufficient information to prove the suitability of the assessed person or the regulated entity does not respond to the request of A.S.F. to complete the data, documents and information necessary for the suitability assessment within a maximum of 30 days after its submission, if the sector specific legislation does not provide for other deadlines.

(6) In the case of application of the provisions of paragraph. (5), a new application for approval may be submitted if new elements have arisen which were not brought to the attention of A.S.F. by the entity when issuing the rejection decision or if the requirements laid down in this Regulation or in the specific legislation are met.

(7) The written and reasoned decision approving or rejecting the application shall be communicated to the applicant regulated entity and may be appealed to A.S.F. within 30 days from the date of communication, respectively appealed to the Bucharest Court of Appeal, Administrative and Fiscal Litigation Section, in accordance with the provisions of the legislation in force.

SECTION 3

Continuous supervision and reassessment

ARTICLE 34

Monitoring compliance with the adequacy requirements

(1) A.S.F. may attend or organise meetings with the regulated entity, some or all of the members of the management structure, key position holders or participate as an observer in meetings of the management structure to assess the effective functioning of the management structure. The frequency of these meetings shall be determined using a risk-based approach.

(2) In order to ensure effective supervision, to identify the potential risks to which the regulated entity is exposed and to obtain an overview of its activity, A.S.F. may organise an interview/meeting with the person evaluated when the position for which he/she was approved or appointed is terminated, in particular in cases where the mandate is revoked or terminated before the expiry of the term for which he/she was appointed.

(3) The A.S.F. may find in the supervision and control process that the person assessed is no longer suitable, if:

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

b) failure to comply with the requirements referred to in letter (a) shall be attributed to the person under assessment because he or she failed to take the necessary measures which, according to his or her duties and powers, he or she ought reasonably to have taken to prevent, remedy or terminate the breach.

(4) In the event that, during the monitoring, continuous supervision and control process, issues are identified which, by their nature, would lead to non-compliance with the suitability requirements initially assessed in relation to a specific approved person or the management structure at collective level, A.S.F. may order:

a) remedial measures in accordance with specific legislation including reassessment by the entity of whether the conditions for suitability are met;

b) reassessment by A.S.F. of the persons assessed, in case of findings of deficient performance of duties;

c) withdrawal of the approval granted.

(5) A.S.F. monitors the compliance of the regulated entity with the obligations to re-evaluate the persons evaluated.

(6) A.S.F. may request the replacement of the person notified by a regulated entity in accordance with the provisions of Article 3 para. (2), if it considers that the notified person does not fulfil the criteria for the exercise of the respective positions.

(7) A.S.F. shall review the measures taken by the regulated entity to remedy the deficiencies identified and, where appropriate, shall establish as soon as possible a timetable for the implementation of an appropriate plan of measures by which it may direct the entity:

a) organisation of specific training courses for members of the management structure individually or collectively;

b) change the distribution of tasks between members of the management structure;

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

d) changing the composition of the management structure to ensure the individual or collective suitability of the overall structure.

(8) The measures ordered pursuant to paragraph 1 shall be adopted by the Commission. (7) may be accompanied, where appropriate, by penalties or other provisions necessary to comply with the requirements of the legislation in force and, in the event of non-compliance, the operating authorisation of the regulated entity may be withdrawn.

(9) **repealed.**

ARTICLE 35 - repealed

CHAPTER IV

Transitional and final provisions

ARTICLE 36

Transitional provisions

(1) Individual acts issued prior to the entry into force of this Regulation for the approval of the members of the management structure and persons holding key positions in regulated entities shall remain valid.

(2) Requests for approval submitted to A.S.F. and not resolved by the entry into force of this Regulation shall be resolved by A.S.F. in accordance with the provisions in force at the time of their submission, unless otherwise provided by law.

(3) Members of the management structure, key persons and compliance officers or persons designated for the application of Law no. 656/2002 and Government Emergency Ordinance no. 202/2008 are obliged to comply with the provisions of this Regulation within a maximum of 90 days from the date of its entry into force.

(4) The policies and procedures set out in this Regulation shall be developed or, where appropriate, supplemented or amended by regulated entities no later than 90 days after the date of entry into force of this Regulation

(5) Regulated entities shall, by the expiry of the period referred to in para. (3) the assessment of compliance with the requirements referred to in Article 5 para. (1) letters (a), (b) and (c) by the members of the management structure, persons holding key positions and compliance officers or persons designated for the application of Law no. 656/2002 and Government Emergency Ordinance no. 202/2008 and only in the event that changes are necessary or are made in the organization and functioning, shall submit to the A.S.F., as appropriate, requests for approval, amendment and/or notifications, in order to comply with the provisions of this Regulation.

ARTICLE 37

Final provisions

(1) The documents and information provided for in this Regulation shall be submitted in Romanian, and documents issued in another language shall be submitted in copy, together with their certified translation, in compliance with the provisions of the conventions to which Romania is a party, except for documents that cannot be certified translated, according to the law, which shall be submitted together with the certified translation of the document.

(2) The application for approval shall be accompanied by the complete documentation submitted in a single copy, bound and paginated, including the related opis.

(3) For non-compliance with the provisions of this Regulation, the penalties and/or administrative measures laid down in the specific primary legislation shall apply.

(4) The provisions of this Regulation shall be supplemented by the provisions of the specific regulations applicable to the regulated entity, as appropriate.

(5) Annexes 1 to 5 shall form an integral part of this Regulation.

ARTICLE 38

Entry into force

(1) This Regulation shall be published in the Official Journal of Romania, Part I, and shall enter into force on the date of publication.

(2) On the date of entry into force of this Regulation, the following shall be repealed:

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

b) Art. 13 para. (12) of the Regulation of the Financial Supervisory Authority no. 10/2015 on the management of alternative investment funds, published in the Official Gazette of Romania, Part I, no. 562 of 28 July 2015, as amended;

c) any contrary provisions laid down in the regulations issued by A.S.F.

