PN-ABR-305
ISN 87559

Deloitte & Touche

IN ASSOCIATION WITH:

Development Alternatives
Multinational Strategies, Inc.

ROMANIA
Privatization Assessment

Assessment Report

Contract # EUR 0014-I-00-1056-00
Delivery Order #3
Prepared for EUR/RME/ER/ED

Draft

DECEMBER 1991

Member
DRT International

PRIVATIZATION ASSISTANCE TO THE GOVERNMENT OF ROMANIA
DRAFT REPORT

I. REPORT SUMMARY

Development Alternatives Inc. (DAI), in conjunction with Deloitte & Touche, is pleased to submit this report to the U.S. Agency for International Development in support of its country objectives for Romania. Based on a 30 person-day work order for to assist the Government of Romania (GOR) in developing and implementing a privatization strategy, the team of Daniel Hogan (DAI) and Victor Felszegi (MNS) worked closely with Romania's National Agency for Privatization (NAP) to provide advice and recommendations on the development of a comprehensive privatization strategy to support the reform process.

As specified in the Scope of Work (SOW) (Attached as Appendix A), the team reported directly to the NAP and worked closely with AID/Bucharest. Upon arriving and assessing the rapid developments in the privatization and decentralization process, the team (in conjunction with AID/Bucharest) determined that the importance and visibility of the privatization process in the Romanian political and social arenas, the advanced legal structure upon which the process is based, and the urgent desire of the AID Representative Office to provide a timely response to NAP for assistance mandated a focused and targeted program of privatization assistance. Thus, based upon assessment of existing legal, fiscal and institutional frameworks and the policy and regulatory reform process currently underway, the team has developed specific guidelines for technical assistance in areas of high priority to the rapidly unfolding privatization process in Romania.

The in-country portion of this work order was executed from 22 October--1 November, 1991 by a team composed of two persons supplied by Development Alternatives, Inc. (Washington, D.C.) and Multinational Strategies (New York, New York). During this time, the team worked closely with NAP personnel, who were important sources of information and interviews, especially Mr. Radu Emilian; indeed, the team's schedule was devised by the Agency. Throughout the work, it was clear to the team that NAP is the focal point of privatization activities within the country.

II. BACKGROUND

Privatization Framework

In the wake of the December 1989 revolution which effectively ended 45 years of centralized decision-making, ownership, and control in Romania, the profound political upheaval has revealed entrenched institutional, economic, and societal shortcomings. Romania's concerns are systemic and multisectoral: the transition to a market economy, deprivation and poverty, rising unemployment, a legacy of fear, mistrust and isolation, inflation, ecological destruction, shortages of basic human staples, and the staggering challenge of entering into a global economy of advanced technology and world-class markets.

Before 1990, few countries in the world had ever attempted to build a market economy on the remains of an ineffective and mismanaged command economy. The present conditions in Romania demand an unprecedented mobilization of management capability, organizational development, and technical expertise. Industrial plants are outmoded and run down; transportation barely functions; the agriculture sector is in crisis; energy and food is in short supply. There is deep concern at the Ministerial level that transition efforts will be so painful in the short term that, unless immediate, tangible capitalist achievements are realized and disseminated to the public, the Romanian citizenry will become quickly disillusioned with the new order.

Privatization has become the key element in the Romanian reform process, and the vehicle by which the GOR intends to transform itself into a market economy. By virtue of Law #15/1990 (Restructuring of State Owned Companies, July 1990) and Law #54/1991 (Privatization Law, August 1991) the GOR committed to and created the legal and operational structures that will result in the sale of some 6,000 state owned enterprises over seven years commencing June 30, 1992. Law #15/1990 also states that eligible Romanian citizens will receive, free of charge, nominal securities representing in aggregate 30% of the nominal share capital of commercial companies. Additional empowering legislation, covering Foreign Investment, establishment of Joint Ventures, Tax Incentives, Agricultural Land Distribution, Foreign Exchange Convertibility and Trade Standards, (relative law, as evidenced by attachments, Appendix B) together with a strong Franco-Romanian body of jurisprudence, provide the framework, should the appropriate assistance be found, to begin the privatization process immediately.

As part of Law #15/1990 the National Agency for Privatization (NAP) was created. Thus, the GOR has chosen to delegate responsibility for privatization activities to NAP; it is through the agency that all privatization activities will be managed. NAP is also

responsible for the aforementioned transfer of 30% interest in commercial companies into private hands.

NAP, legally incorporated and functionally independent, is headed by Mr. Adrian Severin, (with the ministerial rank of Secretary of State) the former assistant to the recently departed Director of NAP, Mr. Theodor Stolojan, who was named Prime Minister during the month of September. NAP is a policy coordination and execution body, whose sole function is to facilitate the privatization process. Senior and staff management at NAP appear competent and committed to the process of economic decentralization.

The work to be accomplished is vast, encompassing most tools and techniques of modern financial engineering, agrarian reform, management disciplines and production methods. Romanian technical resources are limited, and suffer from parochial practices suited to the centralized, planned, socialist control that was in place over the last 45 years.

The privatization process and the work of NAP is important not only in economic terms, but also in political ones. The commitment to a free market economy is made doubly urgent by the continuing deterioration of the Romanian economy in general and the stated political agenda of the government in power, scheduled to face free elections next spring. Privatization, with concrete, understandable results and benefits for the Romanian populace may well provide the bonds that will carry the GOR through the current period of political change and economic uncertainty.

Agrarian Transition

Though the distribution of rural lands (outside of the former collective farms) in Romania is some 80% complete, there remain a number of challenges which must be overcome in order to stabilize the agrarian resources of the country, formerly known as the "Breadbasket of Eastern Europe." As the privatization of agricultural lands continues and the GOR's role in agricultural production diminishes, the breakdown, under the old regime, of efficient means of production, resource allocation, processing and distribution is widely evident. Without improvement to the agrarian side of the Romanian economy (in which some 40% of the population is engaged, utilizing some 60% of the land area, contributing approximately 20% of the GDP), the political stability of the new governmental order is threatened, food security is at risk and a significant percentage of the labor force is underemployed.

The SOW of this work order stipulated that the team's GOR counterparts were the staff of NAP. As such, the focus of the team's assessment efforts was in the industrial arena and the vast needs to be met within the scope of privatizing state-owned industrial assets. There is no question, however, that significant work needs to be done in the

agriculture and agro-industry sectors, both of which are subject to their own, unique forms of transition. An Agricultural Assessment of Privatization Assistance is recommended, with the following as areas to be explored:

- Privatization of Collective Farms--Strategy development and identification of targets for privatization in the production, processing and distribution sectors.

- Establishment of Marketing and Input Cooperatives--Technology transfer and enhancement of operations capability from U.S. agribusinesses and associations; Strategy development for promotion of long-term investment opportunities in Romanian agribusinesses; Development of local, regional, urban and export markets for agricultural products.

- Agro-Industry Development--Improvement in agricultural efficiency, product diversity and modern farming methods; Strategic resource allocation to enhance the ability of the Romanian population to feed itself.

Existing Donor Programs at NAP

As the team surveyed the technical assistance requirements of Romania's privatization process, plans were designed to fill specific niches in the framework of the GOR Privatization Process. By assessing the work of other donors, the team ensured that recommendations to AID would not be redundant with other assistance programs. At present, NAP is receiving assistance from EC PHARE in the following areas:

- NAP Organization and Management--DRT Europe
- Valuation Models--DRT Europe
- Selection of Pilot Privatization Candidates--DRT Europe
- Organization and Management of State Ownership and Private Ownership Funds--Lazard Freres
- Automation and Computerization of NAP--Volmack
- Automation and Computerization of State Ownership and Private Ownership Funds--Volmack

III. RECOMMENDATIONS/RESULTS SUMMARY

In order to respond most effectively to both the immediate and longer term requirements of the Romanian government's privatization process, the team recommends a two-phased action program supporting multi-sectoral privatization objectives. Phase I provides an immediate assistance package to NAP critical to the achievement of the objectives of the Pilot Privatization Program which will undertake the sale of state assets of selected companies to be completed by June 30, 1992. Phase II encompasses a medium- and long-term program for ongoing assistance to the process of Romanian democratic and economic reforms as the privatization process unfolds.

PHASE I: IMMEDIATE ACTIONS

Phase I, Immediate Assistance to the Government of Romania, encompasses three action areas which are critical to the progress of the privatization program. Sponsorship of pilot privatizations will assist in the sale of state-owned enterprises over the course of the next six months and will provide for near-term capital infusion. Assistance in the area of public relations and marketing for privatization television programming will result in maximization of the government-allocated air time to improve upon the public understanding of the transition to market economics. Resolution of land usage and ownership issues for commercial companies will remove a major barrier to foreign investment and serve as a catalyst for the development of real estate market transactions.

IMMEDIATE ACTION 1: SPONSORSHIP OF PILOT PRIVATIZATIONS

Objective

To provide technical assistance for immediate implementation of the Privatization Law by preparing for and executing the sale of selected state-owned commercial companies.

Background

The government has recently commenced a "pilot privatization" program, for 30 of the 6,000 commercial companies to be privatized. The list of available candidates for pilot privatization was to be made public on November 15. (It appears at this time that all

or portions of this list will be made available to AID/Bucharest shortly.) It is anticipated that these 30 companies will be above average in financial performance and will be from a cross-section of industrial sectors, with likely candidates in food processing, textile and apparel, footwear, furniture, wood products/timber. The GOR target date for completion of the pilot program is June 30, 1992.

NAP fully realizes that it is impossible to meet the goals of the pilot program without significant outside assistance. NAP has no expertise in company valuations, financial analysis, accounting standards and practices, development of business plans, sale methodologies, transaction structuring, prospectus writing, documentation requirements and transaction closings. Without assistance in these areas, it is unlikely that a privatization candidate can be "packaged" and made saleable.

The selection of pilot privatization candidates to be sponsored by AID should be focussed on industry sectors of strategic importance, including export development. AID is well-positioned to voice its criteria for selection, perhaps choosing to "bundle" certain companies with like characteristics in order to multiply the assistance funding for this project to apply to a broader number of enterprises. It is for this reason that the number of privatizations to be undertaken is herein not specified.

NAP has prepared preliminary Terms of Reference which are attached as Appendix C.

To enhance the ability of NAP to direct successfully the large number of privatizations which will follow the pilot program, it is recommended that training be provided to the staff of the Agency, based upon case studies of the pilot privatization candidates. In this manner, it is envisioned that the transaction process becomes institutionalized at NAP, giving the Agency the ability to accelerate the privatization process using in-house resources.

Scope of Work

The pilot privatization transaction team, in conjunction with NAP, will perform the following duties:

1. Provide advice and recommendations, for specific companies, on valuation, sale price and sale methodology;

2. Prepare historical financial analysis and projected earnings and loss statements;

3. Analyze environmental risks from operations;

4. Advise company management on transition to ownership;

5. Prepare business plan and prospectus;

6. Assist in selecting/marketing/preparing future owner(s);

7. Assess employment and production patterns, with recommendations for improved efficiencies and restructuring, if necessary;

8. Assess range of business options that may result in recommendations for alternative uses for company assets;

9. Provide advice and recommendations to potential employee investors/buyers;

10. Advise NAP on legal documentation and closing of sale;

11. Provide training materials, case studies, curriculum and instruction in divestiture/investment finance.

Level of Effort

The contractor will provide 9 U.S. consultants who have the necessary expertise in the following areas to implement each phase of the project. Total level of effort for the project, based upon a six day work week, will be 474 person days total, divided as follows:

Specialist	Technical Skills	Time Allocation
Transaction Team Leader	Corporate Finance Specialist	16 weeks
Financial Analysts	Credit Assessment/ Spread Sheet/Lotus	16 weeks
Valuation Advisor	Market, Historic, Book, Cash Flow, NPV, Termination, Asset Value Expert	3 weeks
Transaction Marketing Advisor	International Marketplace Transaction Knowledge	4 weeks
Industrial Engineer	Production, Time and Motion Methodologies	12 weeks
Trainer/Curriculum Specialist	Training Needs Assessment/ Financial Training Methodologies/Preparation of Case Studies	12 weeks
Environmental Analyst	Company Environmental Audits/ Risk Certification	6 weeks
Attorney	Documentation and Closing	4 weeks

IMMEDIATE ACTION 2:
PUBLIC RELATIONS AND MARKETING
FOR PRIVATIZATION TELEVISION PROGRAMMING

Objective

To provide public relations assistance, via allocated time on Romanian television, to communicate effectively the nature of transition to a market economy, and the difficulties and rewards of said transition.

Background

The GOR has authorized NAP to utilize 30 minutes of air time per week on Romanian television. They have been charged with explaining to the Romanian population the economic changes for which NAP has primary management responsibility, the mechanics of a market economy and the process of decentralization. It is expected that the programming message will contain strong references to the benefits of ownership to the citizens of Romania, as well as some of the difficulties to be expected in the short to near term transition period.

The programming is envisioned as direct and simple, with performers/instructors trained to illustrate economic principles and market forces via clear examples, utilizing simple stories, illustrations, graphics and visuals.

DRT Europe, as part of its general Public Relations responsibilities under their current assistance contract, may provide input for the design of the television programs and the topics to be covered. However, assistance for the preparation of scripts, visual aids/graphics, the training of actors/instructors, along with general "message packaging" skills are not yet completely funded.

NAP has prepared preliminary Terms of Reference which are attached as Appendix D.

Scope of Work

The public relations team, in conjunction with NAP and the Romanian National Television Network, will perform the following duties:

1. Provide advice and recommendations to the production crews for the NAP Television Program, detailing story lines, plots, visuals and graphics according

to the communications guidelines to be developed by DRT Europe and NAP;

2. Provide advice and recommendations on the enhancement of the visual presentations and production values of the NAP Television Program, emphasizing simple, direct communication, while simultaneously enhancing the importance of the message of economic reform;

3. Measure and report audience feedback, level of comprehension and confidence in message being sent.

Level of Effort

The contractor will provide 4 U.S. consultants who have the necessary expertise in the following areas to implement each phase of the project. Total level of effort for the project, based upon as six day work week, will be 192 person days total, divided as follows:

Specialist	Technical Skills	Time Allocation
Public Relations/ Marketing Advisor	Extensive preparation of ad campaigns, product information campaigns, message packaging and dissemination	8 weeks
Audio/Visual Artist	Television production	8 weeks
Script Writer	Production capabilities for fact-based information transmission	8 weeks
Educational TV Specialist	Production capabilities in tailored-message programming for specific interest groups	8 weeks

IMMEDIATE ACTION 3:
LAND USAGE/OWNERSHIP FOR COMMERCIAL COMPANIES

Objective

To provide the structural framework, based upon existing Romanian law, and, most especially Law #15 of July 7, 1991, for publication of urban, municipal and regional plans for land use and to publish guidelines for the authorization of urban land certificates, the mechanism by which legal ownership of urban land, after adjudication, if necessary, will be established.

Background

The process of land distribution and the assignment of ownership of land in urban areas is at a standstill (though some 80% complete in the countryside.) The Institute of Urbanism has been charged with making recommendations on commercial land usage and its return to commercial companies from the state, as well as making recommendations for land to be retained by local municipalities and counties for the public good. Little, if no progress has been made, though the legal framework for land transfer is in place. The sorting out of what belongs to whom, without benefit or knowledge of precedents for procedures which have been utilized in other parts of the world, has overwhelmed the resources of the Institute.

The implications for privatization of the continuing lack of clarity regarding land are negative. It appears unlikely that a foreign investor (and, to a lesser extent, a Romanian investor), would not perceive as risky a negotiated sale which does not convey complete title to the productive assets of an enterprise, including the land on which it is built. Thus assistance is required to develop the means to clarify ownership, transfer ownership into the proper private hands and devise compensation schemes for past owners who will be denied access to land title.

Additionally, it would appear that, because land use questions are rarely resolved in a timely manner, assistance will be required to develop possible representations, warranties and/or guarantees that the GOR might wish to offer in order to induce a purchaser to proceed with a transaction, even though transfer of land ownership may be concluded at a later date.

Scope of Work

The urban planning/commercial land use team, in conjunction with NAP and the Institute of Urbanism, will perform the following duties:

1. Review existing legal framework for the transfer of land ownership in urban areas, providing recommendations for clarification of ownership and transfer of land assets specifically for to-be-divested state-owned companies;

2. Establish standards and procedures for preparation of sound title instruments to be utilized in conjunction with state divestments;

3. Assist in the development of parameters for the establishment of land leasing practices, including legal, contractual and financial aspects of developing a lease contract for land and buildings;

4. Devise interim procedures (representations, warranties, guarantees) to be followed by state authorities to ensure that land ownership and usage conflicts do not impede the Pilot Privatization Program;

5. Provide assistance in establishing market valuations for real estate parcels; such valuations to be applied to the development of a compensation scheme for bona fide claimants of lands to be privatized;

6. Prepare initial environmental impact assessment of selected privatization sites.

Level of Effort

The contractor will provide 6 U.S. consultants who have the necessary expertise in the following areas to implement each phase of the project. Total level of effort for the project, based upon a six day work week, will be 192 person days, divided as follows:

Specialist	Technical Skills	Time Allocation
Urban Planner	Urban Economics, Land Distribution and Usage	6 weeks
Surveyor	Land Titling and Cadastral Assessment Surveying	6 weeks
Real Estate Analyst	Market Valuations, Real Estate Comparatives	6 weeks
Real Estate Appraiser	Urban Appraisal Certification	4 weeks
Environmental Analyst	Environmental Impact Assessment Surveys	6 weeks
Attorney	Real Estate Law	4 weeks

RECOMMENDED PRIVATIZATION ASSISTANCE:

IMMEDIATE ACTIONS		
Action	GOR Counterpart	Expected Results
PILOT PRIVATIZATIONS	NAP/Ministry of Industry	• Sale of State-Owned Enterprises • Near Term Capital Infusion
PUBLIC RELATIONS/MARKETING FOR PRIVATIZATION TELEVISION PROGRAMMING	NAP	• 6 Hours of Television Air Time • Communication of Market Principles • Public Understanding of Transition
LAND USAGE/OWNERSHIP POLICY FOR COMMERCIAL COMPANIES	NAP/Institute of Urbanism	• Removal of Major Barriers to Foreign Investment • Establishment of Land Use Policies • Catalyst for Development of Real Estate Market Transactions

MEDIUM AND LONG TERM ACTIONS		
Action	GOR Counterpart	Expected Results
DESIGN, MOBILIZATION, IMPLEMENTATION STRATEGY	GOR	• Multi-program Designs for Sustained Privatization Interventions
PRIVATIZATION INTERVENTIONS:		
• Management/Financial Training	NAP	• Improved Privatization Management Capacity • Catalyst for Transition to Market Economy
• Privatization Task Force	NAP/Privatized Company	• Privatization Support to Respond to Managerial, Administrative, Financial, or Personnel Transition
• Privatization Priorities/Comparative Advantages of Selected Sectors/ Industries	NAP/Min of Industry	• Establishment of Privatization Priorities, Implementation Strategy by Sector/Industry • Effective Marketing of Investment Climate • Data Base for NAP/Ministerial Personnel
• Investment Promotion Advisor	NAP	• Increased Participation of Foreign Investors • Improved Investor Relations
• Foreign Investment Advisor	Romanian Devt Agency	• Capital Infusions by New Participants in Romanian Economy
• Export Promotion Advisor	Ministry of Foreign Trade	• Improved Competition on Regional, European, and Global Levels
SME DEVELOPMENT STRATEGY	NAP/ SME Institute	• Increase in Successful SME Start-ups • Increased in Credit/Banking Services • Increased Employment within Private Sector
AGRICULTURE AND THE ENVIRONMENT	Ministry of Agriculture	• Integration of Production Objectives within Private Sector
LANDS FOR STATE STEWARDSHIP	NAP/Institute of Urbanism	• Establishment of Land Usage Policies • Preparation of Critical Lands Inventory

PHASE II: MEDIUM AND LONG TERM ACTIONS

Phase II of the Privatization Assistance package will entail a comprehensive package of assistance, designed to reinforce measures to date, and provide a coherent base upon which privatization measures can proceed in an orderly, well-integrated, and self-sustaining manner. As an initial step, the medium range assistance package will provide a detailed **design, mobilization, and implementation strategy** for multi-faceted assistance interventions. A second component of medium and long-term assistance entails the provision of **technical assistance to the National Agency for Privatization, the Romanian Development Agency, and the Ministry of Trade.** Specifically, the areas of greatest need include the following:

- **Management/Financial Training at NAP** to promote management excellence at NAP and catalyze the positive changes toward a market economy;

- **Privatization Transition Support** through a **Management and Support Task Force,** capable of responding to managerial, administrative, financial or personnel difficulties of companies in transition;

- **Evaluation of Privatization Priorities** through **Comparative Advantage Studies of Selected Sectors and Industries** to establish the basis for medium and long-term privatization planning, provide accurate and well-targeted information to investors, and to set up a data base of industrial information for use by NAP and Ministerial Personnel;

- **Investment Promotion Advisor at NAP** who will assist the agency in the promotion of increased awareness and participation of off-shore investors and facilitate improved investor relations;

- **Foreign Investment Advisor at Romanian Development Agency** who will expedite progress toward the realization of capital infusions by new participants in the Romanian economy;

- **Export Promotion Advisor at Ministry of Foreign Trade** who will assist the Ministry in improving Romania's ability to compete on the regional, European, and global levels.

In addition, the medium- and long-term program would incorporate a component dedicated to assisting the **Small and Medium Enterprise Sector**, focusing on increasing the number of successful start-ups, facilitating the provision of credit and banking services, and, optimally, providing increased employment opportunities within the private sector.

In the area of **Agriculture and the Environment**, the goal of assistance will be the integration of production objectives with protection of natural resources. Additionally, technical advisory services will assist in the establishment of **Land Usage Policies** for those lands retained under state stewardship.

MEDIUM AND LONG TERM ACTION 1: DESIGN, MOBILIZATION AND IMPLEMENTATION STRATEGY

The primary objective of this initial phase will be to analyze, develop, and document detailed technical assistance execution strategies for the privatization assistance areas targeted by the medium and long term strategy as listed below, #'s 2, 3, 4 and 5. These activities will be designed and coordinated recognizing the primary role of NAP in the privatization process. The design team will plan managerial and administrative mechanisms for delivery of services, develop reporting, coordination and administrative aspects of defined assistance programs, and prepare terms of reference, level of effort and budgets for short, medium and long-term technical advisors.

Deliverables

Specific programmatic outputs of the design phase will include the following:

- Multi-program designs for sustained privatization advisory services for key governmental and emerging non-governmental institutions
- Design assistance to the local AID Representative Office and the Mission Office in Washington, D.C. for the development of a programmatic approach for AID Romania
- Terms of Reference
- Level of Effort
- Cost Analyses and Budgets
- Implementation Plans
- Oral Briefings to AID Romania and Washington
- Final Reports

MEDIUM AND LONG TERM ACTION 2: PRIVATIZATION DISCIPLINES

Component A: Management/Financial Training at NAP

Objective

To create **management excellence** at NAP, recognizing that one of the crucial elements in the drive toward private enterprise is the generation of positive change directed by trained business professionals.

Description of Project

The level of in-house expertise in the standard disciplines of management and finance is poor, largely due to Romania's isolation during the second half of the last regime and the resulting lack of use of standard Western practices. NAP, as a visible institution having regular contacts with the international business community, is well placed to serve as a focal point for the development of managerial and financial skills which would be applicable to the immediate needs of privatization as well as longer term industrial restructuring requirements. NAP would serve as an excellent vehicle for the development of a multi-year management training strategy to address the key human resource constraints in the country's transition from a command to a market economy.

It is clear that the success of the reform effort will depend on the professionalism and skill of management from many sectors of Romanian society. However, the mandate now entrusted to NAP underscores the need for transferring the highest level of banking, credit, transactional, regulatory, auditing and administrative skills to the personnel of the Agency. A sound recommendation would be the institutionalization of a typical U.S. undergraduate course in Money and Banking as a start, followed by summary skill courses in basic management and financial disciplines. It is envisioned that the case studies which will emerge from the Pilot Privatization Program mentioned above will form an integral part of the longer term training effort.

Component B: Privatization Transition Support

Objective

To provide a transition **management and support task force**, in conjunction with selected local resources, as a crucial element in the privatization process. The task force would deliver assistance for commercial companies experiencing managerial, administrative, financial or personnel difficulties.

Description of Project

As the pace of privatization in Romania quickens, along with demanding social and political expectations for results and market development, the commercial companies of Romania are left vulnerable to market pressures heretofore unknown. Lack of managerial skills and the inability to perform basic cost and efficiency analyses are all significant shortcomings of the present system. The privatization process will serve to highlight these deficiencies under the scrutiny of potential investors.

In addition to a lack of managerial skill, businesses will frequently face major downsizing and/or redeployment of assets, difficult decisions requiring strategic planning and business acumen. It is conceivable that finding managers capable of recognizing the new set of managerial challenges associated with privatization and making the hard decisions that will emerge from the transition to private hands will be nearly impossible.

In addition to these infrastructure deficiencies, there are no organized external private resources capable of dealing with either management and organizational problems, or the backlog and demands of restructuring that will be created by the privatization process. Firms will be called upon to make decisions as diverse as market and export planning to allocation of scarce capital resources to alternative production systems and adaptation of standard accounting practices. Present levels of local expertise are not sufficient for the execution of these types of tasks.

While long term market forces will dictate adjustment policies for businesses in transition, there are grave social and political risks associated with traditional market responses to ailing businesses, i.e. business failures, unemployment, negative economic growth, lost foreign exchange revenues, etc. The GOR cannot afford to permit the privatization process to appear to be destabilizing.

The solution to this need for transition management and an organized response to change is a transition support task force. Transition support includes all of the functions included in business planning and development with the added dimension of urgency. Services would include turnaround/workout management, financial management and balance sheet restructuring, asset valuation, strategic planning and business management

consulting. The results of this approach will be stabilization of the productive assets and managerial capacity of the businesses in transition to private ownership.

Component C: Privatization Priorities/Comparative Advantage Studies Selected Sectors/Industries

Objective

To create a **unified system of data** designed to assist the GOR to allocate properly privatization resources, establish correctly **privatization priorities** and market effectively the resource base of Romania to potential investors.

Description of Project

A common theme during conversations with officials of NAP and various Ministries is frustration with the lack of information to determine whether resources are being deployed in the most efficient manner. There is but a limited understanding of whether or not Romania is exploiting, to the best of its ability, those resources and opportunities most efficiently produced by the overall Romanian economic and resource landscape.

Poor information is a common problem due to lack of standardized reporting, ineffective data collection, fragmentation of responsible data reporting points, lack of analytical capability and the prevalence of "managed" statistics. A frequently expressed need is a plan for privatization priorities based upon verifiable comparative advantage information.

The need for this type of assistance arises for a number of other reasons as well: the education of NAP personnel, members of Parliament and staff at related Ministries; establishment of an information base for potential investors, foreign and domestic; establishment of an information base for emerging trade and credit institutions; and creation of a data base for the State Ownership Fund, which will have jurisdiction and decision making ability over distribution of funds for industrial restructuring.

From an economic standpoint it is easy to understand that given limited resources not all sectors can receive the financial and advisory support necessary for successful privatization, nor would it be in the best interests of AID to attempt to provide such a broad base of assistance. It also follows that certain sectors or businesses will have a greater influence on the economic growth potential in employment and export generation than others. Thus, it is with the utmost care that the Sectors and Industries be selected. The following comparative data may contribute to the selection criteria:

DISTRIBUTION OF ENTERPRISE ACTIVITY BY SIZE
(Grouped by # of Enterprises and # of Employees per category)

NUMBER OF ENTERPRISES				
	Total	Republican	Local	Coops
Enterprise size	2,102	1,474	67	561
Up to 200 employees	141	88	16	37
201-500 employees	395	202	10	183
501-1000 employees	491	245	6	240
1001-2000 employees	471	365	17	89
2001-3000 employees	263	237	15	11
3001-5000 employees	197	193	3	1
5000-up employees	144	144	--	--

NUMBER OF EMPLOYEES				
	Total	Republican	Local	Coops
Enterprise size	3,690,211	3,245,617	80,285	364,309
Up to 200 employees	18,185	11,379	2,136	4,670
201-500 employees	133,082	65,758	2,545	64,779
501-1000 employees	341,450	174,807	4,965	161,678
1001-2000 employees	627,856	496,239	25,786	105,831
2001-3000 employees	615,912	556,946	34,897	24,069
3001-5000 employees	739,714	726,676	9,956	3,082
5000-up	1,213,615	1,213,615	--	--

1989 ROMANIAN GNP BY BRANCHES
In Percentage Contribution to GNP

Energy	29.7
Mining	9.9
Machinery	32.1
Chemicals	11.6
Building Materials	3.2
Forest Products	6.2
Glass	1.1
Textiles & Apparel	12.9
Printing	0.2
Food	5.3
Other	1.9

1990 ROMANIAN GNP BY SECTORS
In Percentage Contribution to GNP

Agriculture	21.6
Forestry	0.3
Construction	6.3
Transportation	9.0
Communications	0.9
Trade	6.5
Other material prod.	1.9
Housing	5.4
Communal Services	5.6
Other non-govt svcs.	1.9
Government	6.4
Education & Culture	2.2
Science & Research	1.1
Health & Welfare	1.7
Admin., Justice	0.3
Military Personnel	1.0

The proposed studies would concentrate on outlining the comparative advantages of particular sectors, potential for export, statistics as to size, value, number of participants, need for rehabilitation and restructuring and capital requirements. Furthermore, the development of these Sector/Industry profiles would enable AID to formulate its programmatic objectives vis a vis selected industrial sectors, and give the Representative office the possibility of exploring locally various levels of assistance within a specific industry framework. Finally, it is conceivable that, upon completion of a certain number of studies, from which a profile of privatization priorities and comparative advantages emerges, AID might wish to organize a conference for NAP and Ministerial personnel, investors (foreign and domestic) and such organizations as the Romanian-American Chamber of Commerce to elucidate the findings of this project.

Component D: Investment Promotion Advisor/NAP

Objective

To provide **promotional assistance**, aimed at sources of foreign capital for Romanian enterprises, including identifying and cultivating potential investors, disseminating financial and managerial information and marketing Romanian investment opportunities. The Advisor would also serve as a resource to NAP in gauging outside attitudes toward and awareness of investment options, establishing/maintaining investor confidence and providing feedback regarding foreign perceptions of NAP. The role of this advisor will also include that of coordinator of other foreign capital driven assistance, such as **E) Foreign Investment Advisor/Romanian Development Agency** and **F) Export Promotion Advisor/ Ministry of Foreign Trade.**

Description of Project

The marketing effort which need be undertaken by NAP for the sale of the vast array of companies seeking new sources of capital, technology and managerial expertise is unprecedented. Romanian business contacts outside of the country, especially with the West, have been fragile, with corresponding lack of knowledge in business circles outside of Romania which may well be attracted to investing in the country. NAP recognizes the need for broadening the scope of its activities to include sustained relationships with potential foreign investors; in-house expertise in this area is lacking.

As the identification of the pilot privatization candidates continues, it would seem wise to capitalize on the momentum which may well build following the sale of some of the early commercial companies. The Advisor would be responsible for the preparation of marketing plans, based on the initial outcome of the Pilot Privatization Program that includes detailed tactical advice on steps NAP could take to continue to stimulate foreign investment, ranging from communication of currently unrecognized options to investment conferences or seminars designed to create confidence in local industry, based upon an emerging track record.

In conjunction with the Comparative Advantage Studies mentioned herein, the Investment Promotion Advisor would be responsible for assisting NAP in targeting those industries where investment is most needed/wanted, matched to those outside investors with sufficient capital and know-how to participate. Thus, the approach envisioned for this project is not one of "image" for the outside world, but rather the development of a concrete, quantifiable marketing strategy for selected assets to be sold.

Component E: Foreign Investment Advisor/Romanian Development Agency

Objective

To provide **international capital markets and transactional expertise** to the Romanian Development Agency to assist in the often complex decision making process pertaining to the risk/reward parameters of Direct Foreign Investment.

Description of Project

The Romanian Development Agency (ARD) was established by government decree in March, 1991, following the reorganization of the former Romanian Agency for the Promotion of Foreign Investment and Economic Assistance. It is a fully independent legal entity and functions as a public institution. Its primary objective is to assist the GOR in defining and directing policy measures that relate to economic development based upon foreign capital; it is the promotional arm of the GOR in attempting to attract foreign investment. An additional responsibility is the processing of applications for the establishment of local companies, and the granting of business licenses.

ARD is currently flooded with requests from foreign companies to establish joint ventures, open manufacturing plants, provide international telecommunications improvements/access and general informational inquiries. The Agency is understaffed, and ill-prepared to assess incoming proposals for their cost-effectiveness, technical merit, suitability for long term Romanian economic planning, or legitimacy. A dedicated advisor, with broad knowledge of international transaction structuring, creation of joint ventures and proposal writing/solicitation experience would be appropriate.

Three publications of ARD are attached as Appendix E.

Component F: Export Promotion Advisor/Ministry of Foreign Trade

Objective

To provide the **technical capacity** required to **compete and market** effectively Romanian exports to the global economy and to act as **liaison** between the Public Sector and the emerging Private Sector.

Description of Project

The GOR wishes to expand its knowledge, ability and capacity to export to European and other markets. The Ministry requires assistance in understanding international standards for exports, export credit guarantees and programs, developing an export promotion strategy and perfecting the regulatory framework that will ensure a successful export strategy.

Additional effort is required in what will become the major need of coordinating Public Sector and Private Sector goals and objectives vis a vis Romanian exports. A major focus of the advisor would be to facilitate continual dialogue between the private sector and its GOR counterparts. From the public side, policy issues that affect Romania's export competitiveness, including the country's foreign exchange regime and trade obstacles and the need for infrastructure support will be the focus. From the private side, the Advisor will provide the means by which emerging entrepreneurs can influence GOR business policy decisions, and act as a clearinghouse for exporting firms desiring technical assistance aimed at improving production and marketing.

MEDIUM AND LONG TERM ACTION 3: SMALL AND MEDIUM ENTERPRISE ASSESSMENT/STRATEGY

Objective

To **improve the climate for SMEs** doing business in Romania, while increasing the capacity of Romanian entrepreneurs, local institutions and the GOR to develop creative responses to the emerging problems of SME's.

Description of Project

In conjunction with the planned, gradual emergence of a new GOR institution aimed at assisting newly formed privately-owned businesses, it would be worthwhile to consider targeting the vast network of newly enfranchised entrepreneurs (170,000 business licenses have been granted by the Romanian Development Agency over the last 12 months to private companies) for assistance.

The SME sector, it is hoped, will absorb substantial numbers of the laborers to be displaced as a result of the restructuring of large, inefficient state industries. The effort envisioned would work with the GOR, the SME Institute and local entrepreneurs to assist them in creating a supportive environment for small business by removing obstacles and developing free market institutions. The four key elements of the project would be:

a) legal and regulatory framework/removal of barriers;

b) SME assessment, in terms of number of participants, industry concentrations, size, age of business, quantification of revenue and profit generation capacity, origins of proprietors and labor;

c) financial needs of SMEs/barriers to the provision of financial and credit services;

d) industry-specific reform, focussing on problem resolution in the areas of inputs, production technology, distribution, marketing, financial reporting and accounting.

Assistance in this area would emphasize that it is vital that those concerned with small business finance recognize that the interests of small business are best served by healthy financial institutions that meet a wide variety of needs, without dependence upon external fusions of capital. These needs are not limited to investment finance, but also include: savings and deposit services; transaction support; access to foreign exchange mechanisms and short term and overdraft credit. An assistance program would ideally reinforce a shared understanding of the needs and aspirations of emerging free market proprietors

among the small business community, banks, business representatives, outside investors, potential export partners and the government.

MEDIUM AND LONG TERM ACTION 4: AGRICULTURE AND THE ENVIRONMENT

Objective

Promote environmentally-sound agricultural practices which enhance Romania's natural comparative advantages in agricultural production, i.e. reduced use of chemical inputs, decreased energy input, limited waste production and increased reliance on environmentally-friendly chemicals and methods.

Description of Project

Developing agricultural policy would ideally integrate production objectives with protection of natural resources. As the transition to a market economy takes place, the Romanian agricultural community will shift its focus from one based on production goals to one dictated by the wants of the marketplace. This transition will also serve to illustrate that past policies and actions of the centralist system resulted in negative impacts upon the land and water resources of agrarian areas.

Romania would benefit from increased scientific exchange and the exchange of information. Assistance from AID should be directed to strengthening the capacity of GOR institutions and individuals and their ability to deal with environmental problems. Assistance should include support for: data collection and publication, research and training.

In general, the approach of an assistance program within this domain should be to invest in preventative solutions to problems associated with agriculture and the environment, rather than to be called upon to help resolve problems once they occur.

Specific areas which could be included for assistance are:

- Registration procedures for fertilizers and other crop input products;
- Waste handling procedures from animal feedlots;
- NPS pollution and impacts on soils and water supplies;
- Detection of chemical residues in agricultural products.

MEDIUM AND LONG TERM ACTION 5: RETENTION OF LAND FOR STATE STEWARDSHIP

Objective

To provide assistance in the **classification and establishment** of policies regarding usage of **state lands.**

Description of Project

As the GOR and its counties and municipalities struggle to determine the impact of privatization on local levels of authority, it would appear to be an appropriate juncture at which to assist the emergence of the role of the local development authorities. In principle, they are to be empowered to develop, implement and pass judgement upon local land usage issues, but are generally ill-prepared to do so. The Institute of Urbanism, charged with aiding local authorities, does not have the resources or experience to properly manage the process.

It would also appear that the timing is propitious for undertaking an assessment of which lands should be retained under state, local, municipal, etc. stewardship. This type of assistance would take the form of recommendations of specific land areas, according to type, which are better left to some form of the public domain. Criteria and parameters would be established for the Institute of Urbanism to classify certain lands, decide upon jurisdictional responsibilities and appropriate usages. Consideration would be given to establishing parameters for:

a) unique lands, to be retained for the public good;

b) vulnerable lands, to be protected from further destruction or to be avoided due to natural unsuitability;

c) degraded lands, to be improved or revamped, or for which the state may have to indemnify previous private owners for damage;

d) identification of potential Rights of Way and Eminent Domain, and review of legal structure to avoid any State usage of land which could be construed as unlawful expropriation.

PERSONS CONTACTED DURING PRIVATIZATION ASSESSMENT
OCTOBER 22-NOVEMBER 1, 1991

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LIST OF APPENDICES

Appendix A	Scope of Work
Appendix B	Law IS/1990 - NAP
Appendix C	Pilot Privatization Scope of Work
Appendix D	Terms of Reference for Privatization Team
Appendix E	Two Publications of Romanian Development Team

B. SCOPE OF WORK

The Advisor will report to the National Privatization Agency and will perform the following duties:

1. Provide advice and recommendations on the process for development and on the content of an appropriate and realistic privatization strategy for Romania.

2. Undertake an initial, broad review of the legal, fiscal, regulatory and institutional frameworks which currently exist in the country and make recommendations for policy and regulatory changes which would create an enabling environment for privatization to take place.

3. Identify possible institutional and organizational arrangements within the GOR which could be established to initiate and carry out an appropriate privatization process; identify specific organizational units within the GOR and officials who would play roles in the development of a privatization process for the country.

4. Briefly assess the current inventory of SOEs in Romania and in collaboration with appropriate GOR officials make preliminary recommendations on possible sectors, subsectors and/or individual SOEs which should be considered for early privatization; given the agrarian nature of the economy, briefly assess the status of the collective farm system and make preliminary recommendations and identify priorities for privatization actions in the agriculture sector.

5. With regard to #4 above, make initial recommendations on privatization methods which could be employed in Romania and which are appropriate for the current Romanian political economy and development context.

6. Briefly assess, to the extent it exists, the private business sector in Romania, both formal and informal sectors, and identify private groups, or organizations of private individuals which could play substantive roles in the development and implementation of a privatization process in collaboration with the GOR.

7. Consistent with the initial findings and recommendations flowing from # 1-6 above, identify follow -up privatization tasks and write summary terms of reference (i.e. 1-2 typewritten pages or less as appropriate) for those tasks which you recommend be undertaken over a 12 month period following the conclusion of your assignment.

8. Prepare reports for (i) your principal GOR counterpart institution (ii) your contracting firm, and (iii) A.I.D in Washington, D.C. These reports should cover all items in # 1-7 above and should emphasize, where appropriate, general privatization priority actions for the country, issues which need urgent consideration, development of appropriate processes for privatization, and areas where A.I.D. might consider follow-on technical assistance in privatization.

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The GOR would like to have an advisory team in Romania on or before September 20, 1991.

Please call Mark Karns (202) 647-4568 or Ray Solem (202) 647-7308 for clarification of any of the above guidance.

A. Background

Romania's economy is weakening at a alarming rate, even by East European standards. Industrial output fell by 28% over the 12 month period from mid-1990 to mid-1991. Major causes were energy and raw material shortages, the end of guaranteed markets within the Eastern Block trading system and growing labor unrest. Foreign exchange is also fast depleting, and with cutbacks in consumer subsidies inflation is running at a rate in excess of 20% per month.

Reforms in the economy have stalled. Plans to privatize government enterprises are going slowly, and the current proposal before Parliament (to sell-off 30% shares in government enterprises) is viewed as inadequate to attract investors due to fear of continued government control.

Effective privatization advice to the Romanian Government is viewed as necessary to helping that government come to terms with the need to create a more favorable policy environment to business.

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APPENDIX B

ROMANIAN DEVELOPMENT AGENCY

LAW DIGEST

FOR FOREIGN INVESTORS

LAW DIGEST FOR FOREIGN INVESTORS IN ROMANIA

Bucharest, June 1991

This booklet is based on the legislation in force in May 1991
The selection of laws had in view to offer the potential investors a general image of the Romanian legislative framework and was *not intended to be exhaustive*.

The English translation is for information only

Contens

law on state owned enterprise restructuring
no.15 / 8 August 1990

company law
no.31 / 17 November 1990

law on privatisation of comercial companies
no.58 / 14 August 1991

foreign investment law
no.35 / 3 April 1991

commercial register law
no.26 / 7 November 1990

tax on profit law
no.12 / 30 January 1991

banking activity law
no 33 / 29 March 1991

national bank statute law
no.34 / 29 March 1991

foreign exchange regulations

land law - excerpts -
no.18 / 19 February 1991

administrative contentious law
no.31 / 17 November 1990

romanian development agency
- by - laws -
government decision no.182 / 20 March 1991

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LAW ON STATE OWNED ENTERPRIZE RESTRUSTURING No.15

Chapter 1
General Provisions

Art.1 State owned companies whatever their managerial body is organized and operate as autonomous companies or commercial companies, in conformity with the present Law's provisions.Also e state owned companies, goods or activities can be either conceded or rented with the observance of the present Law's provisions.
Autonomous companies and commercial companies may, in terms of the present Law, join themselves into associations to accomplish productive and trade activities

Chapter 2
Autonomus Companies

Art. 2 Autonomous companies are organized and operate within the economy's strategic branches - armament industry, power industry, mining and natural gas exploitation, mail system and railway transports - as well as in other fields of activity established by the Government.

Art. 3 Autonomous companies are legal persons and operate on the basis of economic administration and financial self-sufficiency. Autonomous companies of national interest can be created by Government decision or, for administration of local interest operating in branches and fields of activity mentioned in art.2, by decision of district or municipal authority.

Art.4 The autonomous companies act of establishment sets up the domain of activity, patrimony, name and location.
Autonomus companies may set up their structure: plants, factories, workshops, services, branch offices and other subunits meant to support the object of activity. The establishment procedure and the relations within autonomous company and with third parties are settled by the structure and operating regulations, produced by the Board of Directors and ratified by the institution with set up that autonomous company.

Art 5 The autonomous company is the owner of its patrimony.
In exercising its title of property, the autonomous company freely possesses, uses and disposes of the goods in its patrimony or, by case, benefits from them with a view to implement the objectives for which it has been set up
The transfer of the real estate belonging to the autonomous companies or the conclusion of transactions under dispute with a value over 10 million lei, has to be done with the approval of the charge Ministry

Art 6 The incomes of the autonomous company have to cover all expenses, including interest rates, investments amortization and credits repayment, there has to be a profit too The expenses may exceed incomes only for sound reasons - especially for public interest works and services - with the approval of the State Minister for Economy at the proposition of the Ministry in charge and with the advice of the Ministry of Finance. In such cases, at the same time with the approval, will be established the amount and sources of compensations for losses registered by the administration.

Art. 7 The autonomous company draw up the annual company's budget, the balance sheet and profit and loss account on the patterns set up by the Ministry of Finance The annual balance sheet and profit and loss account are approved by the Ministry of Finance or by the financial departments were the autonomous company belongs
The balance sheet an profits and losses account of the autonomous company of national level are published in the Monitorul Oficial of Romania, part III, and for the local interest autonomous company, the publication is done in the local press.

Art. 8 Out of the total revenues, after the payment of expenses, the autonomous company forms and reserve and developments fund, provides the necessary amounts to cover some social, cultural and sport expenses, or to cover the training or retraining of the personnel, as well as for incentives' pays the duties, taxes, insurance and social quotas and makes other paymentsstipulated by the law
The Board of Directors can decide upon the setting up of other funds besides those mentioned paragraph
The income share left after raising its own funds and making the payments mentioned in 1st paragraph, represents the net profit of the autonomous company 5 per cent of this profit are used for setting up employee's profit share fund, the rest being paid to the state budget or to the local administration

Art. 9 In the circumstances that, within one year, the autonomous company financial resources not sufficient to cover current expenses, the autonomus company may contract financial credits with the national Bank of Romania or other banks, to the amount of 20 per cent of the gross income registered in the previous year.
To cover eventual deficits, the autonomous company may getsubsidies from state or local budget or may contract banking credits
Subsidies are alloted and managed by the Government or by local state administration within the amounts stipulated in their budgets, and, may be used only for the purposes they were granted for

Art. 10 The autonomous company decides upon investments to be done, according to its field of activity, which are financed from its own resources, banking credits, state budget allocations or, by the case, from the local budget
Investments credits over 50 million lei can be obtained in accordance with the preceding approval of the State Minister for Economic Orientation

Art. 11 The receipts and payments of the autonomous company are made through accounts opened with the banks.
For current necessities within the limits stipulated by the National Bank of Romania the autonomous company may collect and effect payments in lei and foreign currency, through its own pay office.
Foreign payments will be made through the Romanian Bank for Foreign Trade or other banks

Art. 12 The board of directors is in charge with the management of autonomous companies and is formed of 7-15 persons, one being the manager, or general manager of the administration
The Board of administration compulsory includes an official from the Ministry of Finance, and, by the case, officials from the Ministry of Resources and Industry, the Ministry of trade and Tourism and from the competent Ministry in charge.The other members will be appointed from the engineers, technicians, economists and jurists specialized in the field of the respective autonomous company
The Board of administration carries on its activities in accordance with its own structure and operating regulations and decides in all the problems concerning the administration's activity, excepting those which, in accordance to the Law, are under other bodies' competence

Art. 13 The Board of administration's members:
a) are appointed for a 4 year period, and half of them may be replaced every 2 years,
b) cannotact in more than two boards of directors or they cannot participate in a commercial company with which that autonomous company as business relation or interests to the contrary;
c) maintain their quality of the institution or unit where they are coming from and all the rights and duties resulting from this position,
d) are paid a salary established by the Board of Directors for their activity
According to Article 12, the Board of Directors may forward the proposition to replaceean madequate member to the body that appointed him

Art. 14 In the first month of each year, the Board of Directors makes a report to the Ministry in charge or, by the case, to the local administration, on the activity carried on by the administration in the previous year and on the activity program for the current year

Art. 15 The autonomous company's current activity is managed by a general manager appointed by the Board of administration, with the advice of the Ministry in charge or,by the case, of the local state administration manager

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Chapter 3
Commercial Companies

Art. 16 State owned companies, excepting those set up as autonomous companies, will be organized as joint-stock or limited liability companies, under the terms stipulated by the Law

Art.17 Economic enterprises of national interest are organized as commercial companies by Government decision, and those of local interest by decision of the local state administration

Art.18 The Act of Establishment of the commercial company's will assume the Statute of the Commercial company and will state:
a) company's juridical form, field of activity, name and headquarters;
b) invested nominal capital, its structure and way of forming;
c) the possibility of taking over the assets and liabilities of the state owned company restructured as a commercial company
On the basis of the Act of Establishment, the commercial company is registered with the Chamber of Commerce and Industry This Act is published in the Monitorul Oficial of Romania.

Art.19 The inventory of state owned companies patrimony restructured as commercial companies, as well as the evaluation and the determination of the commercial company's capital set up is this way,are done under the terms set up by the Government decision

Art.20 Initially, nominal capital of the commercial companies that were set up according to Article 17 is fully owned by the Romanian state in shares and equity and vouchers depending on the legal form of the company and will be entirely deposited at the setting up date.
The goods registered in the commercial company's patrimony are its own, except those acquired with another title

Art.21 The commercial companies set up under the present Law have an unique shareholder until total or partial transfer of shares to the third parties from private or public sector, home or abroad, in accordance with the special legislation.

Art 22 With a view to preparing, organizing and coordinating the transfer of shares, the National Agency for Privatization being subordinated to the Government is set up The Agency competence is established by a special Law and by the present Law as well, and its organizing structure will be set up by Government decision

Art.23 The commercial companies set up under the present Law will transmit the National Agency for Privatization securities equivalent to 30 per cent from the amount of the established nominal capital, within 30 days from their setting up
On the basis of these securities, the National Agency for Privatization will issue nominal securities in value of 5 000 lei each that will be alloted equally and free of charge to all the Romanian citizens living in the country, beingover 18 years or before December 31, 1990.
Are excepted persons sentenced for speculation, theft, robbery, deliberate destruction, fraud, fraudulent administration, abuse of trust committed to the public or private property detriment, speculation, murder, deliberate murder, particularly grievous murder, indecent assault, bribery, illegal arresting and abusive judicial investigation and offenses against peace and mankind.
The previous paragraph provisions are not applied to those convicted for purloining agricultural products, committed until December 22, 1989.
The negotiation and transfer of the nominal securities by means of legal papers concluded among living persons will be possible after a year from the present Law publication, only among Romanian citizens living in Romania, and exclusively through the National Agency for Privatization all transactions without its registration being null and void.
Nominal securities will be used by holders within the limits of their value to purchase shares of commercial companies set up by the restructuring of the existent state owned companies, in accordance with the special legislation
The Government will forward to the Parliament the privatization program and the principles of the process, with a view to find solutions based on economic criteria and depending on each economic sector and unit specificity, as well as the creation of a employees protective and preferential regime for the privatizing of the commercial companies
The operation with nominal securities are liable to a 1 per cent stamp duty

Art.24 State capital commercial companies gave have to draw up the annual revenues and expenses budget, the balance sheet and the profit and loss account, according to the legal provisions
The balance sheet and profit and losses account will be published in the Monitorul Oficial of Romania, part III.

Chapter 4
Concession, Renting and Location of Administration

Art.25 By Government decision, at the proposition of the State Minister for Industry and Trade, economic activities, public services, some autonomous companies, productive units and state owned lands can be subject of concessions.
Concession is granted only by public action and on the condition that, by concession, an annual fixed income is guaranteed to the State, at least equal to the net average profit

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realised over the last 5 years by operature activ the concession's subject, or similar ones. This income couldn't be lower than the National Bank's interest rate applied to the concession's estimated value established by the Government's decision.
The production units can be subject of concession without the approval of the respective autonomous company if, in the last 2 years prior to concession, the autonomous company resorted to state subsidies.
The evaluation and the acceptance of all the offers to auction is done by the National Agency of Privatization.

Art.27 The terms of support and the concession contract will comprise the following provision.
a) concession's object,
b) concession's duration, which can be no longer that 20 years
c) minimum program for works to be carried out by the concessionaire and for new potential investments,
d) concession price and potential royalties payments in kind from production,
e) transfer, at the concession's fallow date, of all conceded or acquired goods during the existence of the concession, necessary for its operation, back to the owner without any obligation,
f) terms of concession's buying back;
g) terms of the concession contract cancellation and concessionaire's responsibility in case of his own fault canceling,
h) concessionaire's responsability for failing to the obligation provided by the terms of supply,
i) concessionaire's activity control performed by Ministry of Finance and in charge economic Ministry representatives,
j) other obligations related to the concession's object.

Art.28 The control over concessionaire's observance of the terms of supply and the obligations assumed by the concession contract is carried out by the National Agency for Privatization.

Art.29 Subconcession may appear only with the Government approval, granted at the proposition of the National Agency for Privatization.

Art.30 State owned goods may be subject to a rental contract based on the Government approval or, by the case, of the state local administration.

Art.31 The rental contract is concluded on auction basis and will include clauses meant to ensure the exploitation of the rented goods in accordance with its specificity.
The rental contract may be concluded with any legal or natural person of Romanian or foreign origin, by the state body that manages those goods.

Art.32 The autonomous companies or commercial companies may conclude, with Romanian or foreign natural or legal persons, contracts concerning administration location, for sections, plants, works and other related economic subunits.
General terms concerning the conclusion of these contracts are approved by Government decision.

Chapter 5
Association and Free Competition

Art.33 The autonomous companies and commercial companies may associate for joint activities of mutual interest. By this association it will not result a new legal person and the relations between partners will be settled by the association contract.

Art.34 The association contract will comprise the following:
a) contracting parties;
b) joint economic activities,
c) each party's contribution to the settled joint economic activities,
d) administration and management terms;
e) modality of distribution the joint economic activities results,
f) reasons for association ceasing and dissolution modality of distributing the results of the liquidation;
p) any other necessary clauses for the association activity.

Art.35 The autonomous companies and the fully or partially state owned capital may associate themselves or with third Romanian or foreign legal or natural persons, in order to set up new commercial companies.

Art.36 Any agreement or association decision between commercial companies or autonomous companies and any concerted action which may distort the trade between business agents and whose object or effect is competition obstruction, restriction or distortion or abusive use of a dominant position on the market or on a consistent market share, are forbidden as following:
a) setting and imposing directly or indirectly monopoly and dumping prices or other unloyal contract terms;
b) limiting or controlling production, sales, technical development or investments
c) markets and supply sources sharing,
d) imposing the commercial partners discriminatory terms for equivalent performances, generating thus a disadvantage in competition relations,
e) conditioning the contracts conclusion by partners acceptance of additional performances which, by their content or according to commercial usance, have no connection with the object of the respective contracts.
The violation of interdictions mentioned at the paragraph 1, entails the application of the sanction provided by civil or criminal law for activities of unloyal competition.
Activities of a business agent or of a business agents group who hold a market and have a dominant position expressed by a monopoly or by a relevant concentration of economic power, as far as these activities may affect the normal market performance under free competition are forbidden.

Art.37 Actions at law can be brought against practices and facts mentioned in Article 36, by any interested person and by law court is in charge to settle them.

Art.38 Agreements, association decisions and concerted actions supporting production's improvement and products marketing, promotion of technical progress, improvement of Romanian products, works and services competitiveness on foreign markets do not represent unloyal competition.

Art.39 For bringing into effect of the present Law's provisions, when setting up commercial companies, the Government will proceed to the restructuring of the state owned companies - enterprises, groups, aggregate groups, trusts and of other similar units operating on autonomous companies structure and financial administration with a view to diminish large enterprises' size and to raise the number of business agents who are producing similar goods and performing the same kind of works and services. For the local state owned companies, the provisions of paragraph 1 are applied by the Prefect's offices or Townhall of Bucharest.

Art.40 The state has the right to perform economic activities that will be exclusively organized as state monopolies such monopolies and their management are provided for under special laws.

Chapter 6
General Provisions

Art.41 The operating structure of the autonomous companies and commercial companies are established by their managerial bodies. The personnel of the autonomous companies and commercial companies is engaged by the general manager or by the manager. The employees' levels is set up by the managerial body of the autonomous companies and commercial companies, depending on educational level and work performances and observing the lowest salary provided by the Law.

Art.42 The autonomous companies and the commercial companies, as well as the concessionaires and persons exporting rented goods under the present Law terms, are bound to perform their activity observing legal provisions concerning environment protection and to selffinance this objective.

Art.43 The activity of the autonomous companies and commercial companies can be influenced by the state through economic levers as special interest rates, credits, state orders, subsidies, taxes and duties.
Commercial companies set up under the present Law can be subsidized, on the Government decision, on a maximum period of 3 years, the subsidy's amount being reduced yearly by 20 per cent from the initial sum.
Subsidies are not granted in case of bankruptcy.

Art.44 The autonomous companies and commercial companies established under this Law may engage in foreign trade activities in their own names. To this end, they shall organize specialized departments for export, import, marketing and market research activities, compulsory consulting in advance the Ministry of Trade and Tourism.

Art.45 The autonomous companies and commercial companies established under this Law have the right to dispose of a 30 per cent quota of their foreign currency netincome. Beginning with 1991, February 1st, this quota will rise to 50 per cent.
The rest of the foreign currency net income shall be exchanged for lei with Romanian Bank of Foreign Trade, at the exchange rate valid at the date of the bank operation.
Under this Article, the net income means receipts out of export activities after deduction of payments for imports, commissions, taxes, duties and any other foreign currency expenses involved by the respective operation.

Art.46 Foreign currency amounts left at the disposal of the above mentioned business agents are kept in special accounts opened on their names with the Romanian Bank for Foreign Trade, or with other banks which are located in Romania.
The Ministry of Trade and Tourism may reject the import license necessary for using these amounts of money only if goods intended to be imported can be acquired under competitive terms from the domestic production, and if only such a decision is necessary for balance of payments reasons.
Likewise, The Ministry may refuse to issue a license for the export of goods required for the domestic production.

Art.47 Commercial relation among autonomous companies, those among state owned companies, as well as the relations among them, or those between them and the State will be conducted in accordance with the contract provisions.
Contracts concluded between the business agents, mentioned in the 1st paragraph, will be governed by the contract sanctity principle and by regulations contained in the Romanian Civil Code and Romanian Commercial Code, with the exceptions exceptions resulting from the present Law.

Art.48 In the business relations among them and between them and the third parties the autonomous companies and state owned companies will be able to charge the prices resulting from the combined action of demand and supply, except for the case when on the Romanian market are not acting at least three business agents to market the same product, operation or service, exception is also made when prices are subsidized by the State following a Government decision. In the latter cases, the Government will establish the prices by negotiation with the business agents.

Art.49 The Romanian Bank for Foreign Trade may organize foreign currency auctions at the request of business agents that, in conformity with legal provisions, have currency amounts they want to transfer, against payment in lei, to other business agents.

Art.50 The autonomous companies, and state owned companies may conclude contracts on a fee basis, with foreign entrepreneurs for the sale of products, or for the

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implementation of various works or services, increase the amount they own in Romanian currency resulted from the exportation of investments they made in Romania.

Art.51 Any kind of disputes implying the autonomous companies or state owned companies are subjected to the authority of Court. The autonomous companies and commercial companies may also resort to arbitration for settlement.

Chapter 7
Final and Transitory Provisions

Art.52 Until the full liberalization of economic exchanges and the elimination of the distribution system, based on materials balances, the state owned companies are bound to accomplish the supply task set up by the Ministry of Resources and Industry balances.
If the distribution system beneficiary holds an excess of controlled materials, he may sell it on the market at prices exceeding the purchase ones. This kind of operations shall be instantly notified to the Ministry of Resources and Industry. The denominated supplier could act in the same way if the beneficiary notifies him, before concluding the contract, that he is not interested in taking over the allotted quota.
To refuse the conclusion of the contract by breaking the provisions of the present article entails the civil responsibility of the autonomous company or of the commercial company.

Art.53 The goods left under state ownership, as Governmental buildings, goods required in the state administration activities, state reserves and others alike, will be registered with the State Reserve Department and directly managed by the institutions that will use them.
The decisions concerning these goods will be approved by the Ministry of Finance and by the Ministry of Resources and Industry, unless otherwise provided by Law.

Art.54 The provisions of the present Law also apply to companies, corporations, trusts, groups of enterprises and other similar institution set up by restructuring of economic units, based on Government decision, until the date of the Law publication.

Art.55 The existent enterprises and the other economic units with a similar statute will cease their activity as the autonomous companies and commercial companies are created in conformity with the present Law.
Their patrimony will be transferred to the newly established units in accordance with the Government decisions for each case.