(2) Whenever reference is made in legislation to the provisions repealed under para. (2) letter (a), reference shall be deemed to be made to the provisions of this Regulation.

Art. II. Regulated entities are required to submit to A.S.F., within 6 months of the entry into force of this Regulation, the documentation referred to in Art. 30 para. (1) of A.S.F. Regulation no. 1/2019, as amended, and as amended and supplemented by this Regulation, necessary for the verification of compliance with the individual suitability requirements by A.S.F. of the persons who were appointed in the executive management prior to January 1, 2016. In the event that, during the assessment process, deficiencies regarding the suitability of the person are identified/found, A.S.F. shall instruct the regulated entity to institute the corrective measures provided for in Article 29. para. (6) letters (b) or (e) as appropriate.

Art. III - Applications for approval submitted to A.S.F. and not resolved before the entry into force of this Regulation shall be resolved by A.S.F. according to the provisions in force at the date of their submission, unless otherwise provided by law.

President of the Financial Supervisory Authority,
Leonardo Badea

Bucharest, 18 January 2019.
No. 1.

ANNEX No 1

DECLARATION (To be filled in by the assessed persons¹.)

¹ Persons holding key positions do not fill in the information under no. 5, 6, 11, 12, 13 and 15.

No.	Subject/question	Answer		Explanations					
		YES	NO						
1.	Regulated entity			Name	Head office	Type of entity			
2.	Identity of the candidate (Foreign citizens shall also indicate the date on which they have established or are going to establish their domicile or residence in Romania.)			Full name					
				Name on birth certificate (if different)					
				PIN					
				Series and number of identity card, issuer and date of issue					
				Date and place of birth					
				Citizenship/Nationality					
				Domicile and or residence					
3.	Proposed position (For persons in the management structure, indicate the activities to be carried out/supervised by them).			Description of tasks and responsibilities					
				Starting date and term of office					
				Name and position of the person he/she replaces, if applicable					
				Estimated time commitment for the position held					
3 ¹	Education and qualifications			Diploma (Bachelor's/Master's/certificate of attestation of a form of training + field of study)/ Start and end date/ Unit of education/ Form/type of education (university/academic/other form of vocational training)					
4.	Professional training and relevant experience			Description of the relevant aspects that contributed to the training and experience relevant to the job concerned					
5.	Shareholder or associate in the last 10 years			1. Individual holdings ²					
				Name and activity of the entity	Share of participation (%)				
				2. Holding with other people involved, or with whom you are in close contact ³					

				Name and activity of the entity	Share of participation (%)			
6.	Other management or leadership responsibilities in the last 10 years other than those mentioned in the CV			Name and activity of the entity	Position	Period	Responsibilities	Results
7.	Assessments carried out by other authorities in Romania or in other countries, regardless of whether the assessment of the person concerned was carried out as a potential acquirer or as a person proposed for the management of a regulated entity			Name of authority	Assessment date	Assessment result (documented)		
8.	Conflicts with regulators and supervision in the financial, banking and tax fields, in Romania or in other countries: ongoing litigation or investigations; refusal approval/registration; penalties imposed by these authorities or other measures ordered			Explanation:				
				In the case of sanctions/measures imposed by the authorities, indicate the date of application/type of sanction/contravention committed/measure imposed and, where applicable, the rehabilitation period laid down in national law:				
9.	Sanctions as a result of professional, disciplinary, administrative, judicial inquiries, investigations or proceedings in Romania or in another state (Information is also provided if rehabilitation has been achieved.) Exclusion by a regulatory authority, government body or professional body or association			The sanctioning authority	Sanctioned offence	Sanction	Date of application of the sanction	
10.	Recorded incidents of reputational damage and integrity, including information on criminal files, investigations and proceedings, pending civil and administrative cases, or, as appropriate, their non-existence			Explanations: Information on the facts incriminated in the case of pending proceedings/Detailed information on civil proceedings, administrative or criminal proceedings pending before the courts:				
11.	Details of disciplinary sanctions in a trustee, fiduciary or similar relationship - dismissal or termination/revocation of office			Entity imposing the sanction	Subject of the sanction	Sanction	Date of application of the sanction	
12.	Financial stability issues:			Explanation:				
	- entries in the tax record certificate;							
	-declaration of personal bankruptcy;							
13.	Details of the intention to obtain in the next 12 months a significant shareholding of the regulated entity							

	referred to in point 1			
14.	Any financial and non-financial interests that could create potential conflicts of interests, including:			
	(a) loans, shareholdings and non-financial interests or relationships between the assessed person, the assessed person's close relatives or persons with whom the assessed person has close links and the regulated entity, its parent or subsidiaries or any person who has a qualifying interest in such an entity, including any members of such institutions or key position holders;			
	(b) whether or not it has, at present or in the last 2 years, a business relationship with any of the entities or persons referred to in point (a) or is involved in any legal proceedings with such entities or persons;			
	(c) whether or not there are any competing interests between the assessed person or his close relatives and the regulated entity, its parent undertaking and its subsidiaries;			
	(d) whether or not the assessed person is proposed on behalf of a single shareholder significant;			
	(e) details of any financial obligations to the regulated entity, its parent undertaking or its subsidiaries;			
	(f) details of any position of political influence (at national or local level) held in recent 2 years and in particular any professional or personal relationship with a publicly exposed person as defined in Art. 3 para. (2) of Law no. 129/2019.			
	g) other information that could create a conflict of interest with the regulated entity.			