Art.56 The personnel of the dissolved enterprises as well as that of the state owned companies reorganized as autonomous companies and commercial companies will be taken over by the later ones. If this personnel has lower salaries it is entitled to receive the difference up to the basic salary level the worker had before, and the seniority bonus by the case, within 3 months period. The difference is borne by the state budget.

Art.57 The establishment of the autonomous companies and commercial companies in accordance with the present Law, will take place within 6 months from the date it come into effect, except for the state agricultural units, for which a 9 months period is stipulated. All contracts, licenses or other deeds whereby enterprises, institutions, state owned companies, or a part of these have been privatized, conceded or rented after December 25 1989 will be re-examined in accordance with the present Law provisions by the National Agency for Privatization.

Art.58 The present Law comes into effect within 30 days from publication in the Monitorul Oficial of Romania.
At the fulfillment of the terms stipulated in the Art.57, a series of laws will be abrogated as follows: Law No 5/1978 on the organization and management of the state owned units and to their operation on the principle of workers' self governing and of economic financial self management, Law No 3/1988 on conclusion and implementation of economic contracts, Law No.14/1971 on fixed assets and material resources management and to technical and material supply, and to all other provision to the contrary.

At the publication date of the present Law, there will be also repealed the Government decisions on establishment, organization and operation in the domestic trade of joint stock commercial companies and of autonomous companies, and also the decision on commercial units privatization or to their management under the system of commission or mandate.

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COMPANY LAW
No. 31

Title 1
General Dispositions

Art 1 With the view to carry out a commercial activity, natural and legal persons may associate and set up commercial companies complying with the present law provisions. The commercial companies have their headoffices in Romania are Romanian legal persons

Art 2 The commercial companies will be set up in one of the following forms
a) general partnership, whose registered obligations are guaranteed by the registered patrimony and by all associates' joint and several and unlimited liability
b) limited partnership, whose registered obligations are guaranteed by the registered patrimony, and by joint and several and unlimited liability of all active partners, the sleeping partners are liable only up to the limit of their stock,
c) limited partnership by shares whose registered capital is divided in shares and whose registered liabilities are guaranteed by registered patrimony and by unlimited and joint and several liability of the active associates, the sleeping partners are liable only for the payment of their stock
d) joint stock company whose registered liabilities are guaranteed by registered patrimony the shareholders are liable only for the payment of their stock
e) limited liability company whose registered obligations are guaranteed by registered patrimony the associates are liable only for the payment of their registered parts

Title 2
Setting up the companies

Chapter 1
General and Limited Partnerships

Art 3 The general partnership or the limited partnership is set up by a company contract concluded in authentic form. The contract must contain
surname and name or associates denomination, their domicile or headoffice and citizenship or nationality;
company's form, denomination and headoffice
company's objectives
registered capital, subscribed and deposited by, mentioning each shareholder's contribution, in cash or other assets, value and method of assessment, as well as the date of the complete deposit of the subscribed registered capital;
the shareholders in charge with the company's administration and representation establishing the limits of their powers,
each associate's share of profit and loss,
places in the country and abroad where the company's branches or subsidiaries are located,
duration of the company,
ways of dissolution and liquidation of the company.

Art 4 Within a period of 15 days from the authentic act date, the administrators or any of the associates will register the company contract with the court within the boundaries of the district of the company's headoffice
At registration the judge will verify the conditions mentioned provided by art 3 and then will order the act registration with the Commercial Register and with the Fiscal Authority which the company's headoffice belongs, as well as its publication in the Monitorul Oficial
The company becomes a legal person starting with the date of registering with the Commercial Register. The registering is performed with the condition of an evidence presented of the publication request in the Monitorul Oficial

Art 5 The company's representatives are compelled to deposit their signature to the Commercial Register, within a 15 days period from the registering date in case they were designated by the company contract and those voted over the duration of the company company and those voted over the duration of the company's operation within 15 days from their election

Art 6 In case a company sets up a branch's office or a subsidiary outside the district where it has the headoffice, the administrators are obliged to ask for its registering with the Commercial Register of the district where the it will operate before the branches or

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subsidiary's activity begins. The representatives of the branch or subsidiary will deposit their signatures, in accordance with art 5 provisions.

Art.7 In case the publicity formalities stipulated by art 1 were not fulfilled, any of the associates is entitled to ask the accomplishment of the formalities or the dissolution and liquidation in case the company was not registered.
Lack of formalities stipulated by art 1 cannot be opposed by the associates to the third parties.
The associates and all persons that activated in the company's name, prior to the legal set up of the respective company's, have a direct, unlimited and joint and several responsibility for the company's operations they took part in.

Chapter 2
Joint-Stock Company and Limited

Art 8 The joint stock company or limited partnership by shares will be set up by company contract and statute.
The company contract is signed by all associates or in case of public subscription by the founding members.
The company's capital cannot be lower than 1 million lei and the shareholders' number below 5.

Art 9 The company contract and the statute of joint stock companies or of limited partnership by shares will be certified and must enclose:
- the surname and name or denomination of shareholders, their domicile or headoffice and the citizenship or nationality,
- denomination and headoffice of the company and of its branches offices and subsidiaries as well
- company's form and objectives,
- the subscribed and deposited registered capital. At its constitution, the deposited registered capital must not be smaller than 30 per cent of the subscribed one, unless otherwise provided by law,
- value of brought within the company, means of assessment, method of evaluation and number of shares granted for these
- number and nominal value of shares, mentioning if these are nominal or payable to bearer and their number for each category,
- number, surname and name and citizenship of the administrators, the guarantee they are compelled to deposit, their powers and special rights of administration and representation, granted to some of them in the limited partnership by shares the active partners' surname and name or denomination, domicile or headoffice and citizenship or nationality, mentioning which of them are charged with administration and representation of the company
- conditions for validity of general meeting proceedings and procedure of exercising the voting right
- number, surname, name and citizenship of the auditors,
- duration of the company,
- method of distribution of profits,
- sleeping partners' stock in the sleeping partnership by shares
- operations concluded by shareholders on behalf on the company to be set up and which the company is going to take over, as well as the amounts to be paid for those operations

Art.10 In case the company is set up by public subscription, its founders will draw up an issue prospectus containing the data provided under art 9 except those regarding the administrators and auditors and will establish the date of the subscription closing.
The issue prospectus, signed by founders in the authentic form will have to be deposited prior to its publication to the Commercial Register of the district where the company's office will reside.
The judge of court of the Register's headoffice, ascertaining the conditions meeting of point 1 and 2, will authorize the issue prospectus publication.

Art.11 Stock subscription will be made on one or more copies of the founders' issue prospectus advised by the judge of court of the Register's headoffice.
The subscription will contain: surname and name or denomination, domicile or headoffice of subscriber, number of subscribed stock, given in letters, subscription date and an express statement that the subscriber took knowledge of the issue prospectus.
The issue prospectus not containing all legal mentions are void. The subscriber will not be able to invoke this nullity, unless he did not take part in the constitutive meeting or he did not exercise the shareholder's right and duties.
The participations in the company's profits, reserved by founders for their use, although accepted by subscribers will have no effect unless they are approved by the constitutive meeting;

Art.12 Within a period of maximum 15 days from subscription closing date, the founders will convene the constitutive meeting, by a notice, published in the Monitorul Oficial, 15 days prior to the day established for the meeting. The notice will contain the place and date of the meeting which cannot exceed two months from the subscription closing date and also a detailed list of the problems subject to discussions.

Art 13 The company can be set up only if the full capital was subscribed and each buyer paid in cash half of the subscribed stock value to the National Bank, Saving and Loan Bank or to one of their units.
Stock other than cash will have to be completely covered. Contributions of capital by debts of third parties are not accepted.

Art 14 If the public subscription exceed the registered capital stipulated by the issue prospectus, or they are smaller than this one, the founders are obliged to submit the constitutive meeting's approval the increase, or by case the decrease of the registered capital to the subscription level.

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Art 15 The founders are obliged to draw up a list of those who, accepting the subscription, have the right to take part in the constitutive meeting mentioning each one's stock.
This list will be posted up at the meeting place, at least 5 days prior to the meeting date.

Art 16 The meeting elects a president and two or more secretaries. The buyers participation will be ascertained by the list of attendance, signed by each of them and advised by the president and the secretaries.
Any buyer has the right to make remarks upon the list posted up by the founders before coming into the meeting's agenda that will decide.

Art 17 In the constitutive meeting any buyer has the right to one vote, irrespectively of the stock subscribed. He may also be represented by a special mandate. No one can represent more than 5 buyers.
The buyers who provided stock other than cash do not have the right of vote in proceedings regarding their stock, even if they are subscribers of stock paid in cash or they represent other buyers.
The constitutive meeting is considered legal when half plus one of the buyers number are present and make decisions with simple majority's vote of those attending the meeting.

Art 18 In case of assets in kind, advantages reserved to founders, operations concluded by founders, on behalf of the company to be set up and which is going to take them over, the constitutive meeting appoints one or more experts who will advice the valuations.
If the acquired majority cannot be met, the experts appointment will be performed by the president of the court at the request of any buyer.

Art 19 Persons ineligible to be named as experts:
relatives or in laws up to the fourth degree including, or spouses of those who brought assets in kind or of founders;
persons who receive from the founders or from those who constituted assets in kind any form of wage or remuneration for the function they performed, other than that of an expert.

Art 20 After the experts submitted their report, the founders convene again the constitutive meeting according to the art 15 provisions.
If the value of the asset in kind established by experts is inferior with one fifth to that one mentioned by founders in the issue prospectus, any buyer may withdraw, informing the founders accordingly until the day established for the constitutive meeting.
The stock of the withdrawing buyers is available to be acquired by the founders or other persons, subject to public subscription within a period of 30 days.

Art 21 The constitutive meeting has the following duties:
verify the existence of deposits;
determine the contributions value other than cash, approve the participation of founders to benefits and the operations concluded on the company's account;
discuss and approve the company contract and statute with the assistance of the present members who also represent in this respect the absent members and appoint those who will be present at the notarization of the documents and fulfilling of the formalities required for setting up the company;
appoint the administrators and the auditors.

Art 22 The operation for the joint stock company and of the limited partnership by shares is subject to the approval of the district court of the company's headoffice.
In order to be authorized, the company contract and the statute will be deposited, within 15 days from notarization, along with the authorization request and together with:
evidence of the deposits made;
documents regarding the ownership of contributions other than cash and in case of real estates among them, the certificate ascertaining the debts they are entailed off;
the ascertaining documents of the operations concluded on the company's account and approved by the consecutive meeting.

Art 23 The president of the court, receiving the authorization request will establish an appearance date and demand the advice of the Chamber of Commerce and Industry of the relevant county, regarding the company's effectiveness, size of the capital compared to its aim, trustworthiness of its founders and by case of the associates.
In case the court considered in necessary, could order an expert appraisal on partice account, for the valuation of the assets in kind, the art 18 and 19 provisions being applicable accordingly.
In case by contract or statute, a legal provision is broken that parties cannot deviate from the court will authorize the company's operation only if the respective clauses under pro necessary adjustments.
Against the court's decision an appeal can be made within 15 days from the pronunciation date.

Art 24 The adjudgement will be deposited within a period of 15 days from the date of its remaining final, together with the contract, at the Commercial Register of the registered headoffice to be registered with and at the Fiscal Authority.
The adjudgement, the company contract and the statute will be published in the Monitorul Oficial.
The company's legal person starting with the registering date with the Commercial Register. The registering will be accomplished only by observing the art 4 last paragraphs.
The provisions of art 5 and 6 are to be applied both to joint stock companies and to limited partnership by shares.

Art.25 The deposits made as per art 13 to set up a company by public subscription will be delivered to persons in charge to cash them up, by the company contractor in lack of such provision, to the persons designated by the board of administration after presenting the Commercial Register certificate attesting the company's registering.
If the setting up of a company did not take place, the reimbursement of the deposits will be made directly to the buyers.

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Art 26 The company is not considered legally set up before fulfilling the formalities provided by art 23 and 24.
In these cases the associates may demand to be discharged from the duties assume out from their subscription after a three months period present from expiration of period provided under art 22 or 24, part 1.
Excepted them may also proceed to fulfill the publicity formalities provided by law.
If an associate demanded the registering formalities fulfilling, none of them may claim the discharge from the duties comine out from subscription.
The provisions of art 7 part 2 and 3 are also to be applied both to joint stock companies and to the limited partnership by shares.

Art 27 The company contract agents as well as the persons who played an important role in setting up are considered founder.
The founders are obliged to hand over to the administrators the documents and correspondence regarding the company setting up.
The founders are unlimited and joint and several liable against third parties, for both unfulfilling of the legal formalities provided for the company setting up, and for the obligations assumed on the occasion of the company setting up.
They take over themselves the results of the acts and expenses necessary for the setting up and in case for any reason the company will not be set up, they cannot rise against the buyers.

Art.28 The founders and the first administrators are joint and several liable, from the moment of the company setting up against company and third parties for:
- full subscription of the registered capital and in time of deposits provided by law or statute,
- existence of contributions other than cash,
- accuracy of the publications made with the view to setup the company.

The founders are also liable for the validity of the operations made on the company's account before setting up and taken by them over itself.
The general meeting may not discharge the founder and the first administrators from the responsibility they have by this article and by art 22 for a period of five years.

Art 29 Will not be able to be founder the persons who according to law are incompetent or were sentenced for fraudulent bankruptcy, abuse of trust, forgery, cheating, fraud, perjury, bribery, usury or taking as well as for other offenses sentenced according to present law.

Art 30 The constitutive meeting will decide only upon the participation quota out of the net profit due to the founder of a company set by public subscription.
The quota provided under part 1 cannot exceed 5 per cent out of the net profit and cannot be granted for a period longer than five years from the date of the company setting up.
In case of the registered capital increase, the founder's right could be exercised only against the profit corresponding to the initial capital.
Only the natural persons recognized as founders by the company contract, may benefit of the article provisions.

Art 31 In case of company's anticipated dissolution, the founders are entitled to ask the company for damages, if the dissolution was made to the fraud of their rights.
The right of suit is prescribed after six months passing from the date of the shareholders general meeting which decided the anticipated dissolution.

Chapter 3
Limited Liability Companies

Art 32 The limited liability company will be set up by company contract and statut concluded in authentic form. The contract will contain the mention provided under art for general company as well as the distribution of the registered part.
Labor conscriptions and debts of third parties cannot be considered contribution.
The assets in kind are transferred at the moment of company setting up.
The registered parts could not be represented by negotiable titles.
The administrators will issue, at request, a certificate ascertaining the rights upon the registered parts, but with the mention that it cannot be used as title for the ascertained rights transfer, under the sanction of the transfer nullity.

Art 33 In case, beside registered parts, the associates or one of them commit themselves against company to periodical assets in kind, the company contract will determine the content, duration and assets in kind, the remuneration owed and the sanctions against the associates who will not fulfill the assumed obligations.

Art.34 In the limited liability company, the associates number cannot be higher than 50.
The registered capital cannot be lower than 100 000 lei and is to be divided in registered parts which cannot be lower than 5,000 lei.
In case of assets in kind, these could represent at most 60 per cent of the registered capital.
The company contract and the statute will be deposited as per art 22, at the district court of the company's headoffice, in order to get the operation authorization as per art 23.
The art 3, 5, 6 and 9 provisions are also to be applied to limited liability companies.

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Title 3
The Commercial Companies Operation

Chapter 1
Common Dispositions

Art.35 In absence of contrary stipulation the chattels made up as assets in the company become its property.
The associate who delays to deposit his registered contribution is liable for the damages caused, and if the contribution was stipulated in cash, he is also obliged to pay the legal interests starting with the day he was obliged to make the payment.

Art.36 During the company duration the associate's creditors may exercise their rights only against the profit parts due to the associates after the registered balance sheet and after the company dissolution, against the part he is entitled by liquidation.
The creditors, provided under part 1, may although partial sice, during the company duration the parts due to the associates by liquidation or sequester and sell the stock to their debtor.

Art.37 The profit quota to be paid to each associate represents dividend.
The dividends are to be paid to the associates in proportion to the contribution quota to the registered capital.
The dividends can be distributed only out of real profits.
The dividends paid against the mentioned above provisions will be reimbursed.
The right of suit for dividend reimbursement is prescribed within three years from their distribution date.

Art.38 The associates' contribution to the registered capital is not interests bearer.

Art.39 If a registered capital decrease is ordered, this will have to be completed or reduced prior to any profit repartition or distribution.

Art.40 The administrators can make all the operations required for company's objective accomplishment, except the restrictions mentioned by the company contract.
They are compelled to take part in all the company's meetings, in boards of administration and management bodies similar to these.

Art.41 The administrators who have the right to represent the company can transfer it only if this capacity was expressly granted to them.

In case of breaking the part 1 provisions, the company is not liable against third parties, that can claim the profits resulted from the operation, from the substituted person.
The administrator who, with no right, substitutes himself another person, is joint and several liable with this one for possible damages caused to the company.

Art.42 The administrators' duties and liability are settled down by the provisions regarding the mandate and by those specially provided under the present law.

Art.43 The administrators are joint liable against company for:
a) reality of deposits made by associates;
b) real existence of the paid dividends;
c) existence of the registers required by law and their correct keeping;
d) exact fulfillment of the general meetings' decisions;
e) strict fulfillment of the duties imposed by company contract and law.
The suit in responsibility against the administrators also belongs to the company's creditors but these could exercise it only in case of company's bankruptcy.

Art.44 In any document, letter or publication of the company, beside denomination and register order number, the legal form and headoffice of the company should be mentioned.
For limited liability company, the registered capital should be also mentioned and for joint stock company and limited partnership by shares the registered capital should be also mentioned out of which the deposited one according to the last approved balance sheet.

Chapter 2
General Partnership

Art.45 The right to represent the company belongs to each administrator unless contrary stipulated by company contract.

Art.46 In case the company contract dispose the administrators to operate together the decisions must be made by unanimity. In case of administrators disagreement the decision will be made by the associates representing the absolute majority of the registered capital.
For important acts, whose unfulfillment would cause a great damage to the company, a single administrator can decide in absence of the others who are in impossibility, even momentary to take part in administration.

Art.47 The associates representing the absolute majority of the registered capital may elect one or more administrators among them, establishing their powers, duration of mandate and their possible remuneration, unless otherwise provided by the company contract.

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The same majority can decide the administrators' discharge or the limitation of their powers except the case the administrators were designated by the company contract.

Art. 48. In case an administrator takes the initiative of an operation exceeding the limits of an ordinary operation of the trade carried out by the company, he must advise the other administrators prior to its conclusion under the sanction of bearing the consequences resulted from it.
In case of opposition of one of them, the decision will be made by the associates representing the absolute majority of the represented capital.
The operation concluded against the opposition made known to third parties who will not be informed about the opposition.

Art. 49. The associate who in a completed operation, by con his own or others' account, interests contrary to those of the company, cannot take part in any proceeding or decision regarding this operation.
The associate breaking the past provision, is liable for the damages caused to the company if, without his vote, the required majority was not met.

Art. 50. The associate who, without the written consent of the other associates, uses the capital, assets or credit of the company for his own or another person's use, is compelled to reimburse the resulted profits to the company and to pay the damages caused.

Art. 51. No associate can take out of the company's funds more than what was established to him, for the expenses made or for those he will make in the company's interest.
The associate breaking this provision is liable for the amounts taken and for damages.
The company contract will stipulate that the associates may take out of the company's stream buy certain amounts, for their private expenses.

Art. 52. The associates cannot take part, as partners with unlimited liability, neither in other competing companies or having the same objective, nor can operate on their own or other's account in same trading branch or in a similar one. Unless the other partner consent.
Consent to be taken into account only if the participation or operations, prior to the company contract, were known by all the other associates and the second did not forbid their continuation.
In case of breaking the part 1 and 2 provisions, the company has the right to exclude the associate, can decide whether he worked on his account or can claim for damages.
This right is conceded after a three months period passing from the day the company took knowledge of the situation without making any decision.

Art. 53. In case of contributions to co-ownership, equally belonging to more persons, the co-ownership and several liable to the company and have to appoint a common representative to exercise the rights resulting from this contribution.

Art. 54. The associate who deposed as contribution one or more debts of third parties cannot be liberated until the company obtains the payment of the amount for which the debts of third parties were deposited.
If the payment could not be obtained by suing the ceded debtor, the associate bends damages, is liable for the owed sum including the legal interest of debt, as filmed by

Art. 55. The associates are unlimited and joint and several compelled for the operations carried out in company's name by the persons representing it.
The adjudication obtained against company is opposable to each associate.

Art. 56. For balance sheet and decisions' approval concerning administrators' liabilities, the associates' vote is needed, representing the represented capital in good

Art. 57. The transfer of the contribution to the represented capital, provided that it was permitted by the company contract.
The transfer does not liberate the ceding associate from the part he owes to the company out of his capital contribution.
The ceding associate remains liable against third parties as per art. 165.
In case the contract provides cases of an associate's withdrawal, the provisions of art. 16 and 170 are to be applied.

Chapter 4
Limited Partnerships

Art. 58. The sleeping partnership administration will be entrusted to one or more active partners.

Art. 59. The sleeping partner can conclude operations on the company's account only on the basis of a special mandate for determined operations granted by the company's representatives and registered with the Commercial Register. Otherwise, the sleeping partner becomes unlimited and joint and several liable against third parties for all company's obligations, assumed from the date of the operations concluded by him.
The sleeping partner can carry out operations in the company's domestic administration, appointment and discharge, in cases provided by law, or can grant the administrators authorizations exceeding, their powers, within the limits of the company contract.
The sleeping partner has also the right to ask for a copy of balance sheet and of the profit and loss account and to verify their exactness by means of checking the Trade Register and the other supporting documents.

Art. 60. The provisions of art. 45, 46, part 1, 12, 19, 53, 54, 56 and 57 are to be applied to the limited partnership and the provisions of art. 50, 51, 52 and 55 to the active partners.

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Chapter 4
Joint Stock Companies

Section 1
Stocks

Art 61 In the joint stock companies the registered capital is represented by stock issued by the company, which can be nominal or payable to bearer.
The stock kind will be determinated by the company contract and statute, otherwise it will be payable to bearer.
Stock cannot be issued for and amount lower than the nominal value.
The stock not fully paid is always nominal. The registered capital cannot be increased and new stock cannot be issued, until that one of previous issue is completely paid.

Art 62 The nominal value of a share should not be lower that 1.000 lei.
The stock will contain:
a) denomination and duration of the company,
b) date of the company contract, number of Commercial Register under which the company is registered and number of the Monitorul Oficial in which the publication was made,
c) the registered capital, shares number and order number, stock nominal value and the deposits made,
d) advantages bestowed to founders.
For nominal stock, the surname, name and shareholder's domicile or, by case, denomination and his/her/its office will be indicated too.
The shares must bear the signatures of administrators, in case there are more or, of the unique administrator.

Art 63 The stock has to be equal in value and to create equal rights to the possessors.

Art 64 The nominal shares property rights are transferred by the statement made in the stock register of the issuer, signed by the cedent and cessionary or their warrants, and by the mention made on the share.
The subsequent subscribers and cessionaries are joint and several liable for the stock complete payment during 3 years counted from the date the transfer was written was made in the company's register.

Art 65 The property right of payable to bearer stock is transferable by simple transmission.

Art 66 In case the shareholder did not make the payment of the deposit they owe the company will invite them to fulfill this duty by means of a joint summons published twice at 15 days interval in the Monitorul Oficial and a wide spread newspaper.
In case not even after these summons, the shareholders would not make the payment, the board of administration may decide either to sue the shareholders for the remaining payments, or to cancel these nominal stock.
Cancelling decision will be published in the Monitorul Oficial specifying order number for the cancelled stock.
Instead of the cancelled stock, new stock bearing the same number will be issued, and they will be sold.
The amounts cashed from sale will be used to cover the publication and sale expenses, debts, interests and deposits unmade. The rest will be return to the shareholder.
If the obtained price is not enough to cover all amounts due to the company or if the sale does not take place, lacking buyers, the company could action against subscribers and cessionaries as per art 64.
In case after the formalities accomplishment, the amount due to the company is not achieved, the capital will be immediately reduced in proportion to the difference between the existent capital and the registered capital.

Art 67 Each share gives the right to a vote in company's meetings.
The company contract or the statute can limit votes' number owned by the shareholder who possess more than one share.
Voting exercise is suspended for the shareholders not informed of the deposits was held at setting day.

Art 68 The stock is indivisible.
In case a nominal share becomes property of more persons, the company has not the obligation to register the transmission as long as these persons will not appoint an unique representative, to exercise the rights resulting from the share.
In case a payable to bearer share becomes property of more persons, these have to appoint a common representative too.
As long as a share is an indivisible property of more persons, they are joint and several liable for making the owed deposits.

Art 69 The company neither can obtain its own stock, nor can give loans or advance on its account, excepting the case the general meeting of shareholders decides so with the shareholders' vote representing two thirds of the registered capital.

Art 70 The shareholders, offering their stock for sale by means of publicity will have to draw up a prospectus, containing beside the elements indicated by art 9, the company's profit and loss account resulting from the latest balance sheet, the dividend earned, the stock issued and the guarantees given.
The authentic prospectus, signed by shareholders and administrators will be deposited Commercial the Register of the company's headoffice. The judge from the district court of the company's head office will authorize the prospectus publication after ascertaining the accomplishment of part 1 conditions.
The announcements having the same content as the prospectus will be published by a few two newspapers, among the most wide spread in the district where the company has its headoffice.

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The provisions of art 11 par 1 and will be properly applied to the stock buyers, too.
The prospectus not containing all the mentions provided under par 1 and 2 will be void and the sales will be consequently declared at the buyer's request, excepting the case he didn't exercise his rights and duties as shareholder.

Art 71 The stock situation has to be published at the same time with the annual balance sheet and especially it has to reveal if the stock were fully paid as well as the stock for which the deposits making was demanded with more rights.

Section 2
General Meetings

Art 72 The general meetings are ordinary and extraordinary. Unless the company contract or statute otherwise provides, they will take place at the company's headoffice or at the establishment indicated by convocation.

Art 73 The ordinary meetings are held at least once a year, in maximum three months after the end of the financial period. Beside the proceedings of other problems put down on the agenda, the general meeting is obliged to:
a) discuss upon, approve or modify the balance sheet, after listening the administrators' and auditor's report and to determine the dividend;
b) appoint the administrators and auditors;
c) determine the proper remuneration of the administrators and auditors for the current financial period, unless it was settled by the company contract or statute;
d) to give it opinion on the administrators' administration;
e) determine the income and expenditure budget and, by case, the activity program for the next financial period;
f) decide pledging, renting or dissolving of one or more of the company's units.

Art 74 With the view of ensuring the proceedings validity of the ordinary meetings, it is necessary to have the attendance of the shareholders representing at least half of the registered capital and the decisions to be made by the shareholders representing the absolute majority of the registered capital represented in the meeting in case the company contract or statute does not provide a higher majority.
If the meeting cannot operate due to unfulfillment of par 1 condition, the meeting gathered after a second convocation may proceed upon the problems on the first meeting's agenda, whatever the registered capital part represented by the attending shareholders with majority.

Art 75 The extraordinary meetings gathers anytime a decision is necessary to be made for:
a) the company's duration prolonging;
b) capital increase;
c) company's objective changing;
e) headoffice removal;
f) merging with other companies;
g) registered capital reduction or its completing by means of new stock issue;
h) anticipated dissolving of the company;
i) bonds issue;
j) any other modification of the company contract or statute or any other decision for which the extraordinary meeting approval is required.

Art.76 With the view of ensuring the extraordinary meeting validity, in case the company contract or statute does not provide otherwise, the following are necessary:
at first convocation, the attendance of the shareholders representing three quarters of the registered capital and the decisions to be made with the vote of a shareholders' majority representing at least half of the registered capital;
at next convocation, the attendance of the shareholders representing half of the registered capital and the decisions to be made with the vote of a shareholders' number representing at least one third of the registered capital.

Art 77 The general meeting will be convened by the administrators anytime it will be necessary according to the statute's provisions.
The convocation term, by no means, cannot be shorter than 15 days from the convocation publication.
The convocation will be published in Monitorul Oficial and in one of the most readed newspapers in the district of the headoffice or in the nearest district.
The convocation will enlist the place and the date when the meeting will take place, as well as the agenda, explicitly indicating all the problems that will be subject of the meeting's proceedings.
In case, on the agenda, there are proposals concerning statute modification, the convocation will have to contain the full text of the proposals.

Art 78 Within the convocation of the first general meeting, the day and the hour of the second meeting could be fixed up, in case of first meeting not taking place.
The second meeting cannot gather in the very day established for the first meeting.
If the day for the second meeting is not indicated in the convocation published for the first meeting, the term provided under art 77 could be reduced to 8 days.

Art 79 The administrators are obliged to convene immediately the general meeting, at the request of shareholders representing the tenth part of the registered capital or a lower quota, in case the company contract provides it, and in case the requests contains disposations being attributions of the meeting.
The meeting will take place within one month from the request.
If the administrators do not convene the meeting, the court at company's headoffice by parties examination can order the convocation, appointing the president of the meeting among the shareholders.

Art.80 The shareholders exercise their right of vote in the general meeting proportional to the stock they have, with the exception provided under art 67 par 2

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Art.81 The shareholders representing the full registered capital could in case none of them opposes hold a general meeting and make any decision of the meeting competence without observing the formalities required for its convocation.

Art.82 In the general meeting, the shareholders possessing stock payable to bearer have the right of vote only if they deposited them at the place indicated by the statute or by the convocation notice with at least five days prior to meeting. The auditor will ascertain by a report, the deposit of stock in time. The stock will remain deposited until the general meeting, but it cannot be kept more that 10 days from its date.

Art.83 The shareholders could be represented in general meeting only by other shareholders, by a special mandate.
The shareholders not having legal capacity as well as legal persons can be represented by their legal representatives who in their turn can give special mandate to other shareholders.
The mandate will be deposited in original at the same term the shareholders have to deposit the stock, or at the term provided by statute. They will be held back by the company mentioning this in the report.
The company contract or statute can depart from the provisions concerning representation by shareholders only.
Company's administrators and office workers cannot represent the shareholders under the sanction of the decision nullity if, lacking their votes, required majority would have not been met.

Art.84 The administrators cannot vote on the basis of stock they possess, neither personally nor by mandatory, the discharge of their administration or any other problem in which their possession administration would be involved.
But they can vote the balance sheet and the profit and loss account even, being possessors of at least half of the registered capital. Legal majority cannot be met without their vote.

Art.85 The shareholders who in a certain operation for either personal or as mandatory of another person an opposite interest to that of the company will have to refrain from the proceedings concerning that operation.
The shareholders who contravene the disposition hold for damages caused to the company if without his vote, the required majority would not have been met.

Art.86 The right of vote cannot be ceded. Any agreement contrary to exercise in a certain way of the voting right is void.

Art.87 At day and hour indicated in the convocation, the meeting will be opened by the president of the board of administration or by the substitute.
The president will appoint two or more scrutineers, from among shareholders who will verify the shareholders' attendance list, indicating the capital represented by each one, the report drawn up by auditors to ascertain the stock deposited and fulfillment of all formalities imposed by law and statute for holding the meeting, after which the meeting will go forward with its agenda.

Art.88 The meetings decisions are made by open vote. Any would be the company contracts and statutes provisions, the secret vote is compulsory for the election of the board of administration's members and auditors, for their revoking and for decisions making, concerning administrators' responsibility.

Art.89 A report signed by the president and the secretary will ascertain the fulfillment of formalities for meetings convocation, date and place, attending shareholders, stock, proceedings in summary, decisions made and, at shareholders' request, their statement made in the meeting.
The document referring to the convocation, as well as shareholders' attendance list, will be attached to the report.
The report will be recorded with the general meetings register.
With the view to be opposable to third parties, the meetings decision will be deposited within a 15 day period to the Commercial Register to be mentioned in its register and published in the Monitorul Oficial.
They cannot be carried out before these formalities accomplishment.

Art.90 The decisions made by the general meeting within legal limits, the company contract or statute are compulsory even for those shareholders who did not part in the meeting or voted against.
Those general meeting's decisions contrary to the company contract or statute or law can be brought into justice within a 15 days period from the publication date in the Monitorul Oficial by any of the shareholders who did not take part in the general meeting or voted against and asked for noting this in the meetings report.
In case the decision is brought into justice by all administrators, the company will be represented in justice by the person appointed by the president of the court among the company's shareholders, who will carry out the mandate as his charge until the general meeting convened with this aim, will appoint another person.
The cancelling action will be brought in the court of the company's headoffice. The shareholders by law compelled to deposit at least one cancelling action to the court clerk office.
If there have been brought more cancelling actions, they can be connected.
The request will be judged in the board chamber.
The final cancelling ruling of court will be mentioned in the Commercial Register and published in the Monitorul Oficial. It is opposable to all shareholders from its publication date.

Art.91 Along with the cancelling bringing action, the plaintiff may require the president of the court the suspending of the action decision execution.
President's consent of suspending can force the claimant to a bail.
Against suspending pass an appeal can be made within a very short term from adjudgement.

Art.92 The shareholders who do not agree with the decisions made by the meeting concerning changing of the main objective, headoffice removal or the company form have the right to withdraw from the company and to obtain payment for the stock they possess at their choice in proportion to the registered value of recalculated after the last accepted balance sheet.

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Alone with withdrawal statement they will also deposit the stock they possess.

Section 3
The Company's Administration

Art 93 The joint stock company is administrated by one or more administrators temporary and revocable.
In case there are more administrators they will form a board of administration.
The unique administrator or the president of the board of administration and at least half of the administrators number will be Romanian only, if the company contract or statute otherwise provides.
The administrators' appointment and replacement are exclusively made by the general meeting.
The first administrators can be appointed by company contract, but their mandate cannot be longer that 1 years.
Unless the mandate's duration settled by the company contract, this is of two years.
The administrators are re-eligible, unless by company contract or statute provided.

Art 94 The persons who, according to present law, cannot be founders, can neither be administrators, directors or company's representatives and, in case they were elected, they are fallen off their rights.

Art 95 Any administrator will have to deposit a guarantee for his administration, provided under the company contract or statute or, lacking a provision under one or another, approved by the share holders' general meeting.
The guarantee cannot be lower than shares value or the double of the monthly remuneration.
If the administrator is a share holder, the guarantee can be constituted, at his request, by means of a 10 share deposit time which, on the mandate duration, are indefeasible and are kept in the company.
The guarantee will be deposited prior to the administrators' coming into function; it can be also deposited by a third person.
If the guarantee will not be deposited prior to the date of his coming into function, the administrator is considered dismissed.
The guarantee remains in the company's strong box and can be returned to the administrator, only after the general meeting approved the balance sheet of the first financial period within which the administrator functioned and gave him discharge.

Art 96 The administrators' signatures will be deposited to the Commercial Register along with the certificate issued by auditors confirming the guarantee deposition.

Art 97 For the validity of the board of administration's decisions, the personal attendance of at least half of the administrators number is necessary, unless the company contract or statute provided a higher number.
The decisions are made with an absolute majority of the attendance members votes.

Art 98 The board of administration may delegate part of its powers to a managing committee composed of members elected among the administrators, at the same time determining their remuneration.
The president of the board of administration is also general director or director, leading with this quality, the managing committee.
The board of administration's decision concerning the necessary cash for the managing committee's remuneration, will have to be ratified by the general meeting of shareholders, if exceed the statute's provisions or if the statute does not provide anything in this respect.
The managing committee's decisions are made with absolute majority of members' votes.
The managing committee has to present, in every meeting of the board of administration, a report of proceedings.
In the managing committee, the vote cannot be exercised by delegation.

Art 99 The appointment of company's office workers is in the board of administration's charge, unless otherwise provided by company contract or statute.
The board of administration can dismiss anytime the persons appointed for the managing committee.

Art.100 Nobody may function in more than three boards of administration the same time.
The ban provided by par 1 does not refer to cases when the elected person for the board of administration is the owner of at least a quarter of the stock or administrator a company owning the mentioned quarter.
That one who will not observe the above mentioned provision, will loose by right his quality as administrator, obtained by legal manner executing, in a chronological order of appointments and will be sentenced in the benefit of state, to pay back the remuneration and other deserved benefits, as well as to hand back the amounts received.
Suit against administrators can be exercised by any shareholder or the Ministry of Finance.
The managing committee's members and the directors of a joint stock company can neither be administrators, members of managing committee, auditors or associates with unlimited liability, without managing committee's authorization, in other competing companies or having the same objective, nor exercise the same trade or another competing one, on his own account or on others' under the punishment of revoking and liability for damages.

Art 101 Administrators could not conclude contracts, without general meeting's approval, on the basis of which the company will obtain buildings, equipment and generally speaking, assets durably deserving the company's objective exploiting, at a price exceeding fully or partially a tenth of registered capital, unless company contract or statute otherwise provides.

Art 102 The administrators are responsable for all duties fulfilling in part 1 and 13.
The managing committee, all the administrators are liable against the company for the directors or personnel's activity which the damage would not have happened if they had exercised supervision imposed by their function duties.

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The management committee should advise the board of administration of all deviations found in the fulfillment of its supervising duties.
The company's administrators are joint and several responsible together with their immediate predecessors if knowing the irregularities made by these, they don't denounce them to the auditors.
In the companies with more administrators the responsibility for the actions made or for the omissions does not extend over the administrators who registered their opposition in the register of decisions of the board of administration and made a written report about that to the auditors.
For decisions made in the meeting in which the administrator didn't take part he stays responsible if within a month since he learnt about it he did not make the opposition in the ways indicated by the previous lines.

Art 103 The administrator who in a certain operation, has directly or indirectly, interests opposite to those of the company, must inform the other administrators and the auditors on this matter and must not take part in any procedure concerning this operation.
The administrator has the same obligation in case he knows that, in a certain operation, his wife, relatives and allies till to the fourth degree including are interested.
The administrator who didn't observe the provisions of par 1 will be liable for the damages resulted for the company.

Art 104 The board of administration gathers anytime it is necessary. It has gathers at least once a month at company's head office, and the managing committee at least once a week.
The convocations of the board of administration's meetings will contain the place where the meeting will take place and the agenda. being impossible to make any decision concerning the unpredictable problems, excepting emergency cases, and under the condition of their existence to the unattendance members, change the next meeting.
In the board of administration's meetings the directors will present written report concerning operations carried out, and the management committee will present the register of all passed claims.
In the board of administration's meeting the auditors will be also convened.
In every meeting, a report will be drawn containing the proceedings order, decisions made, number of votes cast and the separate opinion.

Art 105 The company's operations execution can be entrusted to one or more executive directors who are company's employees.
The executive director cannot be members in the company's board of administration.
They are responsible against the company and third parties, the same as the administrators for their duties unfulfillment in accordance with provisions of art 102, even if a contrary agreement existed.

Art 106 Steady wages and any other sums of money or advantages could be granted to administrators and auditors only on the base of general meeting's decision.

Art 107 Any shareholder is entitled to denounce to the auditors the operations he thinks should be censored and they are obliged to verify and, if found them to be real, to register them in the general meeting report.
If the claim is made by the shareholders representing at least a fourth of the registered capital or a lower quota in case the statute provided so, the auditors are compelled to present their remarks and proposals about the denounced facts.
If the auditors consider the claim, set by the shareholders representing at least a fourth part of the registered capital, founded and urgent, they are forced to convene immediately the general meeting. On the contrary, they have to keep in the first meeting. This meeting has to decide upon the claim's subject.
The fourth part of the capital is evidenced by the stock deposition with the National Bank or the Savings and Loan Bank or with their branches.
The stock remains deposited till the general meeting gathers and will serve as proof of the shareholder's participation in the meeting.

Art 108 The suit in responsibility against founders, administrators, auditors and directors belongs to the general meeting, which will decide with the majority provided by art 74.
The decision could be made even if their responsibility problem is not on the agenda.
The meeting appoints with the same majority the person in charge for service the actions at law.
If the action at law is started against directors, these are suspended by law until the ruling of court remaining final.

Art 109 In case of holiday of one or more administrators, the other administrators alone with auditors, and deliberation in the presence of two thirds and with decisions majority, proceed to the appointment of a temporary administrator till the general meeting convocation, unless otherwise provided by the company contract or statute.
In case there is only one administrator and he wants to withdraw, the general meeting will have to be convened. In case of death or physical obstruction the temporary appointment will be made by auditors, but the general meeting will be immediately convened, for a final appointment of the administrator.

Art 110 In case the administrators find out the loss of half of the registered capital they are compelled to convene the extraordinary general meeting in order to decide the capital's completing, its limitation to the remained amount or the company's dissolution.
In case not even at the second convocation the quorum was not gathered as per art 76, the administrators will ask the district court of the company's headoffice to appoint an expert to verify the loss of a part of the registered capital. The court, on the basis of an expert survey, ascertain the loss provided by par 1 or 2 will give a conclusion, authorizing the administrators to convene the general meeting which will have to decide the limitation of capital at the remained amount or the company's dissolution with any number of attending shareholders.

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Section 4
Auditors

Art.111 The joint stock companies will have three to five auditors and the same number of deputies, unless the company contract or the statute provides a higher number. In all cases, the auditor's number must be odd.
At the beginning the auditors are elected by the constitutive meeting. They have a three years mandate and can be re-elected.
The auditors have to exercise personally their mandate.
At least one of them must be a legal authorized or expert bookkeeper.
In the companies with 20 per cent state capital one of the auditors must be recommended by the Ministry of Finance.
The majority of auditors and deputies will be of Romanian citizenship.
The auditors are compelled to deposit within the period indicated by the art.95, a third part of the guarantee required for administrators.

Art.112 The auditors have to be shareholders, excepting bookkeeper auditors.
The following persons cannot be auditors, and if they were elected, they decay from their mandate:
a) relatives or affines till the fourth degree including administrators' spouses,
b) persons receiving any form of a wage or remuneration from administrators or from the company, for other function than that of auditor,
c) persons subject to the prohibition of exercising the function of an administrator as per art.91.
The auditors are remunerated with a steady wage determined by the statute or by the general meeting which appointed them.

Art.113 In case of death, physical or legal obstruction, ceasing or termination to mandate of one or more auditors, the oldest deputy will replace him.
If in this way, the auditors' number is not completed, the remained auditors will appoint other persons on the vacant places, till the next general meeting will be gathered.
In case no auditor remains in function, the administrators will urgently convene the general meeting, which will appoint other auditors.

Art.114 The auditors are compelled to supervise the company's administration, to check whether the balance sheet and profit and loss account are legally drawn up and according to the registers, if these ones are regularly kept, and whether the patrimony assessment was made according to the regulations provided for balance sheet drawing up.
About all these as well as about those proposals they think to be necessary for the balance sheet and profits distribution, the auditors will submit the general meeting a detailed report.
The general meeting could not approve the balance sheet and the profit and loss account, if these are not accompanied by the auditors' report.
The auditors are compel as well:
a) to do monthly and unspecifically, inspections of strong box and to verify titles and assets existence, which are the company's property or were received as pledge, bail or deposit,
b) to convene the ordinary and extraordinary meeting, when this was not convened by administrators,
c) to take part in ordinary and extraordinary meeting, having the power to register with the agenda those proposals they think necessary,
d) to ascertain the guarantee regular depositing by the administrators,
e) to be vigilant of the law's, company contract's or statute's provisions fulfillment by administrators and liquidators.
The auditors will inform the administrators about irregularities in administration and legal and statute's provisions infringement, which they find out, and the more important cases they will make known to the general meeting.

Art.115 The auditors are entitled to obtain every month from the administrators a report on the operation's situation.
The auditors take part in the administrators' meetings, having the right to vote.
It is forbidden to auditors to inform the shareholders, in particular, or third parties about company's operations found out on the occasion of their mandate exercising.

Art.116 With the view to fulfill the provision of art.114, par.2 the auditors will proceed together, but they will draw up separate reports in case of disagreement, which they must submit the general meeting.
For other obligations, provided by law, the auditors can work separately.
The auditors will register their proceedings with a special register, as well as the results of their mandate exercising.

Art.117 The extension and effects of the auditors' responsibility are determined by mandate's regulations.
Their revoking could be made only by the general meeting, with the vote required for the extraordinary meetings.
The art.13, 100 and 108 provisions are also to be applied to auditors.

Section 5
Bonds Issue

Art.118 The joint stock company can issue payable, to bearer or nominal bonds, for an amount not exceeding three quarters of the deposited and existent capital, according to the last approved balance sheet.
The nominal value of a bond cannot be lower than 100 lei.
The bonds of the same issue must have equal value and give equal rights to their possessors.

Art.119 With the view to issue bonds by public subscription, the administrators will issue a prospectus, advised by the district court of the company's headoffice, containing:
a) company's denomination, objective, headoffice and duration,
b) registered capital and reserves,
c) date of the company contract, of modifications made to it and their publication date.

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d) represented patrimony's situation, according to the last approved balance sheet,
e) bonds categories issued by the company
f) total amount of bonds that are to be issued and of those which were previously issued, the method of reimbursement, the bonds nominal value, their interest, mention when they are nominal or payable to bearer bonds,
g) debts on the company's buildings,
h) publication date of the general meetings resolution which approved the issue

Art.120 The bonds subscription will be made on copies of the issue prospectus
The subscribed bonds value must be fully deposited
The bonds titles must contain the data provided by art.119, order number and payments schedule in capital and interests
The titles will be signed according to provisions of art.62 par.1

Art.121 The bonds possessors can gather in general meeting, to deliberate upon their interests
The meeting will be convened on the expenses of the company that issued bonds at the request of a shareholders number who have to represent the fourth part of the titles issued and not reimbursed or, after appointment of bonds holders representatives, at their request
The dispositions provided for shareholders ordinary meeting are also to be applied to the meeting of bonds holders concerning the forms, conditions, convocations times, titles depositing and voting
The issuing company cannot take part in the proceedings of the bonds holders meeting on the basis of the bonds it holds
The bonds holders could be represented by mandatories, other than administrators, auditors or company employees

Art.122 The bonds meeting, legally set up has the power
a) to appoint a representative of bonds holders and one or more deputies having the right to represent them against the company and in justice, establishing their remuneration these cannot take part in the company's administration, but could attend its general meetings,
b) to carry out all the acts of supervision and protection of their common interests or to authorize a representative to carry them out
c) to set up a fund, taken out from the interests due to bonds holders to face the expenses necessary to their rights protection, setting up, at the same time, rules for the fund administration,
d) to oppose to any modifications of the company's statute or loan conditions, by which the bonds holders' rights would be affected
e) to pronounce over new bonds issue
The meeting's decisions will be made known to the company in no more than three days from their endorsement.

Art.123 For the proceedings validity provided under art.122 letters a, b, c, decisions has to be made with a majority of at least one third of the titles issued and not reimbursed, in the other cases, the holders attendance is required at the meeting, representing at least two thirds of titles not reimbursed and the favorable vote of at least four fifths of the titles represented in the meeting.

Art.124 The decisions made by the meeting of the bonds holders who did not take part in the meeting or voted against and who demanded this to be noted in the meeting's report, within the period and with the effects indicated by art.90 and 91, in the district court of the company's headoffice

Art.125 The suit acted by the bonds holder against company is not admissable if its objective is the same with that one of action brought against by the representative of bonds holders or is contrary to a decision of bonds holders' meeting

Art.126 The bonds are reimbursed by the issuing company at the settling day
Before settling day, the bonds of the same issue and of the same value can be reimbursed by drawing of lots, at an amount higher that their nominal value established by the company and publicly announced, at least 15 days prior to drawing of lots

Section 6
Company's Registrer and Balance Sheet

Art.127 Beside the registers provided by law, the joint stock companies must keep,
a) a shareholder's register which contains, by case, surname, name, denomination, domicile or headoffice of shareholders of nominal shares, as well as deposit made on shares account,
b) a register of general assemblies' meetings and proceedings,
c) a register of the board of administration's meetings and proceedings,
d) a register of the managing committee's meetings and proceedings,
e) a register of proceedings and ascertainings made by auditors exercising their mandate
f) a register of bonds mentioning the total of the bonds, issued and reimbursed bonds, as well as, surname, name, denomination and headoffice or domicile of bearers, in case they are nominal. The registers provided by letters a, b, c and f will be kept by the board of administration's care, that one provided by letter d will be kept by the managing committee's care and that one provided by letter e by auditors' care

Art.128 The administrators are compelled to put at the bonds holders disposal the registers provided by art.127 letter a and b and to deliver, at request, on their expenses, excerpt of the register.
They are also compelled to put at the bonds holders' disposals, in the same conditions the register provided by art.127 let f

Art.129 The administrators have to present the auditors, at least one month prior to the established date of the general meeting the balance sheet of the previous financial period with the profit and loss account, along with their report and supporting documents

Art.130 The balance sheet and the profit and loss account will be drawn up under conditions provided by law.

Art.131 The company will take over at least 5 per cent out of the profit every year, in order to form the reserve fund until it will reach the minimum of a fifth part of the registered capital.
If the reserve fund, after its formation, will be reduced by and reason, it should be completed observing the provisions of part 1. Even if the reserve fund reached it's limit provided by part 1, it includes also the excess obtained by stock sale at a rate higher than their nominal value, if this excess is not used to pay the issue expenses or is not destined to writings off.
The founders, administrators and the company's personnel will participate in the profits allocation, if this is provided by the company contract or statute or, in absence of such provisions, it was approved by the extraordinary general meeting.
In all cases the general meeting will establish the participation conditions for each financial period.

Art.132 A copy of the balance sheet will remain deposited at the headoffice and the branches and subsidiaries along with the administrations and auditors' report, within the fifteen days preceding the general meeting, so that they can be studied by the shareholders.
The shareholders will be entitled to ask the general meeting, on their expenses, for copies of the balance sheet, of the board of administrations and of the auditor's report.

Art.133 The administrators are obliged within fifteen days from the date of the general meeting, to deposit to the Commercial Register and to the Fiscal Authority a copy of the balance sheet, along with the profit and loss account, attaching their report, the auditor's and the general meeting's report.
The balance sheet and the profit and loss account will be published in the Monitorul Oficial.

Art.134 The balance sheet approving by the general meeting does not hinder the exercise of the action for responsibility against the administrators, directors and auditors.

Chapter 5
Limited Partnership by Shares

Art.135 The limited partnership by shares is settled down by the dispositions regarding joint stock companies, excepting the dispositions of the present chapter.

Art.136 The partnership administration is entrusted to one or more active partners.
The dispositions of art. 93-98 are to be applied to the active partners and those of art. 99-101 to sleeping partners.

Art.137 In the limited partnership by shares the administrators could be revoked by the shareholders' general meeting by a decision made with the majority required for the extraordinary meetings.
The general meeting elects with the same majority and observing the art.94 provisions another person instead of the administrator revoked, dead or who ceased to exercise his mandate.
The appointment must also be approved by the other administrators if they are more.
The new administrator becomes active partner.
The revoked administrator remains unlimited responsible against third parties for the obligations he committed to, during his administration, keeping his right of recourse against the partnership.

Art.138 The active partners who are administrators cannot participate in the proceedings of the general meeting for auditors' elections even if they possess stock in the partnership.

Chapter 6
Limited Liability Companies

Art.139 The associates' decisions are to be made in the general meeting.
The statute may state also the election by correspondence.

Art.140 The meeting makes decisions by the vote of the absolute majority of the associates and of the represented parts. Excepting contrary dispositions, the vote of all associates is necessary for decisions having as their subject modifications to the company contract or to the statute.

Art.141 Each represented part gives the right to a vote.
One associate could not exercise his right in the proceedings of the associates meetings, regarding his assets in kind or the legal documents included between him and the company.
If the legally constituted meeting cannot make a valid decision due to the lack of the required majority, the meeting convened again, is entitled to decide its agenda whatever the associates numbers and the capital share represented by the present associates.

Art.142 The associates meeting has the following main duties:
a) to approve the balance sheet and to establish the allocation of the net profit;
b) to appoint the administrators and auditors, to revoke them and to discharge them from their activity;
c) to decide the administrators and auditors' suing for damages caused to the company, designating also the person in charge for exercise it;
d) to modify the statute.
In the last case the dispositions of art.167 and 168 are to be applied if the setting up document and the statute provide the right of the associates withdrawal due to the fact that he does not agree with the modification made to them.

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Art 143 The administrators are obliged to convene the associates meeting at the headoffice at least once a year or as often as it is necessary. One or a number of associates representing at least a quarter of the registered capital, will be entitled to demand the convocation of the general meeting, indicating the purpose of this convocation.
The convocation of the meeting will be made in the form provided under the statute and in absence of any special disposition, by registered letter at least ten days prior to the established date mentioned as above.

Art 144 Are also to be applied to the limited liability companies, the dispositions provided for the joint stock companies regarding the right to assail the general meeting's decisions.

Art 145 The company is administrated by one or more administrators, associates or not, appointed by the company contract or by the general meeting.
The administrators neither may receive the administrator mandate in other competitor companies or having the same objective without the authorization of the associates meeting, nor may carry the same trade or another competitor one on his own account or on the account of another natural or legal person, under the sanction of revoking and of responsibility for damages.
The dispositions of art 45, 46, 47 and 49 and also to be applied to the limited liability companies.

Art 146 The company must keep, under the administrators' care, a register of associates, where by will be written, by case, the surname and name, denomination, domicile or headoffice of each associate, his part of the registered part or any other modification regarding all these.
The administrators are personally and jointly responsible for any damage caused by breaking the paragraph 1 provisions.
The register can be examined by the associates and creditors.

Art.147 The statute may provide the election of one or more auditors by the associates meeting.
If the associates number is higher than fifteen the auditors designation is compulsory.
The dispositions provided for auditors of the joint stock companies will be also applied to the auditors of the limited liability companies.
In lack of auditors each associate who is not administrator of the company will exercise the audit right the associates have in the general partnership.

Art 148 The limited liability company cannot issue bonds.

Art 149 The balance sheet of the company will be drawn up according to the norms provided for the joint stock company. It will be approved by the associates meeting and will be deposited by the administrators, within fifteen days, to the Commercial Register, in order to be mentioned in the register and published in Monitorul Oficial.

The dispositions provided for the reserve funds in the joint stock company as well as those regarding the registered capital reduction, are also to be applied to the limited liability companies.

Art 150 The registered parts may be transferred between associates.
The transfer to persons outside the company is allowed only if it was approved by the associates representing at least three quarters of the registered capital.
The paragraph 2 provisions are not applicable in case of getting a registered part by succession, unless otherwise stated by the company contract or statute. In the last case the company is obliged to pay the successors the registered part value, according to the last balance sheet.
In case of exceeding the maximum legal associates number, due to the succession, these will be obliged to designate a number of bearers, which will not exceed the legal number.

Art 151 The periodical assets in kind are not transferable without the general meeting's consent.
In case of death of titular who committed himself to assets in kind, the general meeting might pay the successors, within two months, the value of the assets made, according to the last approved balance sheet, unless the company did not prefer to continue with the successors who consent to it.

Art.152 The registered parts transfer must be registered with the Commercial Register and with the company associates' register.
The transfer comes into effect to third parties only at the moment of its registration with the Commercial Register.

Title 4
Modifications of the Company Contract and Statute

Chapter 1
Common Dispositions

Art 153 The company contract or the statute can be modified by associates observing the present law provisions and the form and publicity conditions provided for their conclusion.

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Art.154 The private creditors of the associates in a general partnership, a limited joint stock company or a limited liability company may enter a caveat against the decision regarding the company prolongation over the established period for its duration, if they have rights stated by a former write of execution
The caveat will be entered in court within maximum fifteen days from the publication date
The caveat suspends the company's prolongation effect against opponents
When the caveat was admitted by a final ruling of court, the associates must decide within one month from its dates if they would renounce the prolongation or to exclude the opponent's debtor associate out of the company
In this last case the rights due to the debtor associate will be calculated on the basis of the last approved balance sheet

Chapter 2
Reduction or Increase of the Registered Capital

Art.155 The registered capital reduction can be made only after a two months period passing from the day of the resolution publication in the Monitorul Oficial
The resolution must observe the minimum legal capital, increase the law state it, present the causes of reduction and the procedure used for its accomplishment
Any creditor of the company, prior to resolution, is entitled to enter a caveat within the period mentioned under paragraph 1
The caveat suspends the ruling execution until its withdrawal or rejection by a final judgment of the court

Art.156 If the company issued bonds, the reduction by paying back the shareholders out of the sum paid on the stock account, can be made only in proportion to the value of the bonds paid

Art.157 The extraordinary meeting resolution as mentioned the registered capital will be published in the Monitorul Oficial granting a period of at least one month for the right of preference starting from the publication date

Art.158 The joint stock company could increase the registered capital, observing the disperitions provided for the company setting up
In case of public subscription the issue prospectus having the authentic signature of two administrators must be deposited to the Commercial Register in order to fulfill the formalities provided by art.40 and will contain
a) date and number for the company registration with the Commercial Register,
b) company denomination and headoffice,
c) subscribed and deposited registered capital,
d) surname and name of the administrators and auditors and their domicile
e) last approved balance sheet, the profit and loss account and auditors report
f) dividends paid in the last five years or since setting up, if at least five years have passed since this date,
g) bonds issued by company,
h) the general meeting's resolution regarding new stock issue, its total value, number and registered value, its kind, relations related to contributions other than cash and advantages bestowed to these and the date from which the dividends will be paid
The acceptor could invoke the nullity of the issue prospectus not containing all the indicated mentions, if he did not exercise his shareholder's duties

Art.159 The administrators are jointly responsible, in case of the registered capital increase, for the exactness of those mentioned in the prospectus, in the publication used by the company, or in the requests forwarded to the Commercial Register for capital increase.

Art.160 If the increase of the registered capital is made by assets in kind the extraordinary meeting, which decided this, will designate one or more experts as per art.19 and 23
After the survey report depositing the extraordinary meeting, convened again, may decide the capital increase, taking into consideration the experts conclusions
The meeting's resolution must contain the description of the assets kind the name of the persons who make them and the stock to be issued instead

Art.161 The stock issued with the purpose to increase the capital will be offered for subscription first of all to the other shareholders, in proportion to the stock they possess and with their commitment to exercise their right of preference within the period established by the general meeting, unless otherwise provided by contract or statute
After this period expiration the stock could by publicly subscribed

Art.162 The meeting's resolution regarding capital increase has effect only to the extent of its fulfillment within one year from its date

Art.163 In case of capital increase, the dispositions of art.61 par.2 and art.66 are to be applied

Art.164 The limited liability company will increase its registered capital, observing the rules regarding such companies setting up

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Title 5
Associates Estoppage

Art.165 Can be excluded from a general partnership, a sleeping partn[illegible] or a limited liability company
a) the associate who, put into delay, does not bring the contribution be committed to
b) the associate with unlimited liability [illegible] liquidated in bankruptcy, or who became legally incapable
c) the associate with unlimited liability who, without any right, interfere in administration or breaks the art.90 and 92 provisions
d) the administrating associate who commit a fraud against company or uses the registered signature or the registered capital for his own or others use
This article dispositions are also be applied to the active partners of the limited partnership by shares.

Art.166 The exclusion is pronounced by a ruling of court by request of the company or of any associate
If the exclusion is required by an associate, both the company and the prosecuted associate will be summoned.
The final ruling of court regarding the exclusion will be placed within fifteen days, to the Commercial Register to be registered with, and the ruling content will be published at the company's request in the Monitorul Oficial

Art.167 The excluded associate is liable for losses and has the right to benefits until the day of his exclusion, but he could not ask for their liquidation, until these are allocated according to the provisions of the company contract
The excluded associate has no right to a proportional part of the registered patrimony, but only to a sum of money representing its value

Art.168 The excluded associate is mainte liable against third parties for the operations made in the company until the date of exclusion ruling of court
If, at the exclusion moment, there are operations in execution, the associate is obliged to bear the consequences and he might withdraw the share he is entitled to, only after these operations are accomplished

Title 6
Companies Dissolutins and Merging

Chapter 1
Companies' Dissolution

Art.169 The following facts have as effect the company's dissolution and give each associate the right to ask for its liquidation
a) expiration of the period established for the company's duration
b) impossibility of achieving the registered objective or its achieving,
c) general meeting's decision,
d) bankruptcy,
e) reduction of registered capital in the case presented by art.210 or reduction of registered capital under the legal minimum, unless the associates decided its completion,
f) the joint stock companies are also dissolved when the shareholders number has been reduced below five, if more than six months have passed since its reduction and it has not been completed
The trading companies' dissolution must be registered with the Commercial Register and published in Monitorul Oficial except the case provided under para a
The registration and publication will be made according to art.183, if the dissolution will be made of the basis of a general meeting's decision and within fifteen days from the date of the final ruling of court, if the dissolution was adjudged by court

Art.170 The general partnership and the limited liability companies are dissolved by bankruptcy, incapacity, exclusion, withdrawal or death of one of the associates which due to these causes, the associates number was reduced to only one and does not exist a clause to continue with the successors, excepting art.209 and 210
If, in the limited partnership or limited partnership by shares, there is only one active partner, his death brings the company dissolution if there is no clause to continue with the successors
The company is also dissolved by incapacity, exclusion, withdrawal or bankruptcy of the only active partner.
In the limited partnership with only one sleeping partner, his death brings the company dissolution, if there is no clause to continue with the successors
The company is also dissolved by withdrawal, exclusion or bankruptcy of the only sleeping partner

Art.171 If in the general partnership, an associate dies and if there is no any contrary agreement, the company must pay the share due to the successors according to the last

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approved balance sheet within three months from notification of the accurate death of the remained associates do not prefer to continue the company with the successors who consent to this.
The provisions of part 1 are also applied to the sleeping partnership in case of one active partner's death unless his successors prefer to remain in the company as active partners.
The successors remain liable according to art 167 until the publication of the modifications occurred.