15.	Information on the minimum time that will be devoted to the fulfilment of the person's positions within the regulated entity (annual and monthly indications)			
	a) Mandates within entities pursuing predominantly commercial owned, including: any additional responsibilities associated with these mandates; the number of meetings per year and the estimated time, in days per year, devoted to each mandate; the size of the entities or organisations in which these mandates are held, including total assets, whether the company is listed or not, and the number of employees.			
	(b) Mandates held in entities of a predominantly non-commercial nature or those held in entities established for the sole purpose of managing personal business interests, including: any additional responsibilities associated with these mandates; the number of meetings per year and the estimated time, in days per year, devoted to each mandate; the size of the entities or organisations in which it holds these mandates, including total assets, whether the company is listed or not, and the number of employees.			
16.	Any other relevant information to demonstrate professional qualifications, probity morality and integrity			

2 Holdings representing at least 1% of the voting rights shall be mentioned; in the case of listed companies, holdings representing at least 5% of the voting rights shall be mentioned.

3 Idem point 1.

I, the undersigned⁴, being aware of the provisions of Article 326 of the Criminal Code on false statements, declare under my own responsibility the following:

4 Fill in the surname and first name as they appear on the identity card.

- a)** all the information provided is correct, complete and true;
- b)** there are no other facts about which the Financial Supervisory Authority (ASF) and the regulated entity should be made aware;

c) I comply with the legal provisions in force concerning the work I am to carry out, including the limitation on the number of management positions held simultaneously;

d) I am not in a situation of incompatibility as provided for by the legislation in force/I am in a situation of incompatibility as provided for by the legislation in force as a result of⁵. .

.....and I undertake to resign from this situation within 30 days from the date of the communication of my approval by A.S.F., sending at the latest at the expiry of the term the supporting documents showing the end of the incompatibility.

⁵ Underline the chosen option and complete by the signatory if he/she is in such a situation.

At the same time, I agree to the processing of personal data⁶ for the purpose of performing the duties of the A.S.F. and the regulated entity and I undertake to communicate to A.S.F. and the regulated entity all changes to the information provided.

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

Signature Date

NOTE:

A.S.F. and the regulated entity shall keep confidential the information contained in the responses to this statement, except as required by law.

ANNEX No. 2

Notification Form

I. Contact data

Name of regulated entity	LEI code and Unique Identification Code					
		Contact person				
		First name	Name	Position	Phone number	Email address

II. Notified items, where appropriate Information on previous notifications

Date	Notification number	Sector

III. Description of notified duties

Date of assignment	Key position	Duties and responsibilities assigned to the person	Other information considered relevant for to the entity's assessment

IV. Information about the notified person

Full name	
Previously held names	
Nationality/Citizenship	
Personal identification number (CNP)	
Date of birth	
Place of birth	
Domicile or residence	
Phone number	
Information on the previous assessment or notification process carried out by another EEA financial supervisory authority	Indicate: name of authority; Member State; date.
Information on previous employment, qualified assignments as a member of management:	The following will be indicated: name and LEI or CUI code; nature and scope of operations; registered office of the entity; duties.
Description of the level of knowledge, skills and experience of the person to be assigned, including	The following will be indicated : knowledge and skills (university studies, courses, diplomas and certificates); relevant professional experience.
Information on the holding of several positions or other responsibilities within the regulated entity	Specify the additional positions and duties performed:
Other information relevant to the assessment	

V. Statements

Declaration signed by the legal representative of the company, according to which:

The undersigned, , legal representative of..... , I hereby state that the assessment of the person notified has been carried out in compliance with the legal provisions and internal policies relating to the requirements of professional competence and moral probity, according to which the person notified is suitable to carry out the duties assigned, and I declare that the information provided in the notification is correct and complete.

Date,

Signature

LIST

of competences/skills for assessing the suitability of the competences of the members of the management structure

Without being exhaustive, the following competences/skills shall be taken into account, depending on the competences and duties conferred to the members of the governance structure, for the purpose of the assessment of suitability by the regulated entity:

(a) authenticity - the person being assessed demonstrates consistency in word and deed/speech and actions and behaves in accordance with his/her values and beliefs. Openly communicates his/her intentions, ideas and feelings, fosters an open and honest environment and accurately informs the superior/senior structure of the actual situation, while identifying and acknowledging risks and problems;

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

c) decision-making ability - the assessed person makes timely, informed and well-informed decisions, acting promptly or committing to a well-defined plan of action, expressing his/her views and not delaying the resolution of situations arising;

d) ability to make judgements/independent thinking - the assessed person is able to assess data, information and different courses of action in order to reach a correct and logical decision. Has the ability to examine, recognise and understand the essential elements and aspects of a situation. Has the ability to see the big picture and sees beyond own area of responsibility, especially when dealing with issues that may jeopardise the smooth running of the business;

e) quality and customer orientation - the assessed person focuses all his/her attention on quality and how to ensure it and whenever possible, on finding ways of constant improvement. In particular, this may mean refraining from consenting to the development and marketing of products and services and capital expenditure, e.g. products, office buildings or holdings, in situations where he/she is unable to assess risks properly due to lack of understanding of the overall situation or underlying principles. Identifies and studies clients' wants and needs, supports the provision of accurate, complete and balanced information to clients and ensures that the risks to which clients are exposed are appropriate to their profile;

f) leadership skills - the assessed person provides guidance and direction to the group, develops and maintains teamwork, motivates and encourages available human resources and ensures that staff members have the professional competence to achieve the objectives set. Is receptive to criticism and provides opportunities for critical debate;

g) loyalty/dedication - the assessed person feels a sense of identification with the entity through their commitment. He/she demonstrates that he/she can devote sufficient time to the position and is able to perform his/her duties properly, defend the interests of the entity and act objectively and critically. Recognises and anticipates potential conflicts of interest both personally and from the entity's point of view;

h) internal and external awareness - the assessed person monitors developments, power lines and attitudes within the entity. He/she is well informed about,

relevant national and international financial, economic, social and other developments that may affect the entity and the interests of shareholders and is able to apply this information and use it effectively;

i) negotiation skills - the assessed person identifies and discloses common interests in a manner designed to achieve consensus while pursuing negotiation objectives;

j) persuasive skills - the assessed person is able to influence the views of others by adopting a persuasive, firm and tactful attitude in a natural manner. He/she has a strong personality and is an upright person;

k) team working skills - the assessed person is aware of the interest of the group and contributes to the common end result; he/she is also able to function as part of a team;

l) resilience to stress - the assessed person is resilient/resistant and able to carry out tasks in a consistent manner, even when under great pressure or in times of uncertainty;

m) strategic ability - the assessed person is able to develop a realistic strategic vision of future developments and to translate/translate this into long-term objectives, for example by applying the scenario method. In doing so, he/she considers the risks to which the entity is exposed and takes appropriate measures to manage and control them;

n) sense of responsibility - the assessed person understands the interests of the entity, both internal and external, has the ability to assess them carefully and take them into account. He/she also has the ability to learn and realise that his/her actions affect the interests of shareholders;