Art.172 As the company was dissolved, the administrators must start the liquidation procedure, unless otherwise decided by law, company contract, statute, general meeting or the court which adjudicated the dissolution.
From the dissolution moment the administrators may not undertake new operations, on the contrary they are personally and jointly liable for the operations they undertook.
The ban provided under par. 2 is applied from the day of expiration of the stated period for the company duration or from the date the dissolution was decided by general meeting or adjudicated by court.

Art.173 The company dissolution, before expiration of the established period for its duration, comes into effect against third parties only after thirty days passing from publication in the Monitorul Oficial.
Third parties may enter a caveat against company dissolution, within the period provided under par. 1, the caveat suspends the enforcement of the dissolution ruling of court under the conditions of art.188, par. 4.

Art.174 More companies merging is decided by each company.
Each company deciding the merging must fulfill the formalities provided under art.183.
The balance sheet drawn up on this occasion by each company must be deposited at the same time with the registration requested the merging decision, to the Commercial

Chapter 2
Companies Merging

Register in order to be mentioned in the register.
The company ceases to function, following to merging, will deposit a declaration of the way it decided to pay off or delete the liabilities.

Art.175 The merging may come into effect only after three months from its publication in the Monitorul Oficial, unless the payment of all registered debts or the proper sum deposit to the Savings and Loan Bank or to the Fiscal Authority was not justified or all creditors agreement created.
The ascertaining certificate of the deposit made should be published as per art.183 provision.
Any creditor of the merging company might enter a caveat against it, within the period provided under par. 1.
The caveat suspends the merging enforcement until the ruling of court remain final.
If the period provided under par. 1 expires without entering a caveat, the merging will be carried out and the remaining in existence company or the one resulted from merging will have the rights and will take over itself the obligations of the company which ceased its activity.

Title 7
Companies Liquidation

Chapter 1
Common Dispositions

Art.176 Even if the company contract and the statute provide norms in this respect, the following patrimony distribution are compulsory to be observed:
a) until the liquidators coming into function, the administrators continue their mandate, excepting the art.172 provisions;
b) the liquidators' appointment act or the sentence instead or any subsequent act bringing changes in their persons must be deposited by liquidator's care, to the Commercial Register, to be immediately registered with and published in the Monitorul Oficial.
Only after fulfilling the par. 1 formalities, the liquidators will deposit their signatures to the Commercial Register and will come into function.
After the publication provided under par. 2, no action may be exercised for or against the company, but only on the liquidators' name or against them.
Besides the present title dispositions the rules established under the company contract, statute or law are also applied to the liquidating companies to the extent of their not being incompatible with the liquidation.

Art.177 The liquidators have the same responsibility as the administrators.
After entering into function, they are obliged, along with the company's administrators, to make an inventory and to draw up a balance, to ascertain the exact situation of the assets and liabilities and to sign them.
The liquidators are obliged to receive and keep the company's patrimony the receipts committed to them by administrators and the company's deeds. They will also keep a register with all the liquidation operations, by their date order.
The liquidators carry out their mandate under the auditors' supervision.

Art.178 Besides the larger or more restricted competences awarded to them by the associates with the same majority required for their appointment, the liquidators could:
a) stay in action and be actioned in the liquidation interest;
b) carry out or complete the trade operations related to liquidation.

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c) sell by public auction, the buildings and any movable estate of the company, the chattels cannot be sold en bloc,
d) make transactions,
e) liquidate and cash the company's debt even in case of the debtor's bankruptcy, giving him receipt,
f) contract bills of exchange, take loans without mortgage obligations and generally make all other necessary documents.
In absence of special dispositions of the company contract, statute or their appointment document, they may not create mortgages on the company's properties, if they would not have been authorized by court, with the auditors' advice.
The liquidators who undertake trade operations unnecessary to the liquidation purpose are personally and jointly liable for their accomplishment.

Art.179 The liquidators cannot pay the associates a sum for the parts they are entitled to by liquidation before all the company creditors are paid.
But, the associates could ask the held back sums to be deposited as per art.175 par.1 provisions and the stock or registered par distribution to be made, even during liquidation if a liquidness of at least 40 per cent of their amount remains over that one necessary to pay the company's due or reaching the settling day liabilities.
The company's creditors are entitled to enter a caveat against the liquidators' decision as per art.151.

Art.180 The liquidators who prove by balance sheet presentation, that the funds owned by the company are not sufficient to cover the due liabilities, must ask for the necessary amounts to the associates who are unlimited responsible or who did not make the full deposits, if there are obliged to obtain them as per the company's form, or if they are debtors to the company for the unmade deposit they were bound to, as associates.

Art.181 The liquidators who acquit the company's debts with their own money could not exercise rights against company higher than those which belonged to the creditors paid.

Art.182 The company's creditors are entitled to exercise against liquidators' actions resulted from debts reached at deadline until the limit of the chattels existing in the company's patrimony and only then to aim against associates, for payments of the owed sums out of the subscribed stock value or of the assets to the company's capital.

Art.183 After liquidation completion, the liquidators must demand the company's wipping from the Commercial Register.
The liquidation does not liberate the associates and does not hinder the company's adjudication in bankruptcy.

Art.184 After countings approval and distribution completion, the registers and deeds of the general partnership, limited partnerships and limited liability companies, which are necessary to any of the associates, will be deposited by the associates empowered by the majority.
In joint stock companies and limited partnerships by shares, these will be deposited to the Commercial Register, where any interested part could take notice of them with the court authorization.
The registers of all companies will be kept for five years.

Chapter 2
Liquidation of General Partnerships, Limited Partnerships or Limited Liability Companies

Art.185 The liquidators appointment in the general partnership, sleeping partnerships or limited liability companies, will be made by all associates, unless otherwise provided under the company contract.
If the unanimity of votes cannot be met, the liquidator's appointment will be made by court, in any associate's or administrator's action, by listening all the associates and administrators.
The ruling may be appealed by associates or administrators, within fifteen days from adjudgment.

Art.186 After liquidation completion of the general partnership, sleeping partnership or limited liability company, the liquidators must draw up the liquidation balance and propose the assets distribution to the associates.
The discontent associate is entitled to enter a caveat within fifteen days from notification of the balance sheet and the distribution draft.
In the caveat judgment, the liquidation problems will be separated by those of distribution against which the liquidators may remain alien.
After expiration of period provided under par.2 or the ruling remaining final as par.3, the balance sheet and distribution are considered approved and the liquidators are liberated.

Chapter 3
Liquidqtion of Joint-Stock Companies and of Limited Parnerships by Shares

Art.187 The liquidators appointment in the joint stock companies and in the limited partnerships by shares is made by the general meeting which decides the liquidation, unless otherwise provided by the company contract.
The general meeting makes decisions with the same majority provided for the statute modification.
If the majority was not met, the appointment will be made by court, in the action of any of the administrators or associates with the company's or plaintiffs' subpoena. This ruling may be appealed within fifteen days from judgment.

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Art.14The Private Ownership Funds shall act as joint stock companies, pursuant to this Law and Law no. 31/1990, *only for a period of five years from the effective date of this Law*

After the expiration of the period stipulated in the first paragraph of this Article 14, the Private Ownership Funds shall be organized, through the effect of the Law, into general law *joint stock companies*, of the mutual funds type

The persons that still own Certificates of Ownership at the date of the commercial companies' organization stipulated in paragraph 2 of this Article 14 shall become shareholders in such companies. The Certificates of Ownership will be transformed into share in such commercial companies, and the shareholders shall decide the voting manner that may be carried out directly, by mandate or by correspondence

Art.15Each Private Ownership Fund shall issue, under the condition provided by law, free of charge and on equal basis, to all Romanian citizens resident in Romania and aged 18 or older on or before December 31 1990, Certificates of Ownership, that are securities in bearer from with a nominal value resulting from the ratio between the nominal capital of each fund and the number of eligible citizens.

The Certificates of Ownership represent an undivided interest of Romanian citizens in the Private Ownership Funds

Art.16The list of Romanian citizens eligible to receive Certificates of Ownership shall be prepared by NAP, in collaboration with the country prefectures and the Town Hall of Bucharest and with the Ministry of the Interior.

Art.17The NAP shall distribute the Certificates of Ownership with the assistane of the local bodies of the public administration

The distribution of the Certificates of Ownership shall be carried out on the announced date and place, *published in the Official Gazette of Romania*, and made public through mass-media, under the conditions designed by the NAP.

Art.18Certificates of Ownership not claimed within 180 days of the *date announced by the NAP* shall be forfeited/annulld by the Private Ownership Funds

Art.19Certificates of Ownership may be traded on the stock exchange on the terms set forth in the law concerning the *organization and functions of the stock exchange*.

Art.20In accordance with procedures developed by the Board of Directors of each Private Ownership Fund, Certificates of Ownership may be exchanged for shares of Commercial Companies

Art.21Holders of Certificated of Ownership shall have the following rights:

a) to receive annual dividends under the conditions and upon the dates disignated *by the Private Ownership Funds*,

b) to propose measures for improving each Fund's specific activity, to initiate the financial control carried out by censurers (auditors or to ask for replacement of the members of the Board of Directors, if it is justified, providing that the proposals are supported by the holders of at least 10,000 Certificates of Ownership;

c) during a period of five years from the effective date of the Law, for a limited period prior to the *commencement of a public offering of shares of Commercial Companies by the State* Ownership Fund, to purchase such shares at a discount of 10% to the public offering price, in the limit of the market value of the Certificates that are held;

d) to benefit of brokerage services from the private Ownership Funds in order to exchange, under market condition, the Certificates of Ownership into shares of any Commercial Company to be privatized;

e) any further rights established by Law for shareholdedrs

Art.22Certificates of Ownership may not be transfered to foreign natural or legal persons.

Chapter 3
Establishment and Organisation of State Ownership Funds

Art.23The State Ownership Fund is hereby established as a legal public establishment of Commercial and financial nature.

Art.24The State Ownership Fund shall initially own 70% of the nominal share capital of Commercial Companies organized pursuant Chapter III of Law no.15/1990 excepting the part of the nominal share capital of Commercial Companies that are privatized pursuant to chapter V hereof.

Art.25The State Ownership Fund, as a shareholder in Commercial Companies, shall *have all the rights and liabilities of a shareholde pursuant to Law, with respect to* Commercial Companies

In this respect, the State Ownership Fund has the following main obligations:

a) to take measures to reduce its ownership interest in the nominal share capital of Commercial Companies until their complete privatization,

b) defines minimal performances criteria for considering Commercial Companies and the politics concerning the using of the due dividends;

c) takes measures for restructuring and rehabilitation of the Commercial Companies or for the liquidation of the unprofitables ones;

d) participates at the achievement of the measures taken by the Private Ownership Funds in order to accelerate the privatization process;

e) *carries out with the Private ownership Funds the tasks, under conditions of the Law*, of the General Assembly of the shareholders.

Art.26The State Ownership Fund acts and takes decisions on the commercial principles basis

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The State Ownership Fund may use its income, in the proportion determined by the Board or Directors for the following purposes
a) deposits in interest bearing accounts,
b) investments with a view to restructuring, rehabilitating and making efficient the Commercial Companies without increasing, by means of these investments, the share of the State within the nominal share capital of these Companies,
c) loans to Romanian natural or legal persons with private capital, to facilitate the purchase of shares or assets of Commercial Companies;
d) financing the costs related to the preparation for privatization and privatization of Commercial Companies;
e) any other commercial activities linked to the State Ownership Fund objective

Art.27 The State Ownership Fund, in the exercise of its obligations shall,
a) maintain accounting records in accordance with standards applicable to Commercial Companies;
b) submit eventual litigation involving its activities to the settlement of the competent Courts, and to agree, in contracts concluded with foreign parties, that eventual litigation may be submitted to arbitration in this country or abroad, or to the Courts.
The State Ownership Fund shall not be garanted any immunity from jurisdication or execution relative to its activities.

Art.28 Each year the State Ownership Fund shall be obliged to draw up a plan for privatization for the forthcoming year and a report describing its activities over the last 12 months.
The plan will include proposals for privatization of at least 10% of the shares initially held
The plan and report shall be submitted to the Government for its information and to the Parliament for approval. The raport and profit and loss balance sheet shall be published in the Official Gazette of Romania, as well as, through mass-media.
After the expiring of a 7 years period from the beginning of the State Ownership Fund's activity, on basis of the report submitted to the Parliament and of the existing situation at that time, regarding its activity a decision will be taken with a view to administrating the share of the State within the Commercial Companie

Art 29 The activities of the State Ownership Fund shall be terminate once the complete privatization of State owned Commercial Companies is achieved
The assets owned by the State Ownership Fund at the time of liquidation shall be deposited in the State Budget
The State Budget will assume any financial obligations of the State Ownership Fund that remain unsatisfied following its liquidation

Art.30 The State Ownership Fund shall be managed by a 17 member Board of Directors
The Board of Directors shall consist of
a) 5 members appointed by the President of Romania and chosen among persons trained and experienced in commercial, industrial financial and legal matters,
b) 3 members appointed by the permanent Bureau of the Senate,
c) 3 members appointed by the permanent Bureau of the National Assembly,
d) 5 members appointed by the Prime Minister to represent the leading staff of central public administration and
e) the State Secretary for Privatization

Art.31 Each member of the Board of Directors shall be appointed for a five years term and may be re-elected for only one additional term
Members of the Board of Directors may be removed by the authority who appointed them
The Board of Directors shall elect from its members a President and a Vice Predident
The State Secretary for Privatization cannot be elected neither President nor Vice-President.
The Board of Directors meetings shall be chaired by the President or, in his absence, by the Vice-President

Art.32 The censors of the State Ownership Fund shall be appointed and removed by the permanent Bureaus of the two Chambers of the Parliament, according to the proposal of the Economy and Finance Ministry

Art.33 The State Ownership Fund's organization and functional regulations shall be drawn up by the Board of Directors and approved by the Government.

Art.34 The Board of Directors shall require the presence of 12 directors in order to valid actions to be taken and the rate of 3/4 of the directors present for valid decisions to be made

Art.35 The Board of Directors shall meet at least once every months
The Board of Directors may be convoked for special meetings by the president or at the request of at least 5 of its members.
Board of Directors meetings must be convoked by a notice in written form at least five days in advance of the proposed meeting and the notice must contain the agenda

Art.36 The President of the Board of Directors shall carry out the Board of Directors' decisions, and in this respect, he is entitled to:
a) sign or approve the State Ownership Funds' contracts' conclusion, according to its objectives,
b) approve returns of funds and payments of expenses in the name of the State Ownership Fund;
c) appoint and remove officers of the State Ownership Fund,
d) engage and represent the State Ownership Fund in relationship with natural or legal persons, as wellas, in a Court of Law;
e) present annually the programme of privatization, the budget of incomes and expendes, the activity report and the report concern the budget execution, prepared pursuant to Article 28 hereof for the approval of the Board of directors

Art.37 The management of the State Ownership Fund's current activitis is carried out by an executive general manager appointed by the President with the Board of Directors' agreement
The Board of Directors' President may delegate to the executive general manager the right to engage and to represent the State Ownership Fund in relationship with natural persons or legal persons as well as in Court
The executive general manager execute his actions under the control of the Board of Directors' President.

Art.38 During its activity the State Ownership Fund is extemped from profit tax payment and is not allowed to make any payment to the state budget or any local budget.

Chapter 4
Special Provisions Concerning the Central Meetings and Board of Directors of the Comercial Companies

Art.39 The General Meeting of the Commercial Companies' shareholders is formed by the representatives of State Ownership Fund and Private Ownership Fund at which the Commercial Company is allocated.
The Councils of State Representatives shall continue their activity and represent the State Ownership Fund in the first general meeting of the shareholders
The conditions of the appointment, revocation, dismissal and remuneration of the representatives of the SOF in the general meeting of the shareholders will be established by the functional regulations of the State Ownerghip Fund

Art.40 General meeting of the shareholders appoints the Board of Directors formed by the 3-9 persons, from which one is the President of the Board of Directors and General Manager or Manager of the Commercial Companies.
Private Ownership Fund has the right to appoint in the Board of Directors a number of members, proportional to the capital quota holded in that commercial company

Art.41 Provisions of Article 39 and Article 40, apply to Commercial Companies as long as they have as shareholders only the State Ownership Fund and one or more Private Ownership Funds.

Chapter 5
Early Privatisation Before the Organisation of the Funds

Art.42 The National Agency for Privatization is authorized for the privatization of some of the commercial companies by sale of shares before the organization of the State Ownership Fund and Private Ownership Funds.
At the proposal of state owned Commercial Companies and on the basis of recommendations of branch ministries, the National Agency for Privatization selects the Commercial Companies to be privatized, but not more than 0,5% from the total number of CC's this law refers to

Art.43 Commercial Companies social capital valuation and sale of shares before the organization of funds is authorised by the Councils of State Representatives.
The employees and management of Commercial Companies benefit of the rights provided in Article 48 if they participate at the sale of shares prior to the organisation of the funds

Art.44 The Commercial Companies that are to be privatized through selling of shares before the organization of the Funds can conclude technical assistance contracts with the Romanian oer foreign firms, in conditions of competitivity.
The technical assistance contracts with foreign firms will be approved by the NAP.

Art.45 The proceeds from the sale of shares in Commercial Companies prior to the organization of the Funds shall be deposited in an interest-bearing account at the national Bank of Romania.
The sums refered to in a paragraph 1 are contributed 70% to the State Ownership Fund and 30% on equal basis to each Private Ownership Fund at the time of its organization

Chapter 6
Sale of Shares of Commercial Companies

Art.46 Shares of Commercial Companies owned by POF's and SOF may be sold to natural or legal persons, domestic or foreign, by means of the following
a) public offering of shares,
b) sale of shares on an auction basis (open or limited to preselecte bidders);
c) sale of shares through direct negotiation and
d) any combination of the foregoing

Art.47 The employees or management of a Commercial Company may participate in purchasing shares through any of the procedures set forth in Article 46

Art 48Shares in Commercial Companies to be sold by the State Ownership Fund through a public offering of shares or an auction will be offered forsale to the emplozees or to the management of such Commercial Companies on a preferential basis, as follows,
a) in a public offering of shares, the employees and management shall have the right for a limited period to purchase up to 10% of the shares offered for sale at a discount of 10% to the public offering price,
b) in a sale of shares through an auction any employee and management member or a group comparised of such persons shall have the right to a preferential purchase of shares in the event that they offer a price not 10% lewer than the highest price offered in the auction and they respect all the other conditions of the offer.
Shares in Commercial Companies to be sold by the State Ownership Fund through direct negotiation will be awarded to the employees and to members of the management of such Commercial Companies in the even that they offer conditions for purchasing equel to those of other prospective purchasers

Art.49 The State Ownership Fund, pursuant to conditions established by its Board of Directors and based on commercial principles, shall have the right to grant facilities to the employees and to the members of management as wellas to retired employees who purchase shares in Commercial Companies as follows
a) credits;
b) deferred payment,
c) payment by installments,
d) other facilities, taking into accont the specific aspects of the shares and the material conditions of the sale

Art.50 The sale of shares by the State Ownership Fund is carried out in accordance with the procedures set forth in Article 46
The sale set forth in paragraph 1 will be carried out only wit the approval of the National Agency for privatization if by this sale the State Ownership Fund loses its role as main shareholder in the Commercial Company,
In order to obtain the approval the State Ownership Fund is required to present to the NAP, prior to the sale, in written form, the main conditions of the sale
The NAP is required to either approve or according to each case reject the proposed sale within 30 days from the date the conditions are received

Art.51 In the case that natural or legal persons, domestic or foreign wish to purchase 100% of the shares of a commercial company, the State Ownership Fund will delegate to the Private Ownership Fund, to which the Commercial Company is allocated, the power to negotiate on its behalf the conditions of the sale.

Art 52 The conditions for organizing and effecting the sale of shares and of presenting the proposed sale, as well as, the criteria on the basis of which the NAP shall approve or reject the proposed sale shall be established by regulations issued by the NAP and approved by the Government Decision
The regulations will be published in the Official Gazette of Romania

Chapter 7
Sale of Assets of Commercial Companies

Art.53Commercial Companies owning assets that represent units that can be organized and function independently, have the right to sell such assets

Art.54The sale of assets referred to in Article 53 shall be effected on the basis of public auction or sealed bidding to the highest bid

Art 55The sale of assets of Commercial Companies on the basis of public auction or sealed bidding to the highest bid will be carried out in accordance with legal provisions and regulations issued by the NAP and approved by the Government
The regulations mentioned will be published in the Official Gazette of Romania

Art.56The National Agency for Privatization shall prepare within three month a list of assets of Commercial Companies that are to be offered for sale within 12 month of the effective date of this Law

Art.57Any natural or legal persons, domestic or foreign, shall be eligible to participate in any sale of assets pursuante the provisions of this Law
The persons that purchase assets under the present law do not have the right to sell or lease them or to transfer their use in any other way for a one year period from concluding the contract of sale and purchase.

Art.58Public institutions, self-sufficient administration and Commercial Companies that are 100% state-owned do not have the right to participate in any sale of assets under Article 53 of this Law.

Art.59Employees except members of the management of the Commercial Company that sells assets as well as retired employees of this CC are eligible to participate at sales organized pursuant to Article 54
The sale will be effected for the benefit of the employees or retired employees, in the event that they are offering conditions for purchasing equal to those of the other prospective purchasers as well as to Romanian citizens which have concluded a leasing of management contract

Art.60The Commercial Company that is selling, upon approval by the NAP, the Private Ownership Funds and the State Ownership fund, pursuant to conditions established by their Board of Directors and based on commercial principles, may grant facilities to the employees or retired employees, in the event they purchase assets, as follow
a) credits;
b) deffered payment;
c) payment by installments;
d) other facilities taking into account the specific aspects of the assets to be sold.

Art.61 The sale of assets of Commercial Companies shall be considered final at the time of concluding the contract of sale and purchase in accordance with this Law

Art.62 The amounts which result may be used by the Commercial Companies only for:
a) effecting new investments,
b) returning debts resulted from medium and long term credits for investments

Chapter 8
The Tasks of the National Agency for Privatisation

Art.63 The NAP is the Government body responsable for the coordination, guidance and control of the privatization process

Art.64 The NAP is mainly responsable for the following tasks:
a) to submit for Government approval the articles of association of each Private Ownership Fund on the basis of the framework article of association,
b) to publish in the Official Gazette of Romania the Certificates of Ownership distribution methodology,
c) to prepare the list of Romanian citizens eligible to receive Certificates of Ownership,
d) to ensure the distribution of Certificates of Ownership,
e) to establish the criteria regarding early privatization,
f) to approve the contracts regarding special assistance concluded with foreign consulting firms,
g) to approve the sale of shares of Commercial Companies in early privatization;
h) to submit for the Government approval the methodological regulations concerning the of shares and assets,
i) to assist Commercial Companies involved in the privatization process,
j) to control the legality of the legal documents concluded under this Law,
k) to publish periodical an Information Gazette,
l) to fulfill any other tasks provided by law.
In order to achieve its tasks NAP is entitled to request date and informations from central and local public bodies as well as from Commercial Companies
Central and local public bodies as well as Commercial Companies are obliged to answer NAP's request up to 20 days.

Chapter 9
Sanctions

Art.65 The following conduct is considered to be in contravention of the regulations on privatization if it is not an offense according to the penal law
a) transfer of Certificates of Ownership by Romanian citizens to natural persons, encroaching on the Article 22,
b) sale or transfer by domestic or foreign natural or legal persons, of the rights on bough assets, sold by Commercial Companies before, the end of one year from the conclusion of the selling purchaseing contract;
c) enter into contracts regarding special assistence with foreign firms or early privatization without the agreement of the NAP;
d) divulgeance by the NAP or Commercial Companies' employees or any other reprezentatives involved in the privatization process of any non public information concerning the sale of shares or assets of Commercial Companies.

Art 66 The contraventions listed in Article 65 hereof are subject to the following sanctions.
a) fine from 50,000 lei to 100,000 lei for the contraventions referred to in paragraphs a, b and c,
b) fine from 150,000 lei to 200,000 lei for the contravention referred to in paragraph d.
The sanction may be applied to the legal persons too.

Art.67 The ascertaining of contraventions and applying of sanctions are tasks of the persons authorized by NAP and by financial control bodies

Art.68 The contraventions stipulated herein are governed by the provisions of Law No.32/1968 concerning the ascertaining and sanctioning of contraventions.

Chapter 10
Final Provisions

Art.69 Members of the Board of Directors of POF and SOF, their employees as well as of NAP, members of Government, officials and deputies envolved in the implementation of this law are obliged to declare their fortune at the beginning and the end of their seat or job

Art.70 The Private Ownership Funds and State Ownership Fund may establish according to legal provisions, Commercial Companies for promoting or accelerating the economic restructuring and privatization.

Art.71 The Private Ownership Funds and State Ownership Fund may enter into contracts with natural or legal persons, domestic or foreign, for special assistance in privatization and economical restructuring.

Art.72 Natural and legal persons, foreign, may participate according to the provisions of this Law, in the purchase of shares or assets of Commercial Companies without preliminary registration at the Romanian Development Agency
In the case that foreign, natural or legal persons, purchase shares or assets of Commercial Companies according to this Law, the Romanian Development Agency is obliged to issue the Certificate of Investor reffered to in Article 24 of the Law No 35/1991.

Art.73Up to 6 month from the effective date of this law, the Government will submit the draft of the law concerning the establishment of the stock exchange

Art.74Provisions of this Law apply in the case of the sale of "parts sociales" of limited liability companies

Art.75 The social capital of the Commercial Companies which belongs to the shares issued under the Article 36 of Law No 18/1991 concerning the funcial fund is excluded from the amount of capital to be distributed to the Private Ownership Funds and State Ownership Fund

Art.76pursuant this law members of management of CC are the representatives of POF and SOF in the general meeting of share holders, member of boards of directors, and officers or persons assimilated to them

Art.77Compensations for abusive takeing over of goods by stateshall be settled by a special law.

Art.78Headquarters of POF's shall be spread over the country according to allocation criteria of Commercial Companies to each fund

Art.79As of the effective date of this Law, Article 23, paragraphs 2 8 of Law No 15/1990 concerning the state economic units re-organization as "regies autonomes" and commercial companies, and any other provisions inconsistent with this Law shall not be deemed applicable

FOREIGN INVESTMENT LAW No. 35

To induce foreign investment in Romania the present law is passed comprising provisions meant to confer foreign investors guarantees and incentives as well as the complete and unrestrained use of the results of their activity

Chapter 1
General Provisions

Art.1 For purposes of this law, the term "Foreign Investment" shall mean.
a) establishment of new companies, subsidiaries and branches, either having wholly owned foreign capital or by association with Romanian legal or natural persons, with observance of Company Law no. 31 of 1990,
b) participation in the increase of registered capital of an existing company or the acquisition of shares or capital stock belonging to such companies, as well as bonds and other securities;
c) concession, leasing or management contracts, as provided for by the law, of businesses, public services, production subunits, pertaining to autonomous state enterprises or to regular companies,
d) acquisition of ownership rights over movable and immovable property as well as other real estate rights,except for the land ownership rights;
e) acquisition of industrial and intellectual property rights,
f) acquisition of personal estate rights or other rights related to services having economic value that are associated to an investment,
g) purchase of production spaces and other buildings, except for residence buildings not related to the investment, as well as the construction thereof,
h) participation agreements for exploration, exploitation and production sharing of natural resources

Art.2 "Participation" of foreign investors in Romania may consist of
a) funds in freely convertible currencies;
b) machinery,equipment, means of transport, components, spare parts and other goods,
c) services, industrial and intellectual property rights (patents, licenses, know-how, trademarks, copyrights), expertise and methods of organization and management,
d) profits lawfully obtained in freely convertible currencies or in lei from business activities carried out in Romania

Art.3 The term "Foreign investor" shall mean any natural or legal person residing or, as the case may be, having its place of business abroad, and which is conducting investment in Romania under any of the forms set forth by this law

Art.4 Foreign investments may be effected in all sectors of industry, exploration and production of natural resources, agriculture, infrastructure and communication, civil and industrial works, scientific research and technology development, trade, transportation, tourism, banking and insurance services and other services, provided that they shall not:
a) infringe the regulations in force meant to protect the environment;
b) affect Romania's national security and defense interests;
c) harm the public order, health and good morals

Chapter 2
Guarantees

Art.5 The foreign investments in Romania shall not be nationalized, expropriated, requisitioned or subjected to other measures of like effects, except in public interest, with observance of the legal procedures set forth by the law and against payment of a compensation equivalent to the affected investment which shall be prompt, adequate and effective

Art.6 The compensation shall be assessed in relation to the market value of the investment upon the date of occurrence of one of the acts set forth in Art 5.

Art.7 In case the compensation cannot be ascertained as provided in Art 6 hereinabove, then it shall be determined by the parties on equitable principles,taking into account the capital invested, its appreciation or depreciation and the current returns

Art.8 Should such determination of the compensation as per Art 6 and Art 7 herein not be satisfactory to the foreign investor's request it shall be established trough the courts of law, in accordance with the legal provisions

Art.9 The foreign investors shall enjoy the rights to,
a) participate in the management and administration of the investment, in keeping with the terms of the contracts and by laws agreed upon,
b) assign its contractual rights and obligations to other Romanian or foreign investors,
c) transfer abroad the profit in freely convertible currency to which they are entitled, as well as the portion of the profits in lei, as established by Art 16 herein;
d) transfer abroad, in keeping with the provisions of the contracts concluded, the amounts collected for copyrights, technical assistance, expertise and other services,
e) transfer abroad the amounts obtained in freely convertible currencies from total or partial sale of stocks, shares, bonds and other securities or from liquidation of investments as well,
f) transfer abroad in freely convertible currencies in three annual installments the amounts in lei obtained as a result of winding up the investments;
g) transfer abroad in the agreed upon freely convertible currency the amounts achieved as compensation in the event of one of the acts set forth in Art.5 hereinabove.

Art.10 The foreign investments, in accordance with the provisions of this law shall for the whole duration of their existence enjoy the legal status set forth hereby

Art.11 The foreign investors shall enjoy the legal status set forth by this law irrespective of their citizenship or, as the cost may be, nationality.

Chapter 3
Incentives

Art.12 Imported machinery, equipment, installations, means of transport and any other outfits, constituted as participation of the foreign investor, are exempt from import custom duties

Art.13 The raw materials, supplies and components imported for production purposes are exempt from import customs duties for a period of two (2) years of activity, counted from the date the project is commissioned.

Art.14 Foreign investments are exempt from payment of tax on profit as follows:
a) investments in industry, agriculture and the construction sector, for a period of five (5) years from commencing productive operations,
b)investments in the exploration and production of natural resources, communications and transports, for a period of three (3) years from commencing the respective operations;
c) investments in trade, tourism, banking and insurance services, as well as any other services, for a period of two (2) years from commencing the respective operations.

Art.15 In addition to the exemptions provided for hereinabove, reductions of the tax on profits are further granted after the expiration of the initial tax holiday period, as follows:

a) a 50% reduction of the tax due for the profits reinvested in enterprises set up in Romania with a view to widening and upgrading the technical and material basis, improving the manufacturing technologies or expanding the activity, to obtain additional profits, as well as for the investments aimed at securing the protection of the environment,

b) a 25% reduction of the tax due, provided that one of the following conditions is met at least 50% of the necessary raw materials, energy and fuel are provided trough importation,

- at least 50% of the products and services are exported;
- more than 10% of the expenditures are made for scientific research and development of new technologies in Romania and for professional training;
- at least 50% of the machinery and other equipment necessary for developing existing investments are obtained from domestic production;
- at least 50 (fifty) new jobs are created trough a new investment or expansions of existing investments

Art.16 Foreign investors are entitled to transfer abroad in freely convertible currency, through currency exchanges conducted by the Romanian Bank for Foreign Trade or other authorized banks, a portion of the annual profits in lei equivalent to 8 - 15 % of their contribution in cash and in kind in freely convertible currency paid to the registered capital, as follows
a) 15% of the paid contribution to the registered capital for investments made in the fields of special importance for the national economy including manufacture of antipollution technologies,as established by Government Decree,
b) 12% of the paid contribution to the registered capital for investments made in the fields of exploration and production of natural resources, industry, agriculture, the construction sector, communications and transports, other than those provided for at paragraph (a) herein above,
c) 10% of the paid contribution to the registered capital for investments made in the fields of finance, banking and insurance,
d) 8% of the paid contribution to the registered capital for investments made in other fields of activity

Art.17 Upon suggestions prepared by the Romanian Development Agency, the fields of special importance for the national economy shall be established through Government decision
Additional incentives could be granted by law upon Government proposal for investments effected in the fields mentioned at paragraph one above

Art.18 In case voluntary liquidation of foreign investments occurs within a time span shorter than twice the period for which foreign investors enjoy the exemptions provided for at Art 14 here in above, foreign investors shall pay the taxes on profits imposed by the law for the whole duration of the investment
The taxes due in accordance with the provisions of the above paragraph shall be paid with priority out of the results deriving from the liquidation of the investment or out of the other rights the foreign investors are entitled to

Chapter 4
Registrations of the applications for Foreign Investments

Art.19 Foreign investments in Romania, irrespective of their legal status, shall be made on the basis of an application by the foreign investor registered with the Romanian Development Agency.

Art.20 The Romanian Development Agency shall study the reliability of the investor, the field and the legal form of the investment and the amount of the capital to be invested

Art.21 The Romanian Development Agency answers applications of foreign investors on the basis of data and information that it has available or that it may obtain upon request from the central and local organization of public administration as well as from autonomous state enterprises and regular companies in the field of activity where the foreign investment shall be made.
The ministries and the other central and local organizations of public administration shall answer within 10 days to the request of the Romanian Development Agency

Art.22 The Romanian Development Agency shall answer the applications of foreign investors within 30 days from their registration
In the event that no confirmation is received by the foreign investor during the time period set forth in the above paragraph, the investment shall be deemed to have been approved and may be implemented.

Art.23 The foreign investors have the right to effect investments under the conditions set forth in the Romanian law, either on the basis of the confirmation issued by the Romanian Development Agency, or on the basis of foreign investor's application in the absence of any response from the Agency

Art.24 The position of foreign investor in Romania is proven by the "Certificate of Investor" issued by the Romanian Development Agency
The "Certificate of Investor" shall be issued at the foreign investor's request within 15 (fifteen) days from registering the applications,upon presentation of relevant documents the contract of association and the statute, the commercial contracts and other legal papers drafted in accordance with the provisions of the Romanian law and taking into consideration the legal status of the investment
The "Certificate of Investor" is opposable to the Romanian authorities for the establishment of the the foreign investors' rights.

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Chapter 5
Financial, foreign currency and commercial operations

Art.25 The collection and payment operations related to the foreign investments shall be effected trough lei and freely convertible currency accounts open with banks having the place of business in Romania or through freely convertible currency accounts open with banks having the place of business abroad
Joint ventures and other foreign investors may freely dispose of the balances of their own accounts

Art 26 The accounts in freely convertible currency shall be fed by the financial contribution of the investors, the foreign currency borrowings and by the foreign currency revenues

Art.27 Joint ventures and other foreign investors can contract credits in Lei or other currencies from local financing institutions or loans in freely convertible currencies from foreign banks and financial institutions

Art.28 The activity of the joint ventures and of the foreign investors shall be carried out on the basis of commercial contracts concluded with the observance of legal provisions and at agreed-upon prices in lei and in foreign currency.

Art.29 The payments in freely convertible currency, including the amounts due to the foreign investor, shall be effected only from the balances of the foreign investor's or , as the case may be, the joint venture's bank accounts

Art 30 The profits in freely convertible currency and in lei due to the foreign investors can be used to make new investments in Romania, to buy Romanian goods and services or they may be exchanged on the financial market with due consideration to the legal provisions

Chapter 6
Final Provisions

Art 31 In the event foreign investments in Romania are made by setting up commercial companies in association with Romanian natural or legal persons, the contribution of the Romanian associates to the registered capital may consist of the right of property or other real rights over land or other immovable necessary estate for the whole duration of the joint venture

Art.32 The expatriate personnel necessary to implement the foreign investment shall be agreed upon by the contracting parties or by the foreign investor, as the case may be;such personnel shall be employed in management and expert jobs only.

Art 33
The wages of local and expatriate personnel employed by foreign investments shall be settled by the agreement of the parties.

Art 34
The provisions of this law shall be applied to the extent that they do not countervene to the international agreements and arrangements of foreign investments undersigned by Romania.

Art.35 Upon coming into effect of this law the Decree no. 424 of 1972 ruling the establishment and functioning of joint venture in Romania, the Decree Law no 96 of 1990 for inducement of foreign investment in Romania, as well as other contrary legal provisions, are abrogated.

This law was passed by the Senate in March 29, 1991

President of Senate

This law was passed by the Assembly of Deputies in March 29, 1991

President of Assembly of Deputies

Based on Art 82 paragraph "m" of the Decree-Law no.92 of 1990 for the election of Parliament and President of Romania, we hereby enact the foreign investment law and order that it be published in the Official Gazette of Romania.

The President of Romania

Ion Iliescu

Bucharest, 3rd of April, 1991

No 35

COMMERCIAL REGISTER LAW
No. 26

Chapter 1
General Provisions

Art.1 Before starting their activity, businessmen are obligated to ask for registration with the Commercial Register, and during and after cessation of commercial operations to ask for recording with the same Register of the mentions regarding deeds and facts whose registering is provided by the law
With the present law, the business are natural persons who usually carry on commercial operations, commercial companies, autonomous companies and co-operative organizations
Paragraf 1 provisions are not applied to craftsmen and peasants who sell products from their own farms

Art.2 The Commercial Register is kept at the Commercial Register Office organized in each district and in Bucharest, according to present Law's Chapter II provisions.
The Central Register is kept at the National CommercialRegister Office, organized by the Chamber of Trade and Industry of Romania.
Article 3 Businessmen ask for registration with the districtual Commercial Register Office or Bucharest's, where they have headquarters

Art.4 The Commercial Register is public
The Commercial Register Office is obligated to issue, on applicant's expenses, legalized copies of the certificate of incorporation or mentions accomplished, and of the submitted deeds as well as finding certificates concerning deeds or facts not registered or mentioned in the register

Art.5 The incorporation deed and mentions are opposable to third parties from the date of their accomplishing with the Commercial Register or from their publishing in "Monitorul Oficial" or in any other newspaper, when the law provides it The person obligated to ask for a registration cannot oppose unregistred deeds or facts to the third parties, unless he can prove these were know to them

Art. 6 The registrations are made only based on a mandatsary judge's conclusions, or by the case, on the court final sentence.

Art. 7 The law courts are forced to send the Commercial Register Office legalized copies of the final sentence's dispositions and conclusions concerning deeds and mentions which must be registered, as law provides, within 15 days since they remained final.

By means of conclusions and final sentences courts will order the effecting of registrations with the Commercial Register.

Art. 8 The control of operations' legality accomplished by the Commercial Register Office will be made by one of the districtual court judges or, by case, of bucharest, annualy appointed by the president of that court
At least once a month,the judge must check out the Commercial register The official checking mention will be written on each of the Register's leaf under signature, mentioning the checking date
Judge's control does not realese from responsability the office's personnel who manage and perform operations with the Commercial Register in accordance with the Law

Chapter 2
Commercial Register Office

Art.9 The Commercial Register office is set up and operates by each territorial chamber for trade and industry.
The National Commercial Register Office is set up and operates by the Chamber for Trade and Industry of Romania
The Commercial Register offices provided by par.2 will give notice to the National Commercial Register Office about any operated registration or mention, within 15 days since operation.

Art.10 The organizational frame, number and wage level of personnel from Bucharest and districtual by the Chamber of Trade and Industry of Romania. The same with the norms of internal organizing and operating of the offices
The necessary personnel of the Commercial Register offices is hired on a competition base by the districtual chambers of trade and industry The necessary expenses for operating and the wage funds are ensured from the budget of the territorial chambers for trade and industry

Art.11 For the operations accomplished, the Commercial Register offices will levy duties according to a tartiff established by the Chamber for Trade and Industry of Romania together with the Ministry of Finance
The share due to the National Office, which cannot exceed 20 per cent of the established duties according to par. 1, is levied through the Commercial Register office that operates the registration and transferred monthly to the National Office.
Duties, excepting those due to the National Office, are income of the chambers for trade and industry budget by which the districtual office is set up

Art.12 The commercial register office keeps the commercial register which contains a register for registering the businessmen as natural persons and another one to register businessmen as legal persons, as well as the card index of each trader's record

The office will keep also an alphabetical catalogue of the registered businessmen, as well as the files containing the submitted deeds.
The registers will be numbered and initialled by the mandatory judge. Every year a new register will be opened. Each registered businessmen will bear an order number, beginning every year with 1.
The way to keep and fill in the Commercial Register and the card index is unitedly established for all the offices, by norms issued by the Chamber for Trade and Industry of romania toghether with the Ministry of Trade and Tourism.

Chapter 3
Registrations Accomplishment

Art.13 The registration application with the Commercial Register of a businessman as a natural person will contain
a) name and surname, domicile, citizenship, birth date and place, legal status, wealth and its means of assesment and previous trading activities;
b) name and firm and its headquarters, its subsidiaries and affiliates, home and abroad, licence for trade exercise,
c) field of activity.
To the incorporation application will be enclosed evidence about the supplied information.
The incorporation application will be made personally or by mandate, by special and genuine power of attorney.
The office will mention in the register every information supplied in the application.
To prove the specimen of signature, the businessman will sign in the register in the presence of a mandatary judge or of the office manager or deputy manager who will certify the signature. If the businessman is absent, the signature in the register can be replaced by a legalized one.

Art.14 The incorporation application with the Commercial Register of a general partnership or a limited partnership will contain.
a) information concerning each associate, provided by art.13 letter a, for a natural person, and by case, name, nationality and headquarters for a legal persons;
b) information concerning the company, provided by art.13, letter b,
c) company's legal form and its object of activity,
d) registered capital, each associate's contribution to the capital and ways of capital setting up and depositing, for contributions in kind, their value and means of assesment;
e) company's administrators and their power's limits,
f) each associate's share of profits and losses;
g) company's duration.

Art.15 The incorporation application with the Commercial Register of a joint stock company or a limited partnership by shares whil contain
a) information concerning founders, provided by art.14 letter a);
b) firm and company's headquarters and, by case, those of the subsidiaries and affiliates,
c) legal form and company's object of activity,
d) subscribed and deposited registered capital,
e) value of assets in kind and their means of assesment, number of shares granted to this purpose and avantages reserved to each founder;
f) number and nominal value of shares, specifying if they are nominative or bearer shares, and their number within each category;
g) number, name and surname, as well as citizenship of administrators, the pledge they have to deposit, their powers and the special managing and representing rights granted to some of them, for limited partnership by shares, name and surname, domicile and active partners' citizenship, or, by case, firm's name, nationality and their headquarters, mentioning which of the manage and represent the company;
h) number, name and surname, as well as censors' citizenship,
i) means of profits distribution;
j) validation conditions for the general assembly's resolutions and for the vote right exercise,
k) company's duration;
l) sleeping(limited) partners' capital contribution within the limited partnership by shares,
m) operations concluded by founders in the account of the company going to be incorporeted, which are to be taken over by the company and the amounts to be paid for these operations.

Art.16 The incorporation application with the Commercial Register of a limited liability company will contain information provided by art.14 and, by case, by art 15 let h)

Art.17 The incorporation application with the Commercial Register of a autonomous company will contain
a) the incorporation deed, name and its headquaters;
b) its field of activity,
c) administration's subunits which may have contract relations with third parties and power of attorney's limits granted to this purpose,
d)authorizedagents torepresentthe autonomous company and its subunits provided by letter c)

Art.18 Co-operative associations incorporeted as trading companies are registered with the Commercial Register, observing, by case, art.14-15 provisions; for other co-operative associations, the incorporation application with the Commercial Register will contain information provided by art.17.

Art.19 Administrators' and, by case, trading company representatives' specimen of signature, as well as that of the persons authorized by law to represent autonomous companies or co-operative organizations, as to be proved with the observance of art.13, par.5 and 5 provisions

Art.20 The incorporation application with the Commercial Register will be made within 15 days, unless otherwise provided by the law.
- for commercial companies, since the date the incorporation was ordered by thew judge with the observance of the law,

for businessmen as natural persons since the date of authorization issue;
for autonomous companies and co-operative organizations, since the date the incoporation deed was issued.
The incorporation application with the Commercial Register of a commercial company will be signed at least by one administrator, or, by case, by one of this representatives, or, under legal conditions, by any associate, and for autonomous companies or co-operative associations by authorized persons, as law provides, to represent them

Art.21 With the Commercial Register are to be registered mentions concerning:
a) donation, sale, tenancy or trading fund mortgage, as well as any other deed certifying changes concerning incorporations or mentions or providing company or trading fund cessation,
b) name, citizenship, birth date and place of the authorized person, if representation right is limited to a certain subsidiary or affiliate, the mention will be made only with the register where the subsidiary or affiliate is registered
Representative's signature will be submitted in forms provided by art 13, par 5 and 6,
c) patents, production, trade and service marks, original names, information concerning the origin, firm, emblem or other signs upon which a commercial company, autonomous company co operative
organization or businessman as a natural person has any right,
d) divorce final sentence of the businessman, as well as sentence concerning common goods' sharing during trade exercising;
e) sentence of trader's laying under interdiction or of instituting his trusteeship, as well as the suspending sentence for these measures,
f) sentence for declaring businessman's bankruptcy,
e) conviction sentence of the businessman for penal facts which make him unworthy to perform this profession,
h) any change regarding registered facts and mentions

Art 22 The businessman must ask for registration with the Commercial Register of the mentions provided by art. 21 within 15 days since the date of facts and deeds subject to registration
Mentions' registration can be made at the interested persons' request within at most 30 days since the date they have know the deed or fact subject to registration
Mentions will be registered ex officio within 15 days since the date the legalized copy of the final sentence is received, for facts and deeds provided by art 21 let d),e),f), and g)
The fact that mentions can be registered at other persons' request, too, or ex officio, does not exonerate the businessman from the obligation to ask for their operation

Art 23 The businessman who has subsidiaries or affiliates must ask for their incorporation with the commercial register office of each subsidiary and affiliate headquarters
In this application, besides the information provided by the present law for businessman's incorporation he will also write own the office where the main headquarters firm was incorporated.

Along with the incorporation application the businessman will enclose copies of all deeds and licences submitted at the main headquarters, attested by this one
The commercial register office from subsidiary's or affiliates' headquarters will deliver an excerpt from the registration made in order to be mentioned in the respective commercial register to the commercial register office from the businessman's main headquarters
The registrations' modifications made in the commercial register from the main headoffice concerning the incorporation deeds have to be mentioned, too, in the commercial register from the subsidiary or affiliate headquarters

Art.24 The businessman who has his trading headoffice abroad and is incorporating a subsidiary or an affiliate in Romania will be subject to all provosions concerning incorporation, mention and publication of deeds and facts required from home businessmen.
All these formalities will be made with the commercial register office from the subsidiary or affiliate headquarters

Art.25 Anybody considering to have suffered a prejudice due to the incorporation or to a mention with the commercial register has the right to ask for its striking off.
The mandatory judge will give his verdict on the striking off application through a settlement, sommoning the parties. The settlement can be attacked by appeal in the districtual or Bucharest court, within 15 days from the passing date.
The court will judge the appeal urgently in the council chamber

Art.26 The businessman must mention on letters, invoices, offers, orders, tariffs, prospects and any other deeds used in trading activities, the order number under which the company is incorporated with the commercial register and the year of incorporated with the commercial register and the year of incorporation

Chapter 4
Trade Mark and Emblems Regime

Art.27 The trade mark is the name or, by case, the denomination under which a businessman is exercising the trade and is signing
The emblem is the sign or denomination which differentiates a businessman from another one of the same branch.
Trade-marks and emblems will be written first of all in Romanian

Art.28 The trade mark of a natural person trader contains the businessman's fully written name or the name and the first name initial letter.
No mentions misleading on businessman's nature or extent, or on businessman's position can be added to the trade mark Mentions
could be made for indicating more precisely the businessman's person or the kind of trade

Art.29 The trade-mark of a general partnership must comprise the name of at least one of the associates, with the fully written mention of "general partnership".

Art.30 The trade mark of a limited partnership must comprise the name of at least one of the active partners', with the fully written mention of "limited partnership".

Art.31 If the name of a person from outside the company enters,with his consent, in the firm of a general partnership or a limitedpartnership, the person become unlimited and jointly responsable for all company's liabilities. The same rule applies to the sleeping partner whose name enters in the trade mark of a limited partnership

Art.32 The trade-mark of a joint-stock company or of a limited partnership by shares is composed of its own denomination able to differentiate it from other companies' firms, and will be accompanied by the fully written mention of "joint-stock company" or "S A.", or, by case, "limited partnership by shares"

Art.33 The trade mark of a limited liability company consists in a denomination indicating the object of a activity and will be accompanied by the fully written mention "limited liability company" or "S R L".

Art.34 The trade mark of a subsidiary or affiliate in Romania, belonging to a foreign company must also contain a mention concerning the headquarters abroad

Art.35 Any new trade-mark must differentiate from the existing ones.
In case a new trade mark is similar to another one a mention must be added in order to differentiate it from this one, either by more precisely naming the person, or by indicating the trade type exercised or in any other way.

Art.36 TheCommercial Register Office must refuse the registration of a trade-mark that, without introducing differentiating elements, may cause confusion with other registered marks

Art.37 No trade mark could not contain a denomination used by the traders from the public sector

Art.38 The acquirer, with any title, of a commercial fund, may continue this activity under the previous trade-mark, mentioning in its content the quality of successor, if the previous owner or his heirs, deliberately consented to it. This disposition is not applicable to general partnerships, limited partnerships, joint- stock companies and limited partnerships by shares.
The previous trade-mark keeping is allowed to the limited liability company, without being necessary to mention the succeston relation

Art.39 The trade mark cannot be allienated separately from the commercial fund for which it is used

Art.40 Any emblem should differentiate from the emblems written in the same Commercial Register for the same trade type, as well as from the emblems of other businessmen on the market where the businessman carry on his activity.
The emblems may be used on advertising panels wherever they may be placed, on invoices letters, orders, tariffs, prospecta, posters, pubbcations and in any other way, provided they are visibly accompanied by the businessman's trade-mark
If the emblem contains a denomination, the trade-mark will be written in letters of at least half of the size dimensions of the emblem letters.

Chapter 5
Sanctions

Art.41 Businessmen who must ask for the incorporation or for he registering of a mention have to submit a signature or certain deeds, and who do not observe the legal dispositions and the provided term, will be bound, by ruling of court, to pay a civil fine from 1000 up to 25000 lei.
The civil fine is from 2000 to 50000 lei, in case the incorporation, mention, submittance of signature or deed, are in the charge of a commercial company. If there are many persons bound to fulfilment the fine is to be imposed to each of them

Art.42 Businessmen who will not observe the obligations provided by art 26 will be obligated, by runing of court, to pay a civil fine of 1000 to 5000 lei

Art.43 The instance notification for imposing of the fines provided by art. 41 may be done by any interested person as well by the territorial chamber for trade and industry by which the Commercial Register Office operates, where the approval was asked for, or the incorporationor mention registering or signature submittance as well as the deed had to be demanded, in the case provided by art 42, the notification may be done by the territorial chamber for trade and industry by which the commercial register Office operates where the trade-mark incorporation had been made.

Art.44 The civil fines provided by art 41 and 42 are subject to common law regime of the Code of civil procedure and are to be imposed by the territorial court on whose territorial area the fact, was produced

Art.45 The person who falsely made inoccurate statements, on whose basis an incorporation or mention was registered with the Commercial Register, will be sentenced to jail from 10,000 lei to 50,000 lei if, according to the law, the fact does not represent amore severe infringement of the law.
By ruling passed, the court will also order changing or striking off the inaccurate incorporation or mention

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Chapter 6
Final and Transitory Dispositions

Art.46 In those districts, where chambers for trade and industry are not set-up, the Commercial register offices are organized and function by the territorial Chamber for Trade and Industry, established by the Chamber for Trade and Industry of Romania

Art.47 The ensurance of the proper premises and of the necessary material conditions for carrying on the activity of the Commercial Register National Office and of every Commercial Register Office, is made, for 1990-1991 by the prefect's office and *respectively by the Bucharest Cityhall*
The assets endowed to the offices are to be transferred without any charge to the territorial chambers for trade and industry, becomes then property, until January 1, 1992

Art.48 The Chamber for Trade and Industry of Romania and the territorial chambers for trade and industry will ensure the implementation of the unitary information system of the Commercial Register information system if the amounts cashed as registration duties do not cover the *necessary expenses for these offices* organizing and operation.
The provision of the present law referring to districts and prefect'offices are also to be applied to Bucharest city, respectively to Bucharest Cityhall.

Art.49 Commercial Companies with foreign capital participation, set up before the present law coming into force, will be incorporated with the Commercial Register without any legal legal charge, on basis of the certificate issuedby Ministry of Finance

Art.50 Within at most 45 days from the law coming into force, the existing businessmen at the date are forced to fulfil the formalities for incorporation and registration of documents and mentions provided by law

Art 51 The present law will come into force within 30 days from the publication in Monitorul Oficial of Romania.

Bucharest, November, 7, 1990
No 26

TAX ON PROFIT LAW
No.12

Art.1 Self sufficient administrations, trading companies, co-operative organizations, financial and credit institutions, other economic agents organized as legal persons, including those with foreign capital, as well as the economic units of other legal persons, Romanian or foreign, that achieve profits from unfolded activity, called taxpayer entities in the present law, are compelled to pay according to law tax on profit to the state central administration budget or to local budgets

Art.2 The tax on profit is calculated with progressive rates depending on the size of the taxpayer entity's profit.
The tax rates are those stipulated in Annex 1 of present law and are applied to taxable profit
The taxable profit is established as the difference between collected income and expenses stipulated in Annex 2 of present law

Art.3 The tax on profit will be calculated and adjusted on a monthly basis according to the amount of actual profit earned, added up from the beginning of the year in progress For this purpose, the payment of tax on profit will be made monthly and will be recalculated and readjusted with the central state administration budget or local budgets, added up from beginning of year on the basis of the "profit and loss" account's credit balance, before the 15 th of the next month for expired time of the year in progress and before January 25 th *according to the annual balance sheet*
If payment day is not a working day, the payment will be made on first working day that follows.
Any payments collected by the state central administration budget in excess to due payments will be either deducted from a further due or returned to taxpayer entities within 5 days of their request

Art.4 In well justified cases, the Ministry of Finance may grant postpayment and phasing of payments as well as establish new dead lines for payment of taxes on profit during the year in progress.

Art.5 *Taxpayer entities set up starting with the date of coming in effect of present* law, as well as those previously founded but which achieve taxable profit after date of coming in effect of present law, will be exempted from taxes of profit, as follows:
a) units in the fields of industry, agriculture and housing, for a period of 5 years from date of establishment,
b)units in the fields of exploring and exploitation of natural resources, transport and communications for a period of 3 years from date of establishment;
c) civil service performing units, for a period of one year from date of establishment,

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d) commercial units, for six months from date of establishment
Stipulations under a, b, c, d, of present article are not to be applied to self sufficient administrations and trading companies with integral state capital

Art.6 Taxpayer entities with foreign capital founded before date of enforcement of present law will be taxed in accordance with legislation valid on December 31, 1990

Art.7 In case any of the taxpayer entities stipulate in art 5 of present law ceases its activities after a length of time the interval in which it is exempted from tax on profit considered from the moment of expiration of their tax exemption time, they are compelled to transfer to the central state administration budget or to local budgets, the tax on profit computed for the whole length of tax exemption time
The tax on profit pertaining to the tax exemption time is calculated and annually communicated by the fiscal authorities to the taxpayer entity for acknowledgment

Art 8 Organizations for the blind and invalid, handicapped persons associations and their economic units, as well as philantropic associations are exempted from payment of taxes on profit
Taxpayer entities, other than the above mentioned in the present article, that hire persons legally considered handicapped, benefit from tax on profit reduction in proportion to the ratio between the number of handicapped and the total of staff number

Art.9 For taxpayer entities, the taxes pertaining to the profits used for the enlargement and modernization of technological and material stock, of production technologies or for the extension of activities aiming at reducing supplementary profits as well as the investments for environmental protection is reduced by 50 percent, the sums obtained by the reductions being intended for the same above mentioned purposes
The calculation and adjustment with the state central administration budget or local budgets of sums pertaining to tax reductions will be made before January 25 of next year and will be reflected in the balance sheet of year of reference

Art 10 Profit due to foreign partner in trade company with partially of integral foreign capital, after payment of tax will be taxed with a quota of 10 percent rate if transferred abroad.

Art.11 Sums paid by trade companies as dividends for the amount of capital representing the state's participation will be integral deposited in the state central administrative budget or local budgets, as is the case, within 10 days from date of approval of book keeping balance sheet by the general assembly but no later than March 1 of next year
The time limits stipulated in paragraph 1 of present article also apply to the payment of net profit resulted from the activities of self sufficient administrations, settled according to law

Art.12 Taxpayer entities are compelled to deposit in the general boards of county public finances and municipal public finances of Bucharest, no later than May 15 th of every year, the statement of profit

Newly founded taxpayer entities are compelled to deposit the statement of profit within 30 days after becoming a legal person.

Art.13 Taxpayer entities have the obligation to calculate and are responsible for the payment on time of taxes on profit and sums due as per articles 10 and 11 of present law. Non-payment of sums owed to state budget or to local budgets within legal time limits is followed by an increase of due sum by 0,05 percent of its value for each day of lateness of payment beyond set time limit
In justified situations, the Ministry of Finance may approve the reduction of exemption from increase of payment due to lateness.

Art.14 The manner in which the stipulations contained in the present law are respected is verified by the fiscal authorities

Art.15 If according to penal law they do not represent legal offenses, the following actions are considered minor offenses:
a) the refusal to put at the disposal of control authorities the documents containing the calculation and payment to the state central administration budget or to local budgets of taxes on profit
b) increase of certain expense categories or drawing up of false records for the evident purpose of reducing the value of taxes on profit.
The minor offense presented in a) is sanctioned with a fine of 10 000 to 30 000 lei and the minor offense presented in b) with a fine of 30,000 to 100 000 lei
The sanction is suffered by the taxpayer entities
Appeal against report establishing minor offense is to be made according to law.

Art.16 Unless the present law does not provide otherwise, the stipulations in Law no 32/1968 regarding the establishment and sanction of minor offenses, with the exception of articles 25 and 26, are to be applied to minor offenses presented in article 15 of present law

Art.17 In case of the reduction of tax on profit as a result of action mentioned in article 15, letter b) the taxpayer entities will deposit in the state central administration budget or in local budgets a sum equal to the amount embezzled from tax, which will be paid together with the due tax on profit

Art.18 The establishment of infringements and minor offenses as well as the enforcement of sanctions as per articles 13, 15 and 17 of present law is made by specialized authorities in the Ministry of Finance in their regional units

Art.19 Appeals regarding the establishing the collecting and the following of tax on profit, the increases due to lateness as well as regarding other sums owed to the state central administration budget or to local budgets, according to present law, are to be deposited within 30 days of the date of acknowledgment by taxpayer unit and are settled by the general boards of county public finances and those of Bucharest as is the case, within maximum 30 days from day of registration.