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

ANNEX No 4

Matrix on the assessment of collective suitability of members of the governance structure

Introduction and instructions

Responsibility for the governance structure is collective. The governance structure fulfils its role effectively when it is able to make informed decisions and undertake effective oversight. To this end, the management structure should be composed of individuals with diverse and up-to-date knowledge, skills and experience covering the areas of major interest to the entity and the risks to which it is exposed. The regulated entity shall ensure that the members of the governance structure are collectively appropriate at all times.

Tool for the assessment of collective suitability by the regulated entity

The suitability matrix is a tool for regulated entities to assess the collective suitability of the members of the governance structure on a regular or annual basis. If the regulated entity chooses not to use the matrix set out in this Annex, it shall construct its own model for assessing suitability, which shall be proportionate and appropriate to the size, nature and complexity of the entity.

An individual assessment of the knowledge, skills and experience of each member of the management structure in relation/correlation to the major areas of the entity's business and related risks shall identify the strengths and weaknesses of the overall knowledge, skills and experience. The results of this assessment shall determine the training needs and/or profile required of new members so as to ensure the collective suitability of the management structure.

Internal matrix completion process

The management structure, as a whole, is responsible for conducting the collective suitability self-assessment and establishing an internal process for completing the matrix in an efficient, transparent, fair and critical manner. The practicalities of the internal process shall be set out in the regulated entity's own procedures, including the parties involved and their specific role (nomination committee, internal committees, including the human resources structure or other structures related to the core business, external consultancy, etc.), and how the information for completing the matrix is collected.

For example, the data needed to fill in the collective matrix may be collected from the information resulting from the completion of an individual questionnaire by each member/rater or the awarding of an individual score from A/1 to R/5 similar to that provided in the collective matrix, as follows:

- level A or 1 - absence of knowledge;
- level S or 2 - low level - understands the subject if explained;
- level M or 3 - basic (medium) level - understands the answers received within the area/domain of competence;
- level MR or 4 - advanced level (high intermediate) - formulates appropriate questions and answers and understands the answers received;
- level R or 5 - expert level (high) - formulates, implements, monitors strategies and responses and fully understands reports received.

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

Required information on prudential supervision

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

Module A contains information that can be adapted according to the entity's business model.

Module B covers common requirements and comprises three types of sub-certainties - (1) governance (framework for managing the business), (2) risk management, compliance and internal audit, and (3) management and decision-making.

Tables and descriptive passages in the matrix

The matrix consists of tables of collective scores, as modelled in Section 1 - Section 4, which serve as quantitative indicators for the collective adequacy of the governance structure, and its appendices.

The scores (high, medium-low, medium, low, absent) are used to define the concept of "experience" in its broadest sense: experience, both in the theoretical and practical sense, knowledge and skills are included; both theoretical knowledge gained through training, education and coaching and practical experience gained in previous positions are taken into account.

The regulated entity must determine how best to conduct a collective suitability analysis. It is advisable to fill in a separate matrix for executive/senior management (to the extent it is a collegiate body) and board members respectively. In the case of the board member matrix, consideration should also be given, if constituted, to the collective knowledge and expertise of specialist committees (risk/remuneration/audit/appointment or nomination) within the management structure.

Interpretation of ratings/scores obtained:

1. In the case of individual assessment - obtaining a rating/score A/1-S/2 is considered an unacceptable level; obtaining a score M/3-R/5 indicates an adequate individual level;
2. In the case of collective assessment - obtaining a score A/1- M/3 indicates an insufficient level collectively; obtaining a score MR/4-R/5 indicates an adequate level.

Without prejudice to the provisions of Article 29, the collective assessment shall be deemed adequate if at least one of the members of the Board scores MR/4-R/5 for each of the criteria subject to the matrix assessment.

Section 1

Convergence of collective fitness with the business plan									
Description of the following issues:									
1. The company's business plan									
2. The main risks associated with the current business plan, according to risk appetite and approved risk tolerance limits									
3. Company strategy (future-oriented perspective) for the next three years (in the case of life insurance companies, strategy for the next five years)									
4. The main risks associated with the strategy described in point 3									
This section is intended to map the collective experience required of management in relation to the main features of the company's business plan, its strategy and the experience required for the management of the principal associated risks, taking into account, on the basis of its own classification, the main geographical sectors, lines of business and the main risks associated with the company's business.									
1			2				3		

Enter company-specific generic names in column 1, adding the entity's own analysis in column 2 (Add or delete rows as necessary, depending on the business.)	Enter the score obtained in the individual evaluation next to each member's name. (Add columns for all executive/senior management and board members respectively.)								Fill in a collective score for the management structure by allocating the highest score obtained in the individual assessment. NOTE: Fill in separate matrix for board members and executive/senior management members respectively, to the extent that it is a collegiate body. A/1 = Absent S/2 = Low M/3 = Medium MR/4 = Medium-High R/5 = High
	Member name	Member name	Member name	Member name	Member name	Member name	Member name	Member name	
Group/group-wide business plan									
Core business line 1									
Core business line 2									
Core business line 3									
Geographical sector 1. .									
.....									

Geographical sector 3.									
Subsidiary/Branch 1.									
Subsidiary/Branch 2									
Subsidiary/Branch 3									
Main financial products/instruments /Insurance classes 1									
Main financial products/instruments /Insurance classes 2									
Main financial products/instruments /Insurance classes 3									
Risks at company level									
Credit risk/Counterparty risk 1									
Credit risk/Counterparty risk 2									
Credit risk/Counterparty risk 3									
General insurance underwriting risks 1									
General insurance underwriting risks 2									
General insurance underwriting risks 3									
Life insurance underwriting risks 1									
Life insurance underwriting risks 2									
Life insurance underwriting risks 3									
Health insurance underwriting risks 1									
Health insurance underwriting risks 2									
Health insurance underwriting risks 3									

Market risk 1									
Market risk 2									
Market risk 3									
Interest rate risk 1									
Interest rate risk 2									
Interest rate risk 3									
Disaster risks1									
Disaster risks2									
Disaster risks3									
Operational risk 1									
Operational risk 2									
Operational risk 3									
Operational risk 1									
Operational risk 2									
Operational risk 3									
Liquidity risk 1									
Liquidity risk 2									
Liquidity risk 3									
Underwriting and reserve risk									
Risk of risk concentration 1									
Risk of risk concentration 2									
Risk of risk concentration 3									
Risk related to IT systems 1									
Risk related to IT systems 2									
Legal and reputational risk 1									
Legal and reputational risk 2									

Other risk category 1 (identified according to the company's specific activity)									
Other risk category 2 (identified according to the company's specific activity)									
Degree of risk diversification									
Risks at group level (Add rows.)									

Section 2

Common requirements		
A. Governance system - Management and operating framework		
This section is designed to analyse the organisational structure of the company and how responsibilities and accountability are allocated and monitored.		
	<p>Enter the rating/score obtained in the individual evaluation next to each member's name. (Add columns for all executive/senior management and board members.)</p>	<p>Fill in a collective score for the management structure by allocating the highest score obtained in the individual assessment. NOTE: Fill in separate matrix for board members and executive/senior or management members respectively, to the extent that it is a collegiate body.</p>

	Member name	Member name	Member name	Member name	Member name	Member name	Member name	Member name	A/1 = Absent S/2 = Low M/3 = Medium MR/4 = Medium- High R/5 = High
Assessment of the organisational structure and its functioning									
Assessment of the structure and functioning of the governance system									
Assessment of the structure and functioning of governance arrangements at group level (e.g. parent-subsidiary relationships)									
Assessment of the structure and functioning of human resources									
Assessing the suitability of management									
Policies and procedures for the induction and training of management and company-wide members									
Compensation policies and practices, the compensation committee, if established, and incentives offered to influence performance									

Capital management policy and policy on valuation of assets and other liabilities									
Succession planning									
Policy on outsourcing and oversight of outsourced activities									
Investment policy, respecting the prudent person principle (in the case of insurance-reinsurance companies)									
Emergency plan									
Other governance issues may be included below (e.g. if the company is going through a major restructuring exercise involving specific organisational expertise etc). To be filled in if and to the extent applicable/applicable.									
<input type="checkbox"/> Allocation and separation of tasks and responsibilities									
<input type="checkbox"/> Policy on ensuring the independence of key and critical positions									

Section 3

Common requirements									
B. System of governance - Internal control mechanism - risk management, compliance and audit									
This section is intended to identify and analyse the experience of members of the governance structure in understanding the duties of key positions and critical positions, as appropriate, and their knowledge of risk culture at company and group level (experience of members of management in relation to risk management, internal control/compliance and internal audit respectively).									
	Enter the rating/score obtained in the individual evaluation next to each member's name. (Add columns for all executive/senior management and board members respectively).								Fill in a collective score for the management structure by allocating the highest rating/score obtained in the individual assessment. NOTE: Fill in separate matrix for board members and executive/senior management members respectively, to the extent that it is a collegiate body.
	Member name	Member name	Member name i	Member name	Member name	Member name	Member name	Member name	A/1 = Absent S/2 = Low M/3 = Medium MR/4 = Medium-High R/5 = High
Establish and implement risk strategy, risk culture and approved risk tolerance limits									
Investment strategy, in particular in relation to derivatives and similar arrangements									
Capital management (according to company-specific prudential requirements)									
Asset-bond management									
Recovery and resolution									

Stress tests and scenario analyses.									
Internal model									
Intra-group transactions									
Underwriting and calculation of technical reserves (actuarial function)1									
Reinsurance and other risk minimisation techniques (actuarial function)2									
Evaluation of the work of the risk management position									
Risk management policies and procedures and measures applied									
Legal provisions on risk management									
Assessment of the internal control system and the work of the compliance function									
Compliance with anti-money laundering and anti-terrorist financing requirements									
Internal control policies and procedures and measures applied									
Warning mechanisms									
Evaluation of the work of the internal audit function									

Drawing up and verifying the implementation of the annual audit plan									
Aspects of reporting and recording of products and services									
Financial information and regulatory reporting requirements									
Other issues related to the governance system (e.g. specific issues not covered by the business model analysis)									
[]									
[]									

1 Exclusively for insurance-reinsurance companies.

2 Exclusively for insurance-reinsurance companies.

Section 4

Common requirements									
C. Governance system - Management, strategy and decision-making									
This section is designed to analyse the managerial knowledge, expertise and skills of management members and to assess collective decision-making skills.									
	<p>Enter the rating/score obtained in the individual evaluation next to each member's name. (Add columns for all executive/senior management and board members.)</p>								<p>Fill in a collective score for the management structure by allocating the highest score obtained in the individual assessment. NOTE: Fill in separate matrix for board members and executive/senior management members respectively, to the extent that it is a collegiate body.</p>
	Member name	Member name	Member name	Member name	Member name	Member name	Member name	Member name	<p>A/1 = Absent S/2 = Low M/3 = Medium MR/4 = Medium-High R/5 = High</p>
Managing processes and tasks and guiding staff									