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The given decision can be appealed against at the Ministry of Finance, which must solve the appeal within 30 days from date of deposition. The solution is final.
The deposition of the appeal does not suspend the payer's obligation to deposit in the state central administration budget or in local budgets the sums owed according to present law.

Art.20 Appeals regarding the establishment of tax on profit of increases due to interess as well as other sums owed to the state central administration budget or to local budgets, according to present law, are subject to a stamp tax of 2 percent of sum appealed upon. This tax cannot be lower than 100 lei.
In the event of partial or integral admission of an appeal, the stamp tax is returned, partially or integral, depending on the partial or total reduction of contested sum.

Art.21 The Ministry of Finance will propose annually, depending on the state of the economy and of the budgetary execution, in the budgetary law project, the maximum level of the expense destined to meet certain socio cultural and sports oriented necessities for self-sufficient administrations and trade companies with integral state capital.
Also, before the law goes into effect, the Ministry of Finance will put out instructions regarding the method of calculation of tax and the adequate wording.

Art.22 The provisions of present law goes into effect starting with January 1, 1991.
On the same date, the following are annulled.
- articles 11, letter h), 12 letter e), 16-18 and 22 from Law no.20 of Dec 22/1978 regarding the founding, planning, destination and payment of profits.
- Decree no 139 of March 15, 1962 regarding tax on profit of co- operative societies and other co-operative organizations, consumption and trade, as well as that of enterprises and economic organizations of public organizations, republished.
- articles 1-10 and 21 of Law no 2 of June 30, 1977 regarding agricultural tax.
- Governmental Decision no 741 of July 3, 1980 regarding tax on profit for state economic entities.
- The table of tax rates for the taxing of small enterprises and lucrative associations, in annex no 11 of Governmental Decision no 201 of March 3, 1990 regarding the approval of the standards of application of Decree law no 54/1990, regarding the organization and carrying out of certain economic activities based on free initiative.
- any other contrary stipulations.

Annex no.2

The most important expenses deductible from gross income in order to determine taxible profit are.

1.-The expenses corresponding to the activity carried out, expenses pertaining to collected income and which are included in costs according to the law.

2.-Taxes for the use of state property lands.

3.-Expenses for professional training and on the job training.

4.-Sums paid for research projects concerning main priority programs of national interest, for the grounding of development strategies, the increase of product quality and service and the elaboration of new, competitive products, not included in production costs or variable costs, as is the case, of economic agents.

5.-Commissions paid to economic agents with foreign trade activity.

6.-Expenses for entertaining, advertising and publicity, in the limits set by the Ministry of Finance.

7.-Child allowance paid by business agents in case these sums are not reflected as such in costs."

8.-Sums used for buying stocks for which dividends are collected.

9.-Contributions to the reserve fund and to other special funds, set up as per legal settlements.

10.-Previous years losses to the extent that these sun have not been recovered until the date of the establishment of taxable profit.

11.-Contributions and donations made for humanitarian purposes, to support social, cultural, scientific or sports activities as per annual budget law.

12.-Other expenses stipulated in legal standards in force.

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BANKING ACTIVITY LAW No.33

Chapter 1
General Provisions

Art.1 Banking activity in Romania is conducted within the framework of the statutory provisions accorded to the National Bank of Romania and those for the banking companies that are established under Law no 31/1990, as commercial companies

Art.2 The National Bank of Romania is the Central Bank of the State of Romania, set up as a juridical person It is the single institute of issue in the State and has the sole authority for issuing regulations in the monetary, credit, foreign exchange, and payments areas The National Bank of Romania can provide refinancing facilities to the banking companies and liquidity to the banking system
The National Bank of Romania has full supervisory authority over all banking companies Moreover, the National Bank of Romania will promote, regulate, and supervises the activities of banking intermediation
The functions of the National Bank of Romania are specified in its own statute, as provided under the Law

Art.3 Banking companies are juridical persons which have as their main business purpose the activity of collecting funds from both juridical and physical persons through deposits or nonnegotiable instruments payable on demand or on maturity, as well as that of granting credits.

Art.4 The organizational structure, management, and administration of banking companies are governed by their respective charters
Activities carried out by each single banking company become legally binding with the recognized signature of not fewer than two managers whose functions are specified in the charter of the concerned banking company.

Section 1
Banking Companies, as Romanian Juridicial Persons

Art.5 Banking companies are established as Romanian juridical persons in accordance with the provisions of Law no 31/1990 that governs commercial companies; they cannot be established in the form of "companies with limited liability"

Banking companies may be established and operate only on the basis of a license issued by the National Bank of Romania

Art.6 The documentation that must accompany an application for a license and the conditions under which a license may be granted will be set forth in a specific regulation to be issued by the National Bank of Romania.
The National Bank of Romania will issue regulations as regards the minimum amount of the authorized capital and the minimum paid-up capital at the time of subscription, which cannot be lower than 50 percent for the social capital, as well as the period of the subscription

Art.7 The conditions under which the license can be revoked, either in cases where the revocation is required by law or in cases where the revocation is requested by a banking company, are specified in regulations to be issued by the National Bank of Romania
All the licenses issued and in force will be recorded in a register maintained by the National Bank of Romania; this register will be readily accessible to the public

Art.8 The subscribed portion of the authorized capital must be effectively paid-up within two years from the date of the establishment of the banking company
The subscribed portion of the authorized capital must be paid in cash

Art.9 Once legally established, the banking company has to clearly identify, in all its official documents, the following minimum information, the full title and name of the company, the amount of the subscribed authorized capital, the address of the head office, and the number and the date of registration in the commercial register

Art.10 In case of merger, dissolution, liquidation or bankruptcy of the banking companies, the provisions of Law no 31/1990 concerning commercial companies, as well as the special provisions and the specific instructions of the National Bank of Romania, will apply, taking into account the special character of banking operations

Art.11 The merger of two or more banking companies is decided by each bank in accordance with its own character Before starting its activity, the banking company, which is formed as a result of the merger, must obtain a license from the National Bank of Romania.

Art.12 Banking companies shall be prohibited from entering into contracts or agreements, or adopting practices of any kind, which would give them a monopolistic position on the money, financial, and foreign exchange markets, or from engaging in manipulative practices in order to obtain an unfair advantage for themselves or for third persons.
The National Bank of Romania is entitled to bring an action in court whenever it finds that the provisions of this article have been violated

Section 2
The Regime and Subsidies of Banks Operating in Romania as Foreign Juridicial Persons

Art 13 The establishment, operation, and liquidation of branches in Romania of banks that are foreign juridical persons shall be governed by Law no 31/1990 concerning commercial companies, provided that these banks are recognized as foreign juridical persons pursuant to the conditions established by Romanian law.
The establishment in Romania of subsidiaries of banks with foreign juridical personality is done in accordance with the provisions of the law concerning the operation in Romania of firms representing foreign companies and foreign economic organizations

Art.14 Access to the banking profession and banking operations of branches and subsidiaries referred to in Article 13 of the present Law are subject to licensing by the National Bank of Romania, in accordance with policies applicable to foreign banking activities in Romania.

Chapter 2
Banking Activity

Art.15 In performing their business, banking companies will comply with the regulations issued by the National Bank of Romania in connection with the conduct of its monetary, credit, foreign exchange payments, and prudential banking policies and supervision of banking companies.

Art.16 All banking companies must open current accounts at the National Bank of Romania and are required to maintain minimum reserves in accordance with applicable regulations

Art.17 Banking companies may also open other accounts at the National Bank of Romania on conditions that the National Bank of Romania shall establish

Art.18 Banking companies can take sight and term deposits in their accounts in cash and in the form of securities in their endeavour to attract monetary resources from both the physical and juridical persons for their safekeeping and for producing returns. Deposits may be interest-bearing.

Art.19 Short term credit means any loan or lending operation with a maturity of up to and including one year, medium term credit refers to any loan or lending operation with a maturity of more than one year and up to and including five years, and long term credit refers to any loan or lending operation with a maturity of more than five years

When granting credits, banking companies will ensure that borrowers are creditworthy and have the capacity to repay their loans on maturity. To this end, banking companies are entitled to ask borrowers to provide whatever guarantee or collateral that may be needed in the forms of assets.

Art.20 After the credit has been approved, banking companies cannot cancel or reduce its amount except in justified cases, that is if it is determined that the information provided by the debtor is inaccurate and only after expiration of a minimum period of five days which will be notified to the debtor in writing.
The banking companies may however revoke any credit without notice, in cases where the debtor violated the conditions specified in the loan contract or in cases where the economic and financial position of the debtor is found to be such as to raise questions on the ability of the debtor to repay the loan

Art.21 All credits and guarantee operations of banking companies will be recorded in contract documents which will clearly disclose all the terms and conditions of the transactions. Copies of such documents will be kept by the banking companies and will be made available to authorized personnel of the National Bank of Romania, on request.

Art.22 Banking companies may buy, sell, keep in custody, and manage monetary assets, and may effect transfers, clearing operations and other gyro operations for their own account, as well as for the account of third parties.

Art.23 Banking companies may receive securities as collaterals or in custody. Such securities cannot be encumbered by them; and banking companies cannot exercise the voting rights that may accompany such securities.

Art.24 Banking companies may, within the limits of the law, their license and their assets, carry out operations and activities with respect to foreign exchange, precious metals; objects made from precious metals; and any other valuables with a high degree of liquidity, investments, subscriptions, purchases, management, custody and trading of securities; banking consulting; services, guarantees, trusteeship, as well as other activities that the law may permit them to carry out for their own account or for the account of their customers

Art. 25 Banking companies may not carry out the following operations:
a) to engage in transactions in movable and immovable assets, except for transactions of immovable assets that are necessary to the conduct of their business activity or for their employees, as well as transactions of movable and immovable assets in executing their claims;
b) to purchase their own shares or to provide guarantees for any credits they may grant and carry on their accounts. However, subject to prior authorization from the National Bank of Romania, repurchase of their own shares, with a view to reducing their social (authorized) capital;
c) to grant credits to customers for the purchase or sale of their own shares;
d) to receive deposits, securities, or other valuables, when the banking company can no longer make payments; and

c) to engage in deposit operations, if the majority of the deposits comes from their employees. However, mutual fund operations and any other financial operations that are based on the principle of mutuality are not allowed.

Art.26 The operating license may specify other forbidden operations and activities in addition to those mentioned in Article 25.

Art.27 Banking companies will distribute 20 percent of their annual gross profits to constitute reserves, until the reserve fund thus established reaches a level equivalent to that of their capital, and once such a level is reached, a maximum of 10 percent until such time when the reserve fund becomes twice larger than the capital. After reaching this latter level, allocation of additional funds to the reserve fund will be made from the net profits, in conformity with the decisions of the Boards of directors of the banking companies concerned.
Banking companies may also use their gross profits to constitute separate risk funds for covering nonperforming loans that may not be recovered, up to a limit of 0,5 percent of the total amount of outstanding credits granted, or of the outstanding net amount of unused but available credits under the prescribed ceilings of other available resources.

Chapter 3
Banking Regulations and Supervisions

Art.28 Participations of a banking company in a firm or enterprise whose object of activity has no connection with banking activities cannot exceed 20 percent of the capital of the firm or enterprise concerned.

Art.29 Total outstanding loans granted by any banking company to a single debtor cannot exceed 20 percent of the sum of its capital and reserves.
A single debtor means any physical person or group of physical or juridical persons that maintain any economic relationship between them. Loans granted to debtors that stand in a special relationship with the banking company, or its staff, including family relationship, shall be permitted only in conformity with specific provisions issued by the National Bank of Romania.

Art.30 Banking companies are required to report to the National Bank of Romania any credits granted to any of their customers that exceed a minimum amount specified by the National Bank of Romania.

Art.31 Banking companies shall be required to submit monthly to the National Bank of Romania their financial statements, consisting of the balance sheet and the profit and loss account, as well as any other information as may be requested by the National Bank of Romania.

The leading banking company of a group of banks will submit the data specified in the present article for its own unit, as well as for the group as a whole.

Art.32 The National Bank of Romania has the authority to examine the banking companies' balance sheets, accounts and operations, but exclusively in connection with the performance of its supervisory functions.

Art.33 Saving banks, mutual benefit societies, credit cooperatives, other credit societies, as well as investment funds will be supervised by the supervisory organizations of their respective associations.

Art.34 The National Bank of Romania is the only State agency which has the authority to exercise supervision over the foreign exchange transactions of banking companies, to this end, the National Bank of Romania will specify the needed reporting requirements and procedures.

Art.35 The Ministry of Finance shall advise the National Bank of Romania of any fiscal infractions that have been committed by banking companies it may become aware of.

Art.36 The National Bank of Romania will cooperate with the supervisory authorities of the foreign countries hosting branches of Romanian banking companies that operate abroad.
Information concerning foreign banks that operate in Romania may be furnished to the banking supervisory authority of the countries of origin but only on the basis of reciprocity.

Chapter 4
Deposit Insurance

Art.37 In order to protect the rights of depositors, one or more funds may be established for the insurance of monetary deposits held by banking companies, for the benefit of physical persons.
These funds will be established by public or private financial institutions or by the State of Romania. They will operate under a license issued by the National Bank of Romania and will be supervised by the National Bank of Romania.
Each banking company that participates in such deposit insurance schemes will display this fact prominently at its offices and on its letterheads.

Chapter 5
Clearing Houses

Art.38 Interbank clearing houses may be established, to facilitate clearing and settlement of gross mutual debts or claims of banking companies

Art 39 In addition to interbank clearing and settlement activities, clearing houses may also be used to facilitate overnight interbank lending

Art 40 Clearing houses will be established pursuant to Law 31/1991 and operate on the basis of a license issued by the National Bank of Romania and specific operating rules and regulations approved by the National Bank of Romania

Chapter 6
Balance Sheet, Profit and Loss Account, and Audit

Art.41 Pursuant to its own statute and rules and regulations the National Bank of Romania will establish regulations concerning the balance sheets of banking companies, their profit and loss accounts, and their accounting an auditing

Art.42 The balance sheets of banking companies and their profit and loss accounts will be deemed to be legally authoritative only if duly verified and signed by their respective Audit Committees

Art.43 Banking companies will employ certified accounting experts in order to audit and certify their balance sheets

Art 44 Banking companies will publish their balance sheets and profit and loss account as soon as they have been approved by their General Meeting of Shareholders or other competent authority pursuant to the provisions of Law 31/1990 concerning the commercial companies and specific provisions and rules and regulations issued by the National Bank of Romania

Chapter 7
Staff and Managers of Banking Companies

Art.45 Managers of banking companies shall be accountable for their professional activities to the General Meeting of Shareholders and the National Bank of Romania. They have to be persons of high reputation who have never been involved in a bankruptcy case as a result of their professional activities The National Bank of Romania may also establish other rules and regulations and ethical and professional standards with respect to the quality and activities of managers of banking companies, as well as the activities of the employees of banking companies

Chapter 8
Professional Secrecy in Banking Activity

Art.46 No employee of banking company whose work is governed by the provisions of this law shall be entitled to use or disclose during his/her employment or thereafter, facts or data which when made public may damage the interests or prestige of any banking company or any of its customers These provisions shall also apply to individuals that obtain information from official reports or other official papers

Art.47 All members of the Board of Directors of - - as well as any employee who participates in the activities of - - any banking company, are obliged to keep the professional secrets. Professional secrets may be disclosed only when requested during a legally constituted judicial procedure pursuant to an authorization of the Board of Directors of the banking company in question
Staff members of a banking company cannot use for their benefit any banking information which is in their possession
Provisions of paragraphs 1 and 2 also apply to individuals that obtain information from official reports, auditing activity, and supervision, or any other information that have been referred to in the preceding articles.

Art.48 The name of depositors and accounts' holders, and the transactions recorded in their accounts, are treated as professional secrets.

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Chapter 9
Infractions and Penalties

Art.49 Infractions of a banking company, unless specified otherwise by the penal law, are the following
a) violations of provisions of rules and regulations issued by the National Bank of Romania in connection with the implementation of the present Law, and
b) conduct of fictitious operations

Art.50 In case of infractions stipulated by the previous article, any of the following penalties may be imposed to legal persons:
a) written warnings,
b) mandatory notification to the banking company found to be in infraction that it has to take whatever remedial measures to correct the infraction, including measures that may limit the range of its operations,
c) imposition of fines that cannot exceed one percent of the social capital of the banking company if it continues to be in infraction after the notification of the written warning; and
d) revocation of the license

Art.51 Infractions are established and sanctions are imposed pursuant to Articles 49 and 50, respectively, by authorized officials of the Board of Directors of the National Bank of Romania.
Complaints against the imposition of a sanction can be submitted to the court at the place where the infraction occurred. The provisions of the present Law are to be supplemented with other legal provisions for the determination of infractions and their settlement. Any fines collected shall be paid to the State treasury

Art.52 In the event prudent banking rules and regulations and practices are not observed, the National Bank of Romania can decide, on a case by case basis, to subject the banking company concerned to a special regime of supervision and protection in order to preserve, remedy and restore its financial position

Chapter 10
Final and Transitional Provisions

Art.53 Banking companies may form a professional association that represents their collective interests to public authorities, study issues of common interest promote cooperation, provide information to its members and the public, and also organizes services of common interest. The professional banking association shall cooperate with the National Bank of Romania

Art.54 Founders of a banking company, as well as its officers, directors, and auditors, who conceal a situation of bankruptcy or who violate the provisions of a license or the provisions of the present Law will lose their position, through a decision of the National Bank of Romania, even before the commencement or judicial action

Art.55 The asset and liability positions of existing banks shall be adjusted to comply with the provisions of the present Law, in accordance with a schedule to be established by the National Bank of Romania.

Art.56 Any firm or enterprise that has no license to operate as a banking company, or its staff, is prohibited from using a name or other form of publicity, or any other expression, which could suggest that it is entitled to conduct activities of a banking company.

Art.57 Any modification to the organization of the operations of a banking company is subject to the publication requirements of Law 31/1990 concerning commercial companies

Art.58 The provisions of the present Law will enter into force within 30 days from the date of its publication in the "Monitorul Oficial of Romania".

Art.59 The National Bank of Romania will formulate rules and regulations pursuant to the present Law, within the date limit stipulated by Article 58.

Art.60 Provisions of Decree no.61 dated February 27, 1974 concerning the license of the National Bank of the Socialist Republic of Romania's and the Romanian Foreign Trade Bank's powers as regards foreign exchange accounts which was published in Official Gazette no 25 dated March 1, 1974, and Decree no 160 dated May 7, 1986 with respect to the establishment, organization, and operation of Financial-Banking Boards which was published in Official Gazette no 27 dated May 9, 1986, as well any other regulations contrary to the provisions of the present Law, will be abrogated on the date the present Law enters in force

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NATIONAL BANK STATUTE LAW No.34

Chapter 1
General Provisions

Art.1 The National Bank of Romania formulates and conducts monetary and credit policy within the framework of the country' economic and financial policy, with the goal of preserving the stability of the national currency. The National Bank of Romania is an organ of the State and has legal personality.
The National Bank of Romania's headquarters are located in Bucharest. It may have branches in all district capitals and may establish sub-branches and agencies in other places.

Art.2 The National Bank of Romania takes part, on behalf of the State, in the external negotiations concerning financial, monetary and payments issues; The National Bank of Romania may negotiate and conclude agreements concerning short-term loans and swap operations with central banks, and international monetary institutions, on the conditions that those loans and operations are repaid within a period of one year and are reported in the annual report of the National Bank of Romania.
The National Bank of Romania is vested, by the Parliament, with the authority to participate in, and to become member of, international organizations concerned with financial, banking, and monetary matters.

Art.3 The National Bank of Romania is entitled to request from all financial and credit institutions documents and information that may be required in connection with the conduct of its functions.
The National Bank of Romania may undertake studies and analyses on currency, credit, and transactions of the banking system, for its own needs and those of public authorities.

Chapter 2
Resurces of National Bank of Romania

Art.4 The authorized capital of the National Bank of Romania is set at 5000 millions lei, which is fully owned by the State.

Art.5 The reserve fund of the National Bank of Romania is funded from the gross profit recorded in its annual balance sheet, after covering all expanses.

Art.6 Out of the gross profit, as recorded in its balance sheet, 20 percent is used for the establishment of the Bank's reserves fund, which is earmarked for the financing of eventual losses.
This percentage will be reduced to 10 percent whenever the value of the reserve fund's assets reaches a level equal to that of the Bank's capital and to 5 percent whenever the value of such assets reaches a level equal to twice the amount of capital of the Bank.

Art.7 The balance of profits remaining after constitution of the reserve fund of the Bank and other funds as may be stipulated by the law will be disposed of in accordance with the decisions of the Board of Directors of the National Bank of Romania.

Art.8 In the event the value of the assets shown in the balance sheet of the National Bank of Romania decreases to a level lower than that of the sum of its liabilities and capital, the Minister of Finance will transfer to the National Bank of Romania, at its request, negotiable government securities at market interest rates, up to the amount necessary to cover whatever deficit may arise. These securities will be redeemed within a period of five years by using the profit realized by the Bank or will be renegotiated.

Chapter 3
The Operation of the National Bank of Romania

Section 1
Issuance of Currency

Art.9 The National Bank of Romania is the sole institution authorized to issue banknotes and coins throughout the country.

Art.10 The monetary unit of Romania is called "leu", with a subdivision called "ban".

Art.11 The National Bank of Romania directly administers the stock of banknotes and coins, formulates the program of currency issue, and issue currency on a regular basis to satisfy the demand for currency in circulation in the country.

Art.12 Banknotes and coins issued, and not withdrawn from circulation by the National Bank of Romania, are monetary means of payments that must be accepted at their face value for the payment of all public and private obligations.

Art.13 The National Bank of Romania is the only institution which has the right to establish the face value, the measures, weights, designs and other technical features of

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banknotes and coins. The banknotes will be signed by the Governor and the General Treasurer of the National Bank of Romania.

Art.14 The National Bank of Romania is vested with the authority to print banknotes and mint coins, and to take whatever measures are necessary for ensuring the security and safekeeping of those banknotes and coins which are not put in circulation, as well as for the custody and destruction, when necessary, of the plates, dies, and retired banknotes and coins.

Art.15 The National Bank of Romania exchanges, on request, free of any fees and commissions, the banknotes and coins that it has issued.
The National Bank of Romania may refuse to exchange banknotes and coins if they are misshaped, illegible, perforated or if more than 40 percent of their surface has been lost. These banknotes and coins will be retired and destroyed without indemnity to their owners, except in those special cases that are specified in the regulations of the National Bank of Romania.
The National Bank of Romania cannot be forced to grant any indemnity for lost, stolen or destroyed banknotes and coins.

Art.16 Overused or unfit banknotes and coins will be withdrawn and destroyed by the National Bank of Romania and replaced with new ones.

Art.17 The National Bank of Romania can decide to cancel or withdraw from circulation any banknotes or coins issued that in had issued and replace them with other kinds of banknotes or coins. The terms and ways in which the banknotes and coins can be replaced are to be stipulated in specific regulations, such terms cannot exceed 180 days. On expiration of the terms set for their replacement,
a) the banknotes and coins that are withdrawn from circulation, in conformity with the provision of article 12, cannot be used for the payment of public and private obligations,
b) the total amount of banknotes and coins withdrawn from circulation, but not being replaced within the specified term, will be deducted from the total amount of currency in circulation as recorded by the National Bank of Romania and will be treated as income of the National Bank of Romania.

Art.18 The total amount of banknotes and coins in circulation will be recorded in the National Bank of Romania's accounts as liabilities, and will not include banknotes and coins that are part of the reserve fund of currency in circulation.
That part of currency in circulation issued by the National Bank of Romania over and above the lei counter part of international reserves established and maintained according to the provisions of article 35 has been fully covered by the following assets:
a) advances to the State by the National Bank of Romania and loans guaranteed by the State in conformity with the present Law,
b) securities held in the investment portfolio of the National Bank of Romania;
c) assets resulted from credits accorded to banking companies and other credit institutions in conformity with the present Law,
d) checks, bills of exchange and credit instruments witch are discounted by the National Bank of which Romania or held in its portfolio.

Section 2
Operations with Banking Companies and other Credit Institutions

Art.19 Within the framework of its monetary and credit policy, the National Bank of Romania can:
a) discount and rediscount commercial papers and cash notes presented by banking companies and other credit institutions,
b) grant credits to banking companies and other credit institutions.

Art.20 The National Bank of Romania can open current accounts for banking companies and other credit institutions and perform encashments and payments between them.

Art.21 The National Bank of Romania can, through account on its books, provide clearing and settlement services to banking companies.

Art.22 The National Bank of Romania can discount, acquire, take in collateral, sell claims on the State, banking companies, and other companies, with a view to achieving its goals of monetary policy, taking into account specific market conditions.

Art.23 The National Bank of Romania establishes the official discount rate, the conditions under which the discount operations are effected, as well as the refinancing rate for the banking companies. The Bank can charge interests and commissions on these operations.

Art.24 The National Bank of Romania can purchase, sell, or accept as collateral securities and other valuables, whose list is set up by the board of Directors.

Art.25 The National Bank of Romania establishes the rules and regulation pursuant to which banking companies have to maintain mandatory reserves in special accounts opened in the books of the National Banks of Romania.

Art.26 The National Bank of Romania is exclusively responsible for licensing and supervising all entities operating as banking companies in Romania. To this end, the National Bank of Romania has the authority:
a) to issued the necessary regulation and to take measures, in accordance with legal provisions, to ensure the viability of the banking system,
b) to verify, on the premises, records, accounts, and any other documents of the banking companies and other juridical entities, so that the National Bank of Romania can obtain all the documents necessary for conducting its supervision activity.

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Art.27 The National Bank of Romania will act, as the lender of last resort, for the banking companies which are facing payment difficulties, on conditions that it will establish itself.

Section 3
Operations with the State Treasury

Art.28 The National Bank of Romania keeps in its books the current account of the State Treasury. The method of recording operations in this account are established through agreements between the Ministry of Finance and the National Bank of Romania

Art.29 For all the operations conducted on the behalf of the State Treasury, the National Bank of Romania will not charge any commission and at the same time will not pay any interest on the deposits of the State Treasury. The Treasury Fund, however, is interest bearing according to legal provisions.

Art.30 The National Bank of Romania will act as the fiscal agent of the State with respect to the issuance, directly or through other banks, of bonds and other government securities, their sale and their redemption, as well as the payment of interest and other charges thereon

Art.31 The National Bank of Romania can grant advance to the Central State Budget to cover temporary deficits between revenues and expenditures
The total amount of these advances may not exceed in any single fiscal year the equivalent of up to 10 percent of the total approved budget Such advances cannot exceed twice the sum of the capital and reserve fund of the National Bank of Romania as stipulated under the provisions of articles 5 and 6 of the present Law

Section 4
Gold and Foreign Exchange

Art.32 The National Bank of Romania establishes and conducts the foreign exchange policy of the State in cooperation with other state institutions The National Bank of Romania will implement, on the behalf of the State, any law and regulations concerning foreign exchange control
Income returns, accounting date, and information that are necessary for the implementation of laws and rules and regulations concerning foreign exchange control have to be submitted to the National Bank of Romania, on its request

Art.33 The National Bank of Romania is responsible for
a) issuing rules and regulations for gold and foreign exchange operations to protect the national currency;
b) setting up the balance of payments and the external assets and habilities position of the country,
c) setting up and publishing the exchange rates at which the National Bank of Romania and other legal persons are authorized to conduct gold and foreign exchange operations;
d) licensing and revoking the licenses as well as regulating and supervising the legal persons who are authorized to conduct exchange transactions;
e) setting up the ceilings of gold and foreign exchange assets which the authorized legal persons can hold in deposits;
f) maintaining and managing the State's international foreign reserves, and
g) setting up limits on the net foreign exchange position of the banking companies, as well as the terms and the ceiling of external indebtedness of such institutions

Art.34 The National Bank of Romania can on its own name, or on the behalf of the State, or for the benefit of the State and on instructions from the State conclude and enter into clearing and payment agreements or can conclude any other contracts for the same purpose with public and private central clearing institutions domiciled abroad

Art.35 The National Bank of Romania will establish and maintain international reserves in accordance with the provisions concerning liquidity and the specific risks associated with such assets and taking into account the need to determine from time to time their exact amount. International reserves may consist of all, or some, of the following elements:
a) gold.
b) foreign assets in the forms of banknotes and coins or bank balances denominated in those foreign currencies and held in those countries, which are approved by the National Bank of Romania in accordance with the purpose of this article.
c) any other reserve assets accepted in international markets, including the right to make reserve tranche purchase from the International Monetary Fund, as well as the State's holdings of special drawing rights (SDR),
d) bills of exchange, checks and promissory notes, denominated and payable in foreign currencies and in such place as approved by the National Bank of Romania, in accordance with the purpose of this article;
e) treasury bills and other securities issued or guaranteed by those foreign governments or intergovernmental financial institution denominated and payable in foreign currencies and in such place, as approved by the National Bank of Romania in accordance with the purpose of this article;
f) other assets, as approved by the National Bank of Romania in accordance with the purpose of this article.