Safety, quality, liquidity, profitability and availability of investment portfolios									
Convergence of statements with actions taken in accordance with own values and beliefs									
Institutional culture development									
Oversight, either over members of executive management or over day-to-day, actual management									
Professional and ethical standards									
Hiring external experts to carry out certain tasks									
Development and implementation of strategy and business plans									
Identifying and capitalising opportunities for applying the business continuity principle									
Product suitability for target groups of potential customers									

Identifying the long-term interests of the entity in evaluating the products, services and markets in which the company operates and acting accordingly									
Communicating strategy, policies and objectives within the company or group in a transparent and clear manner									
Communicating externally and knowing when stakeholders (such as A.S.F., shareholders, contractors and external auditors) need to be informed									
Organisation of the decision-making process									
Chairing an internal decision-making structure, committee or steering group									
Supervision of managers (either the supervisory position of executive management or the management position over lower-level managers)									
Ensuring adequate frequency of meetings									

Communication in an international context (use of several languages) if necessary									
Gathering information (internal and external) in order to make informed and timely decisions									
Reporting of specialist committees or commissions to management									
Analyse a sufficient number of options in the decision-making process									
Promoting an open decision-making process that allows for constructive debate of proposals									
Taking into account the interests of all stakeholders in the decision-making process									
Recognising and discussing conflict of interest issues in the decision-making process									
Evaluate decisions so that they are taken in line with company strategy									
Documentation of adopted decisions									

Other relevant management or decision-making issues (particularities due to single or two-tier management structure)									
[]									
[]									

Section 5

Description of the overall experience

<p>This section provides an overview of the professional experience in the financial-banking or other relevant field that members of management have in the company or other entity.</p> <p>It also provides an overview of other types of experience and is intended to guide the assessment of collective suitability for providing a diversity of experience types and for establishing a succession plan.</p>								
Fill in as appropriate with the number of years of professional experience:	Member name	Member name	Member name	Member name	Member name	Member name	Member name	Member name
The year in which the current mandate is up for renewal								
Number of years in a non-executive position within the company/group								
Number of years in an executive position within the company/group								
Number of years of experience in the financial-banking sector in large entities other than the company concerned								
Number of years of experience in the financial-banking sector in medium-sized entities other than the company concerned								

Number of years of financial-banking experience in small entities other than the company concerned								
Number of years in management positions								
Number of years of experience in other relevant fields (e.g. academia, legal practice, etc.)								

Section 6

Overview of collective fitness

This section is designed to assess the collective suitability of board members, taking into account the analysis of the experience of all members in the context of the whole board composition.
What are the strengths of the executive management or board?
What are the weaknesses of the executive management or the board? How and how quickly can these be managed and mitigated? How effective have the measures already taken to this end been?
<p>Considerations regarding the general composition of the Board.</p> <p>Explain why the company considers this composition of the board to be appropriate and effective, for example: How is the collaboration between members?</p> <p>What roles do they play in the dynamics of group discussions and decisions?</p> <p>What particular characteristics do members have that add value to collective appropriateness?</p> <p>Is the size of the management structure appropriate?</p>
Given a long-term perspective on the company (major challenges that may arise, such as sustainability of the business plan, mergers or acquisitions, restructuring, expansion of the business), but also succession planning, what the collective management suitability needs will be?

Section 7

Annexes

This section is intended - for internal registers/documents - to briefly explain the internal process behind the completion of the matrix, to further explain how the notation was made, where necessary or desired, and also to introduce an overview of the documents attached to this matrix.
Internal matrix completion process
<p>Aspects that can be included:</p> <ul style="list-style-type: none"> - parties involved; - planning (annual evaluation, periodic evaluation, ad hoc evaluation); - information collected

Further explanations of ratings/scores for different sections
Convergence with the business plan
Governance system in general
Risk management, actuarial, internal control and audit
Management, strategy and decision-making
Overview of attached documents
List of documents submitted

Annex no. 4¹

**INDIVIDUAL SUITABILITY ASSESSMENT REPORT
OF THE PERSON PROPOSED FOR THE MANAGEMENT STRUCTURE OF**

.....

Surname and first name of the proposed person	
Proposed position	
Name and surname of evaluator(s)	
Position held	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
Relevant experience in order to carry out the duties specific to the position held;	
Criteria for assessing the adequacy of knowledge, skills and experience:	
(a) the role and duties of the quality concerned and the ability required to carry them out;	
b) knowledge and skills acquired through education, practice and training;	
(c) experience gained in previous positions held;	
(i) the nature of the management position held and its hierarchical level;	
(ii) length of service;	
(iii) the nature and complexity of the work, including information about the organisational structure of the entity in which he or she previously worked;	
(iv) the scope of the person's competences, decision-making powers and responsibilities;	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
(v) technical knowledge acquired in previous positions;	
(vi) the number of persons reporting to him/her;	
(d) knowledge and skills acquired and demonstrated through professional conduct as a member of a management structure or in other positions, as appropriate;	
e) training courses or passing the test on the knowledge of the legislation in force specific to the field of activity of the financial supervision sector, organised by the training programme providers operating within the three financial markets under the supervision of A.S.F..	
Criteria for assessing reputation, honesty and integrity:	
(a) conviction or prosecution in personam in cases relating to:	
(i) offences under financial-banking legislation, offences under legislation relating to the prevention and combating of money laundering and terrorist financing, market manipulation, misuse of confidential information or offences in connection with corruption;	
(ii) offences against property or other economic/financial crimes;	
(iii) offences under tax law committed directly or indirectly, including illegal or prohibited dividend arbitrage schemes;	
(iv) other offences under company, bankruptcy, insolvency and consumer protection law;	
(b) previous or ongoing measures and sanctions taken by any regulatory authority or professional body for non-compliance with any relevant provisions governing financial and banking activities or any of the situations in letter (a);	
c) matters relating to the professional performance as well as the financial soundness of the member of the management structure, taking into account the following:	
(i) the existence of entries in the tax record certificate;	
(ii) the financial results of entities owned or managed by the member or in which the member under assessment has owned or holds a significant interest or influence; particular attention shall be paid to financial recovery, bankruptcy, liquidation proceedings and whether and how the member has contributed to the situation which led to those proceedings;	
(iii) the declaration of personal bankruptcy;	
(d) the person under assessment has been in one of the following situations:	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
(i) has not demonstrated transparency, openness and cooperation in dealing with regulators;	
(ii) has been a member of the management structure of an entity which has been subject to a decision to refuse approval, for reasons related to the person being assessed, or a decision to impose a sanction by a regulatory authority, or whose registration or authorisation has been withdrawn by a regulatory authority;	
(iii) has been refused, withdrawn or prohibited from carrying out activities requiring registration or authorisation by a regulatory authority;	
(iv) has been a member of the management structure of an entity that has entered into insolvency or involuntary liquidation during the period in which he or she has had a contractual relationship with that entity or within one year of the date of termination of that relationship with that entity, provided that he or she has been held liable for the entity's entry into insolvency in accordance with the applicable provisions of the relevant legislation relating to insolvency or involuntary liquidation;	
(v) has been fined, suspended or sanctioned for fraud, embezzlement or in connection with the provision of financial or data services;	
(vi) has been removed or dismissed for cause under applicable law from office as a director or other senior management position or other relevant position;	
(vii) there is any other evidence or serious complaints or referrals based on relevant, credible and reliable information suggesting that the person is acting in a manner inconsistent with the Conduct Rules;	
Governance criteria:	
(a) the existence of a possible conflict of interest as defined in Article 2 para. (2) letter (e);	
b) restrictions and incompatibilities between the capacity assessed and the capacities held in the same regulated entities or in other entities, as defined in the specific legislation;	
(c) the ability to effectively perform the work and to allocate the appropriate time to it;	
(d) the ability of the assessed person to carry out his/her duties independently and the relevant issues that may arise from the analysis of information obtained, relating to:	
(i) the activities carried out in previous and current positions with the same or other regulated entities;	
(ii) personal, professional or other business relationships with members of the management structure of the same regulated entity, parent company or	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
of other entities of the group to which the regulated entities belong;	
(iii) personal, professional or other economic relationships with shareholders who have control over regulated entities, the parent company or other entities within the group;	
(e) is able to devote sufficient time to the performance of its duties and responsibilities;	
(f) understands the scope of the regulated entity's business, its principal risks and the implications of the business and risk strategy;	
(g) complies with the limitation on the maximum number of management positions in accordance with the provisions of the specific legislation applicable to the regulated entity concerned, if the person holds a mandate in a significant entity;	
(h) is able to perform his/her duties also during periods of particularly intense activity, such as restructuring, relocation, acquisition, merger or takeover processes, or in crisis situations or following major difficulties with one or more of its operations, taking into account that such periods may require a higher level of dedicated time than normal periods.	

Date:

Signature:

Note: Partial filling in sections or failure to fill in sections cannot be taken into account. Also, where applicable, answers such as "YES", "NO", "X", "N/A", "None", "Not applicable", should be accompanied by the relevant aspects that have been taken into account in the assessment process.

**REPORT ASSESSING THE INDIVIDUAL SUITABILITY OF THE PERSON
PROPOSED FOR A KEY POSITION IN THE**

.....

Surname and first name of the proposed person	
Proposed key position	
Full name of evaluator(s)	
Position held	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
Relevant experience in order to carry out the duties specific to the position held;	
Criteria for assessing the adequacy of knowledge, skills and experience:	
(a) the role and duties of the key position concerned and the ability required to perform it;	
(b) knowledge and skills acquired through education, practice and training;	
(c) experience gained in previous positions held;	
(i) the nature of the key position held/tasks performed and its hierarchical level;	
(ii) the duration of the position;	
(iii) the nature and complexity of the work, including information on the organisational structure of the entity in which he/she previously worked;	
(iv) the scope of competences, decision-making powers and responsibilities of the person;	
(v) technical knowledge acquired in previous positions;	
(vi) the number of subordinates, if any;	
(d) knowledge and skills acquired and demonstrated through professional conduct as a member of a management structure or in other positions, as appropriate;	
e) training courses or passing the test on knowledge of the legislation in force specific to the field of activity of the financial supervision sector, organised by the training programme providers operating in the three financial markets under the supervision of A.S.F. in accordance with the requirements of the specific legislation	
Criteria for assessing reputation, honesty and integrity:	
a) conviction or prosecution in personam in cases relating to:	
(i) offences under financial and banking legislation,	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
offences under legislation on preventing and combating money laundering and terrorist financing, market manipulation, misuse of confidential information or offences related to corruption;	
(ii) offences against property or other economic/financial crimes;	
(iii) offences under tax law committed directly or indirectly, including through illegal or prohibited dividend arbitrage schemes;	
(iv) other offences under company, bankruptcy, insolvency and consumer protection law;	
(b) previous or ongoing actions and sanctions taken by any regulatory authority or professional body for non-compliance with any relevant provisions governing financial and banking activities or any of the situations in letter (a);	
(c) matters relating to professional performance as well as financial soundness, taking into account the following:	
(i) the existence of entries in the tax record certificate;	
(ii) the financial results of entities owned or managed by the person or in which the person concerned has a holding or significant influence; particular attention shall be paid to financial recovery, bankruptcy, liquidation proceedings and whether and how the person concerned contributed to the situation giving rise to such proceedings;	
(iii) the declaration of personal bankruptcy;	
(d) the person under assessment has been in one of the following situations:	
(i) has failed to demonstrate transparency, openness and cooperation in dealing with regulators;	
(ii) has been a member of the management structure of an entity which has been subject to a decision of refusal of approval, for reasons related to the assessed person, or a decision of sanction by a regulatory authority or whose registration or authorisation has been withdrawn by a regulatory authority;	
(iii) has been refused, withdrawn or prohibited from carrying out activities requiring registration or authorisation by a regulatory authority;	
(iv) has been a member of the management structure of an entity which has entered into insolvency or involuntary liquidation during the period in which he has had a contractual relationship with that entity or within one year from the date of termination of that relationship with that entity, provided that he is liable for the entry into insolvency	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
of the entity in accordance with the applicable provisions of the law governing insolvency or involuntary liquidation;	
(v) has been fined, suspended or sanctioned for fraud, embezzlement or in connection with the provision of financial or data services;	
(vi) has been removed or dismissed for cause under applicable law from office as a director or other senior management position or other relevant position;	
(vii) there is any other evidence or serious complaints or referrals based on relevant, credible and reliable information suggesting that the person is acting in a manner inconsistent with the Conduct Rules;	
Governance criteria:	
(a) the existence of a possible conflict of interest as defined in Article 2 para. (2) letter (e);	
(b) restrictions and incompatibilities between the position under assessment and positions held in the same regulated entities or in other entities, as defined by specific legislation;	
(c) ability to effectively perform the work and to allocate the time appropriate to the performance of the work;	
(d) the ability of the assessed person to carry out his/her duties independently and the relevant aspects that may result from the analysis of the information obtained, relating to:	
(i) activities carried out in previous and current positions within the same or other regulated entities;	
(ii) personal, professional or other business relationships with members of the management structure of the same regulated entities, of the parent company or of other entities of the group to which they belong regulated entities;	
(iii) personal, professional or other business relationships with controlling shareholders of the regulated entities, the parent company or other entities within the group;	
(e) is able to devote sufficient time to carry out its duties and responsibilities;	
(f) understands the scope of the regulated entity's business, its principal risks and the implications of the business and risk strategy;	
(h) is able to perform his/her duties also in periods of particularly intense activity, such as restructuring, relocation, acquisition, merger or takeover processes or in crisis situations or following major difficulties with one or more of its operations, taking into account that such periods may require a higher level of	

Legal requirements under the ASF Regulation no. 1/2019	Result of the governance structure on prior assessment
dedicated time than normal periods.	

Date:

Signature:

***Note:** Partial filling in sections or failure to fill in sections cannot be taken into account. Also, where applicable, answers such as "YES", "NO", "X", "N/A", "None", "Not applicable", should be accompanied by the relevant aspects that have been taken into account in the assessment process.*

ANNEX No. 5

Interviewee assessment sheet

Full name of the person being assessed							
Name of regulated entity						Position concerned	
No.	Criteria assessed	The score awarded ¹⁾ (1-5)					Qualification awarded ²⁾ (A-R)
		Members of the Interview Committee ³⁾ (Name/First name of each member)					
		Member 1	Member 2	Member 3	Member 4	Member 5	
0	1	2	3	4	5	6	7
1.	Knowledge, skills and professional experience (Aspects assessed according to Art. 10 and 11 of the Regulation):						
a)	- Theoretical knowledge - Aspects covered: - specific field of activity, knowledge of specific legislation; - general aspects relating to the activity/functioning of the entity; - organisational (entity ROF) and legislative requirements applicable to the position concerned; - financial markets; - risk management issues.						

b)	<p>- Relevant practical and professional skills and experience appropriate to the nature, scale and complexity of the work of the entity and the responsibilities to be performed.</p> <p>Aspects covered:</p> <ul style="list-style-type: none"> - seniority - relevant experience - scope of skills and responsibilities in previous positions - understanding of the business strategy/model and solutions for its implementation, if applicable; - resolution of critical situations in previous positions; - level of awareness of the risks involved: - main risks identified, related to the activity/tasks to be performed - prudential requirements related to the prevention/mitigation of identified risks - knowledge of the Romanian language, if applicable 						
c)	<p>- Organisational and management knowledge and skills/experience in management positions</p> <p>Aspects covered:</p> <ul style="list-style-type: none"> - managerial vision; personal views on the strengths and weaknesses of the business of the entity concerned; - priorities, objectives - operational planning (analysis, costs, funding sources) business plan/business programme - (Comments: Not to be noted for key positions.) 						
2.	Governance (issues assessed under Article 14 of the Regulation):						
a)	<p>General principles of the governance system</p> <p>Aspects covered:</p> <ul style="list-style-type: none"> - Knowledge of board/executive management responsibilities; internal reporting system; internal control system - corresponding positions; - time allocated to the position concerned - other management positions held - independent thinking in the exercise of duties/position and respect for the principle of independence, where applicable - conflicts of interest, restrictions, incompatibilities 						
b)	<p>Overall composition of the governance structure</p> <p>Aspects covered:</p> <ul style="list-style-type: none"> - Individual experience, knowledge and skills complement each other's experience, knowledge and skills for collective suitability; - Adjustment of responsibilities among members so as to reflect adequate understanding of the areas of concern for collective responsibility and the overall vision of the entity (Comments: Applies only to persons in the management structure of regulated entities for which specific legislation provides for collective assessment). 						
Signature of the members of the Interview Committee: Date:							

1) Each member shall fill in the column corresponding to his/her name with a score from 1 to 5, without decimals, corresponding to the adequacy of the requirements set out in points 1 letters (a), (b) and (c) and 2 letters (a) and (b) respectively. The score awarded shall be the degree to which the requirement is met, with 1 being the lowest.

2) The Chairman of the Interview Committee records the score corresponding to the arithmetic average of the scores (from 1 to 5) awarded by the members of the Interview Committee. For the purposes of determining the grade, the arithmetical average score is rounded off to the nearest whole number. The marks awarded corresponding to the arithmetical average are as follows:

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

3) The number of members of the Interview Committee shall be at least 3.