Art.36 The National Bank of Romania, in accordance with the provisions of article 35, will endeavor to make sure that international reserves are maintained at a level which it considers as adequate for the State's international transactions
If international reserves were to decline or if according to its assessment, there is a risk that international reserves will decline to a level that could endanger the State's international transactions, the National Bank of Romania will submit to the Government and the Parliament a report on the situation of international reserves position and on the causes that have led or may lead to such a decline The report will include the National Bank of Romania's recommendations, as needed, to avert or remedy the situation

Art.37 The National Bank of Romania is authorized, under conditions which it will establish and modify from time to time, to conduct the following operations:
a) buy, sell, and conduct other transactions with, coins, gold bars, and the other precious metals,
b) buy, sell and conduct other transactions with, foreign currencies,
c) buy, sell and conduct other transactions with, treasury bills and other securities issued or guaranteed by foreign governments or financial intergovernmental institutions;
d) open and maintain accounts with intergovernmental financial institutions, central banks, monetary authorities, and foreign financial organizations,
e) open, maintain accounts, and act as an agent or correspondent for intergovernmental financial institutions, central banks, monetary authorities and foreign financial institutions, foreign governments and their agencies

Art.38 Gains or losses recorded in the annual balance sheet of the National Bank of Romania which result of changes in the lei evaluation of its assets and liabilities denominated in gold, special drawing rights and foreign currencies that are associated with changes in their value and/or because changes in the exchange rate for the "lei" will be transferred (gains) to/or covered (losses) by a payment from, the State Budget

Section 5
Foreign Exchange Control

Art.39 The National Bank of Romania issues rules and regulation for the control of foreign exchange transactions throught out the country. The rules and regulations refer to the issuance for orders and circulars for effecting and controlling foreign exchange transactions, authorizing transfers and remittances abroad; transactions in foreign exchange markets and other specific operations

Art.40 The legal persons authorized to effect foreign exchange operations will report their transactions to the National Bank of Romania The National Bank of Romania will prescribe the form and content of the documents to ensure adequate reporting

Chapter 4
Mnagement and Administration of the National Bank of Romania

Art.41 The National Bank of Romania is headed by a Board of Directors Its daily management is entrusted to the Governor.
The activity of the Board of Directors is determined by the provisions of the present Law and by the rules and regulations that may be issued by the National Bank of Romania

Art.42 The Board of Directors of the National Bank of Romania takes policy decisions and measures in the monetary, foreign exchange, credit,and payments areas It establishes the main directions for the conduct of the operations and responsibilities of the National Bank of Romania
At the same time, the Board of Directors of the National Bank of Romania decides about internal organization matters and the salaries of the staff

Art.43 The Board of Directors consists of
- The Governor of the National Bank of Romania as president
- The Prime Vice-Governor of the National Bank of Romania as vice-president
Two Vice-Governors of the National Bank of Romania and
- Other five members.

Art.44 Members of the Board of Directors are appointed by the Parliament, on the recommendation of the Prime Minister. The appointments are made for a period of 8 years Their appointments can be renewed.

Art.45 In the event any of the members of the Board of Directors is removed from his office, only the vacant position will be filled according to the provisions of article 44, and only for the remainder of the term of the mandate

Art.46 Members of the Board of Directors can only be revoked by the Parliament, on recommendation of the Prime Minister

Art.47 Appointments, retirements, and dismissals are published in the "Oficial Monitor of Romania".

Art.48 The members of the Board of Directors may not be members of the Parliament and may not be parties in justice or state administrations, nor can they be parties in the management of commercial companies, unless authorized otherwise by the Board of Directors of the National Bank of Romania

Art.49 The Governor takes the necessary measures to ensure implementation of the legal provisions and rules and regulations concerning the National Bank of Romania, as well as of the decisions of the Board of Directors
The Governor appoints the staff of the head office of the Bank and the Directors of the branches, sub-branches and agencies.
The Governor represents the National Bank of Romania with respect to third parties, with his personal signature or that of persons authorized by him, with respect to all contracts and agreements concluded by the National Bank of Romania The Governor, on the behalf of the Board of Directors, presents to the Parliament of Romania annually a comprehensive report on the monetary and credit situation of the country.
In the event the Governor is not in a position to exercise his function, he will be replaced by the Prime Vice Governor.

Art.50 The Board of Directors appoints a committee of auditors, consisting of 5 members, including one president
The auditor's committee verifies compliance of the legal provisions concerning evaluation of the Bank vault cash, as well as securities owned or received in collateral, in bail or in custody.
Annually, the auditors' committee prepares a report on the balance sheet and profit and loss account of the National Bank of Romania

Chapter 5
Final Dispositions

Art 51 The National Bank of Romania operations are subject to commercial law, unless the Law on Banking Activity and the present Law provide otherwise

Art.52 The loan documents executed by the National Bank of Romania constitute executory titles, in case of a payment default for the full amount of the claim to be paid
The judicial or financial organs of the State are obliged to enforce the claim of the National Bank of Romania only on the ground of a notification from the National Bank of Romania.

Art.53 In case of a default by a borrower, the National Bank of Romania is entitled to proceed with the total or partial sale of securities and commercial papers that were given as collaterals, within three days, following a simple omnious by extrajudicial document
The National Bank of Romania collect the capital advances, the interests and the costs out of the net proceeds resulting from the sale. Any remaining balance is paid to the borrower.

Art 54 The National Bank of Romania can carry out operations for the benefit or third parties, but only on the terms and conditions that it deems necessary. The National Bank of Romania whenever it deems appropriate can request collaterals in the form of liens or personal guarantee

Art.55 The capital of the National Bank of Romania, the reserve fund, the ingots and precious metal coins, gems and semiprecious stones, as well as the technological equipment and raw materials owned by or imported by the State Mint and the Printing Works of the National Bank of Romania are exempted of any taxes and fiscal charges
The operations are tax exempt, including from the stamp tax.

Art.56 The National Bank of Romania is liable for possible errors in the payment and recording of operations in the accounts of account holders only up to the limit of the erroneously paid or recorded amounts and the penalties are payable to the State by the account holders as required by the law if it is established that the errors in question were attributable to the account holder The Bank's liability terminates if a written claim has not been presented to it before the deadline notified to account holders

Art.57
The member of the Board of Directors and the staff of the National Bank of Romanian are not allowed to disclose any nonpublic information which they come to know about in the conduct of their work and to obtain personal advantages; any nonobersvance of this confidentiality provision will be punished according to the law.

Art.58 The members of the Board of Directors and of the auditors' committee receive special allowances.

Art.59 The National Bank of Romanin cannot participate directly or indirectly in the equity capital for any commercial companies or autonomous bodies ("regies autonomous"), with the exception of its own printing and minting companies and other companies which may be set up in the performance of its functions.

Art.60 The National Bank of Romania cannot by assets, except those that are for the performance of its functions and needs of its staff.

Art.61 The annual balance sheet and the profit and loss account of the National Bank of Romania will be published as soon as they are confirmed by the auditors' committee and adopted by the Board of Directors

Art.62 All the rules and regulations issued by the National Bank of Romania are published in the "Monitor Oficial of Romania".

Art.63 The National Bank of Romania will publish periodically a bulletin concerning money and credit developments.

Art.64 The stipulations regarding the securities at sight lost or stolen are not applicable to the banknotes issued by the National Bank of Romania Counterfating of banknotes and coins is punishable by law.

Art. 65 The present Law comes into force within 30 days from the date for publication in the "Monitor Oficial of Romania"

Art.66 On the date of coming into force of the present Law, Decree no 124 of March, 17, 1970 concerning the organization and functioning of National Bank of the Socialist Republic of Romania that was published in the Official Bulletin no 23 of March 18, 1970, and Decree no.504 of December 16, 1979 concerning the Statute of National Bank of the Socialist Republic of Romania published in the Official Bulletin no 143 of December 16, 1970, as well as any other dispositions contrary to the present Law, are abrogated.

FOREIGN EXCHANGE REGULATIONS

Chapter 1
General Provisions

Art.1 The provisions of the present regulation shall apply to all current operations and capital transfers effected through foreign means of payment, as well as to some operations in lei, within, out of, and into the territory of payments of Romania

Art.2 In addition to the present regulation, the National Bank of Romania will issue implementing rules.

Art.3 Encashments and payments on the territory of payments of Romania shall be effected only with the national currency, the leu, and with its divisional unit, the ban, except in those cases that are specified otherwise by the law.

Art.4 The territory of payments of Romania is the same as that of the State of Romania, with the exclusion of those areas that enjoy special customs, fiscal, and payments regimes

Art.5 According to the provisions of the present regulation and related rules that shall also be issued, on the territory of payments of Romania, foreign means of payment are defined as means of payment denominated in foreign currencies for the purpose of economic current operations and capital transfers.

Art.6 Persons who undertake current operations and capital transfers through foreign means of payment are natural persons, Romanian citizen and foreigners, who are permanently domiciled or being temporarily in Romania, as well as legal persons, lawfully recognized as such, who, for the purpose of the present regulation are denominated as legal subjects.

Chapter 2
The Exchange Rates of the Leu

Art.7 A temporary dual exchange rate arrangement is currently being operated on the territory of payments of Romania, which consists of an official rate fixed by the National Bank of Romania and of an interbank market rate

Art.8 Legal subjects may undertake current operations and capital transfers at the official rate, as well as at the interbank market rate

Chapter 3
Possesion by Legal Subjects of Foreign Means of Payment

Art.9 Inside the territory of payments of Romania, legal subjects are allowed to earn incomes and to hold foreign currencies in accordance with the law

Art.10 Legal persons may keep foreign means of payment in bank accounts opened with banks located on the Romania territory of payments, and authorized by the National Bank of Romania to conduct foreign exchange transactions

Art.11 Romanian legal and natural persons, Romanian citizens and foreigners, permanently domiciled in Romania, may hold and utilize foreign means of payment available to them in accounts opened with financial and banking institutions abroad only on the basis of a specific prior authorization issued by the National Bank of Romania

Chapter 4
Current Operations and Capital Transfers Through Freign Means of Payment and in Lei Subject to Present Regulations

Art.12 The amounts in foreign currencies in the forms of banknotes and coins held by the legal subjects on the Romanian territory of payments may be transferred out of and into the Romanian territory of payments, exclusively in accordance with the law, with the present regulation and with the related rules to be issued

Art.13 Natural persons may enter the Romanian territory of payments with foreign currencies in the forms of banknotes and coins which will not exceed an amount equivalent to US $ 50,000, and other amounts which exceed this limit can be brought into the Romanian territory of payments only through banking and financial institutions

Art.14 Natural persons domiciled in Romania and other persons having the status of resident in Romania, who leave the Romanian territory of payments, may take out foreign currencies in the forms of banknotes and coins up to a maximum amount equivalent to US $ 5,000 per person and per trip, out of which an amount equivalent to no more than US $ 1,000 can be taken out without any justification.

Any amount in the forms of banknotes and coins that exceed an amount equivalent to US $ 1,000 per person and per trip shall represent a transfer of foreign currencies in the forms of banknotes and coins only if related to current operations, as payments for goods and services, medical studies or other purposes which will be specified in the rules to the issued on the basis of the present regulation.

The amount in the forms of banknotes and coins, which exceeds an amount equivalent to US $ 1,000, must be declared an justified to the Romanian Customs Authorities on the basis of a certificate from a bank which has to specify that the amount transferred in the forms of banknotes and coins comes from deposits in a bank account and is related to a current operation.

Art.15 Direct and indirect bank transfers abroad from the accounts of natural persons, who are domiciled permanently in Romania and of other Romanian legal persons, must be related to current operations, except in those cases stipulated by the law and which are subject to a prior authorizations issued on a case-by-case basis by the National Bank of Romania.

Therefore, banks are responsible for the enforcement of the law, and the present regulation and related rules to be issued.

The amounts in the forms of banknotes and coins held by legal person, specified in the first paragraph of the present article, which exceed an amount equivalent to US $ 5,000, may be transferred abroad only through banks in accordance with the provisions of the present article, in order to perform current operations. Banks shall not limit the value of these operations, as long as they are considered to be bona fide transactions. Banks are required, however, to keep the documentation related to such transactions, and shall be responsible for always keeping under review the volume and the nature of these operations, and they shall inform the Supervision and Control Department of the National Bank of Romania should any irregularities arise or should operations occur outside the present framework of this regulation.

Art.16 Natural persons, Romanian citizens and foreigners being temporarily in Romania shall declare to the Romanian Customs Authorities foreign currencies in the forms of banknotes and coins available with them which exceed an amount equivalent of US $ 1,000 whenever they enter or leave the Romanian territory of payments.

Natural persons who are temporarily in Romania cannot take out of the Romanian territory of payments an amount in the forms of foreign banknotes and coins exceeding the amount declared at the time of entry. Any amount in excess of the amount declared at the time of entry shall be transferred through banks in accordance with the provisions of the law, and the present regulation and related rules to be issued.

Art.17 The transfer of Romanian securities denominated in foreign means of payment shall be effected only through a specific authorization from the Romanian authorities.

Art.18 Natural persons, permanently domiciled in Romania or being temporarily in Romania, can take in or out any amounts in the forms of banknotes and coins up to a maximum limit of lei 2,500 per person and per trip, whenever they enter or leave the Romanian territory of payments.

Art.19 Transfer of Romanian securities denominated in lei may be effected only through a specific authorization from the Romanian authorities.

Art.20 Current operations and capital transfers through foreign means of payment shall be effected by the legal subjects, at either the official rate or the interbank market rate, only through banks or other legal persons, including foreign exchange bureaus authorized by the National Bank of Romania, in accordance with the law, with the present regulation and related rules to be issued. Accordingly:

a) all the authorized banks may effect foreign exchange operations over the counter and participate in the establishment of foreign exchange bureaus in accordance with the conditions and terms specified in the licenses issued beforshand by the National Bank of Romania;

b) foreign exchange bureaus may be set up in accordance with Law n 31/1990. They are Romanian legal persons, and

c) other Romanian legal persons may ask for a license from the National Bank of Romania in order to effect, in addition to their main activity, foreign exchange operations, but only in conformity with the provisions of Law no 31/1990 and of the regulations that govern their activity, as well as the present regulation and related rules to be issued.

Chapter 5
Supervision and Control of the Operations Effected through Foreign Means of Payment and in Lei which are Subject to the Present Regulation

Art.21 The National Bank of Romania shall supervise and control operations effected through foreign means of payment and in lei which are subject to the present regulation, with the participation of the banks and of ministries, departments, and other agencies and governmental authorities as regards operations that fall also within their competence.

Art.22 Legal persons, who are authorized to undertake current operations and capital transfers through foreign means of payment, must report to the National Bank of Romania, in conformity with the provisions of Law no.33/1991, their foreign assets and liabilities positions in foreign means of payment, in their order of exigibility, as well as any

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Technical Assistance to the National Agency for Privatisation in privatisation of a commercial company through sale of shares

TERMS OF REFERENCE

I. Background

1. The Government of Romania is in the process of developing a new legislative and institutional framework for a market driven economy. A major task will be the privatisation of a substantial part of the ecomomy now centrally controlled by the state. The reform process began with law No.15/1990 concerning the reorganisation of all the State-owned enterprises into autonomous entities("regies autonomes") and commercial companies(CCs). The former remain under State management and ownership, and the latter will be progressively privatised. Law No.26/1990 concerning the registration of CCs and Law No.31/1990 concerning the form and structure of CCs helped to strengthen the legislative framework for the emergence of private economic agents.
2. The Privatisation Law, enacted in August 1991, stipulates:
   i) The transfer, free of charge, to eligible Romanian citizens of 30% of the nominal share capital of each CC.
   ii) The sale or transfer of shares in CCs to private third parties(natural or legal persons, domestic or foreign).
   iii) The sale of assets of CCs to private third parties (natural or legal persons, domestic or foreign).
3. In addition, the following aspects of the Privatisation Law are noteworthy:
   i) Romanian citizens will each receive Certificates of Ownership in each of five Private Ownership Funds(POFs) to which 30% of each CC will be transferred. The remaining 70% will be transferred to a State Ownership Fund(SOF). The Funds are expected to be established by June 1992.
   ii) Prior to the organisation of the SOF/POFs, the Law provides for "early privatisation", including both sale of shares in 30, as yet unidentified, CCs and the direct sale of assets.

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iii) The proceeds from sale of shares are contributed in the the proportion of 30:70 to the POF and SOF, respectively, while the proceeds from the sale of assets will be retained by the CCs.

iv) The SOF has the obligation to reduce its ownership interest in CCs until their complete privatisation through different methods according to the law.

v) There are certain cathegories of purchasers that are preferred in the sale of shares and assets and/or that benefit from various facilities(eg.credit) to assist their purchase of shares.

II. Objective

The objective of the proposed technical assistance to the National Agency for Privatisation is to further immediate efforts to implement the Privatisation Law.

In this field the assistance will include preparation and implementation of the privatisation of a commercial company-selected for "early privatisation"- through sale of shares using management-employees buy-out method.

III. Task of the Adviser

The Advisor will assist with the preparation of:

- planning and management;
- readying the commercial company;
- valuation and pricing;
- determining the future owner;
- employment issues and employee participation;
- restructuring, if necessary and privatisation implementation;
- post-transactional integration.

IV. Administrative arrangements

The tasks of the Advisor for this project will

include a multidisciplinary team to ensure:
- strategic valuation analysis andpplanning;
- accounting system;
- marketing:capital market assessement and identification of potential investor;
- management support including structure, training,incentives.

A brief description and the terms of reference for the company to be privatised will be prepared till 15th November 1991.
As soon as possible we shall send these details.

National Agency for Privatisation

APPENDIX E

INVESTING IN ROMANIA

Romanian Development Agency

PREFACE

Investing in Romania has been prepared by the Romanian Development Agency to provide information of interest to those considering investing or doing business in Romania. This draft publication was written with the assistance of the accounting and consulting firm of KPMG Peat Marwick Thorne, the Canadian member firm of KPMG. The law firm of Hall, Dickler, Lawler, Kent & Friedman of New York also participated in this project.

A more complete version of this book will be available shortly.

Financial support for writing *Investing in Romania* has been provided by the Government of Canada (Task Force on Central and Eastern Europe of the Department of External Affairs and International Trade Canada) and ASEA Brown Boveri (ABB).

The information in this booklet is of a general nature and should be used only as a guide for preliminary planning purposes. Comprehensive professional advice should always be obtained before implementing any plan to invest in or immigrate to Romania. This edition is based on information available as of October 31, 1991.

More detailed information on matters discussed in this publication can be obtained from the Romanian Development Agency or Romanian diplomatic or consular offices located abroad.

The Romanian Development Agency wishes to thank: the Government of Canada; ASEA Brown Boveri (ABB); Hall, Dickler, Lawler, Kent & Friedman; and KPMG Peat Marwick Thorne for their assistance with this publication.

Romanian Development Agency
Bucharest, Romania
October 1991

Title 8
Frauds Regarding Trading Companies

Art 194 Are to be sentenced to jail from one month to two years or fine from 20 000 to 100 000 lei
1) founders, administrators and directors who in the prospectus, reports and communiques submitted to public or general meetings, purposely mention unreal facts regarding the company setting up, its economic conditions as well as, those who break the art 17 dispositions
2) administrators and directors who in absence of balance sheet or contrary to its results or on the basis of a false balance sheet, cashed or paid dividends of any kind, out of bogus benefits or which could not be allocated
3) administrators, directors and the other company's office workers who, with the purpose to get a profit for them or others to the company's damage spread false news or use other fraudulent means leading to increasing or decreasing of the company's stock or bonds value or other titles it owns
4) administrators and directors who with the purpose to get a profit for them or others to the company's damage, obtain on its account stock of other companies at a price they know to be clearly higher than their nominal value, or sell on the company's account stock of their possession at prices they know to be clearly lower than their nominal value
5) administrators and directors who jugglery use the company's chattels or credit for a purpose contrary to its interests or for their own benefits or to encourage another company they are directly or indirectly interested in

Art 195 Are to be sentenced to jail from one month to one year or fine from 10 000 lei to 75 000 lei the administrators and directors who
1) put in the general meeting stock unsubscribed or undistributed to the shareholders
2) issue bonds without observing the legal provisions
3) issue stock of a lower value than its legal one or at a lower price than its nominal value or issue new stock prior to the full payment of the previous stock
4) sell stock of the new issue at prices different of those established by the general meeting
5) form or advances on the company's stock
6) purposely present to the shareholders an incorrect balance or show inexact facts of the company's economic condition, with the purpose to hide its real situation

Art 196 Are to be sentenced to fine from 5 000 lei to 50 000 lei the administrators and directors who
1) put company's stock on its account in cases forbidden by law,
2) carry out the general meeting's decisions regarding company's form changing, its merging or reduction of the registered capital, before expiration of the period, provided by law

Art 188 The administrators would submit the liquidators a report about administration for the time passed since the last approved balance sheet and until liquidation starting
The liquidators are entitled to approve the report to appeal or to assert the disproves that may occur

Art 189 When one or more administrators are designated liquidators the administrators' administration report will be deposited to the Commercial Register along with the final liquidation balance sheet and will be published in the Monitorul Oficial
When the administration extends over a financial period, the report must be attached to the first balance sheet, which the liquidators submit the general meeting
Any shareholder may enter a caveat within fifteen days from publication
All the caveats entered, will be connected to be settled down by a single judgment
Any shareholder is entitled to intervene in court and the ruling of court will be also opposable to the unintervenient shareholders

Art.190 If the liquidation lasts more than a financial period the liquidators are obliged to draw up the yearly balance sheet, observing the provisions of law, company contract and statute

Art.191 After the liquidation completion, the liquidators draw up the final balance sheet indicating the part each share is entitled to, out of the company's assets distribution
The balance sheet signed by liquidators and along with the auditors' report will be deposited to the Commercial Register, in order to be registered with and will be published in the Monitorul Oficial.
Any shareholder may enter a caveat as per art 189

Art 192 If the period provided under art 189 par 3 expired without any caveat entering, the balance sheet is considered approved by all shareholders and the liquidators are liberated putting distribution of the company's assets
Independently of the period expiration, the receiving receipt of the last distribution will keep the place of approval of the account and distribution made to each shareholder

Art.193 The amounts due to the shareholders, uncashed within two months from balance sheet publication could be deposited as per art.178 par 4, indicating the shareholder's surname and name or the shares numbers, if they are payable to bearer
The payment will be made to the indicated person or to the shareholder keeping the title

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3) carry out the general meeting's decisions regarding reduction of the registered capital, without the associates being executed for making the owed payment, or carry out the decision exempting them from the subsequent payments
4) deliver the stock to the titular previously to the term or deliver fully or partially liberated stock, except the cases provided by law or transfer titles to bearer without being fully paid
5) refuse to put at the experts' disposal, in cases provided by art 18 and 23, the necessary acts and documents or hinder them in any way to fulfill their works
6) do not observe the legal provisions regarding the unpaid stock cancellation
To the same fine are also to be sentenced the administrators who, without any grounded reason, fail to convene the general meeting in the cases provided by law

Art.197 Are to be sentenced to fine from 1 000 lei to 5 000 lei
1) administrators who do not observe the art 133 provisions
2) administrators and directors who issue stock and bonds not containing mentions required by law

Art.198 The administrators who break even by interposed persons or by simulated acts, the provisions of art 103 and 110 par 2 are sentenced to fine from 10 000 lei up to 50 000 lei.
The same sentence is also to be applied to the associate who breaks the provisions of art 85 and 110 par.2. The associate will be defended from sentence in case of majority even without his vote.

Art 199 Are to be sentenced to jail from 6 months to one year or fine from 10 000 lei to 100.000 lei, the administrators and directors who borrowed by any form, either directly or by interposed person, from the company they manage or from a company controlled by it or by which it is controlled, or who determine one of these companies to grant any guarantee for his own debts

Art 200 Are to be sentenced to jail from three months to one year or fine from 10 000 to 100 000 lei the administrator of limited liability company who
1) carried operations on the company's name without making the full payment of the registered capital
2) issued negotiable titles representing company fund

Art.201 The auditors who will not convene the general meeting in the cases they are obliged to by law, will be sentenced to jail from one month to one year and fine from 1 000 lei to 50 000 lei
The sentences provided by art 194 point 1 and 199 are also to be applied to the auditors

Art 202 The dispositions of art 194-200 regarding administrators are also to be applied to the liquidators, to the extent of referring to their competence duties
The sentence provided by art 197 is also to be applied to the liquidators who fail to mention, in the documents of the company, that this is under liquidation

Art 203 Those who passed stock or bonds on other's name, to be used with the purpose of meeting a majority, to the other shareholders' prejudice, will be sentenced to jail up to one month or fine from 1.000 lei to 20 000 lei.
The same sentence will be also applied to the persons who accepted in cases provided under par 1, to vote in meetings as holders of shares or bonds which they do not really possess

Art.204 Are to be sentenced to jail up to one month or fine from 1 000 lei to 20 000 lei, even if their vote did not influence the decision made, the persons who
1) in cases unpermitted by law, in exchange of a material advantage commit themselves to vote in a certain way in the general meetings or not to take part in the election
2) in cases unpermitted by law determine a shareholder or a holder of bond to vote in a certain way in the general meetings or not to take part in election

Art.205 Are to be sentenced to jail up to one year or fine from 10 000 lei to 100 000 lei the persons who accepted with knowledge or kept the auditor in and/or contrary to art.112 provisions or the persons who accepted the expert, mandate contrary to art 19 provisions
The decisions made by general meetings on the basis of an auditor's or expert's report, appointed by breaking disposals of art 19, 23 and 112, are not void by law due to these illegal provisions breaking

Art 206 Are to be sentenced to jail up to one year or fine from 10 000 lei to 100 000 lei, the administrators, directors and auditors who exercise their competence by breaking the law dispositions regarding the incompatibility

Art 207 Are to be sentenced to jail from one year to 5 years or fine from 100 000 lei to 1 000 000 lei, beside the responsibility for damages caused to the Romanian state and third parties by their operations, those who will make a trade to the favor and on the account of the companies set up abroad, in cases the conditions stated by law for their operating in the country were not fulfilled

Art 208 Are to be sentenced to jail from two to seven years the persons guilty of fraudulent bankruptcy, embezzlement or destruction of the company's records or hiding of a part of the company's assets, presentation of not existing debts or mentioning in the company's bankruptcy, the concealment, to the creditors' fraud, of an important part of the assets

Art 209 The liquidators who make payments to the associates, breaking the art 120 provisions, are to be sentenced to fine from 10 000 lei to 100 000 lei

Title 9
Final and Transitory Dispositions

Art.210 In case of registered parts of a limited liability company belonging to only one person as a single associate, this one has the rights and duties of the general meeting as per present law.
If the single associate is administrator, he also exerts the duties provided by law for this quality.
If the company is set up by a single associate, the value of the assets in kind will be established by court, on the basis of an expert survey.

Art.211 A natural or legal person may be a single associate in only one limited liability company.
A limited liability company may not have as a single associate another limited liability company set up by a single person.
In case of breaking the part 1 and 2 provisions, any interested person and the state, by the Ministry of Finance, are entitled to action in court for dissolving a company set up such a way.
On the basis of dissolution ruling, the liquidation will be made under the conditions provided by the present law for limited liability companies.

Art.212 In the joint stock companies and limited liability companies with full state capital, the competence of the shareholder's general meeting will be exercised by a state empowered board formed and appointed under legal conditions for board of administration of self-sufficient administrations.
The state empowered board will carry out its activity according to the specific disposition provided under the statute approved on setting up.
The board of administration of the companies having the state as single shareholder is appointed under the present law conditions, with the competent ministry's agreement.
The auditors of the companies provided under part 1 will be representatives of the Ministry of Finance.

Art.213 The staff appointment in trading companies is to be made on the basis of labor contract observing the Labor Code provisions and the social security regime of the fate units personnel. The remunerations to be established by parties' free agreement observing the remuneration's minimum limit provided by law.
In trading companies where the state is not a single shareholder, cannot be hired employees of other companies of self-sufficient administrations or cooperative units, as well as cooperators, the staff having to carry out their activity over the working program of the company, administration or unit where they come from. In the companies, the persons hired for specialist or reliability of third degree may fully cumulate the position and wage

Art.214 If the single associate in a limited liability company is also administrator, he may also benefit of pension the same with the state social security to the extent of his contribution payment to the social security and to that one for additional pension.

Art.215 The commercial companies, except those with full state capital as well as those with foreign participation, have the right to dispose of 50% of their foreign currency net income, the rest of it having to be exchanged for lei with the Romanian Foreign Trade Bank, at the exchange rate in force at the operation date.
By net income, in the meaning of the present article are to be understood the cashings from export operations after deduction of imports, commissions, fees, tax and other foreign currency expenses related to the respective operations accomplishment.

Art.216 The commercial companies setting up with foreign participation in association with Romanian legal or natural persons or with full foreign capital will be made observing the present law dispositions and those of the law regarding investment of foreign capital in Romania, and registering with the Romanian Agency for promotion of investments and economic assistance abroad.
The requests for foreign investments which might affect the major interest of the national economy are subject to Government approval, at the proposals of the Romanian Agency for promotion of investments and economic assistance abroad, within 30 days from the special registration date.
Should the investor receive no communication within the period established by part 2 the investment is considered to be made under the conditions provided by the investor's request.

Art.217 Out of the lei annual income, owned to the foreign part, a rate representing 8.18%77% of its contribution to the paid registered capital can be transferred abroad in foreign currency by currency exchange made with the Romanian Foreign Trade Bank or other authorized banks. The rate is established by the Romanian Agency for promotion of investments and economic assistance abroad.

Art.218 The activities which cannot be subject to a commercial company are to be established by the Government within 40 days from the present law coming into force.

Art.219 For the company contract and statute certifying a steady tax of 1000 lei will be paid, independently of the registered equital value, and in case of companies with foreign capital participation, the tax is the equivalent of the upmentioned amount in US$ at the exchange rate in force at the operation date.

Art.220 According to the present law, Bucharest is a candidated to a county.

Art.221 The present law comes into force 30 days from the publication date in the Monitorul Oficial.

Art.222 The small enterprises and the working associations legal persons set up according to Decree-Law no 54/1990, regarding organizing and accomplishing of certain economic activities on the basis of free initiative, may continue their activity if within 6

months from coming into force of the present law will reorganize themselves in one of the company forms provided by the present law.
The commercial companies set up by reorganization according to par. 1 are successors by law of the small enterprises or working associations from which they proceed.

Art.223 The present law provisions are completed by the Commercial Code provisions.

Art.224 The companies with foreign participation set up prior to the present law coming into force may continue their activity according to their setting up document approved under legal conditions.

Art.225 On the date of the present law coming into force, are subject to abrogation the provisions of art. 77-220 and 236 of the Commercial Code, the provisions regarding the small enterprises and working association, with legal personality, of the Decree-Law no. 54/1990 regarding organization and accomplishing of some economic activities on the basis of free initiative, the Decree no. 424/1972 on setting up and operation of joint-ventures in Romania, excepting art.45, 48 par. 1, art. 33 and 38 par. 2 and 3, Decree-Law no. 96/1990, on some measures for drawing foreign capital investment in Romania, excepting art. 4 par. 2, art.5, 10, 12 par. 1 and 13, art. 6 of the Law no. 3/1972 on domestic trade activity as well as other contrary dispositions.

Note: Upon coming into effect of Foreign Investment Law (No. 35/ April 1991) the Decree no. 424/1972 refine the establishment and functioning of joint-ventures in Romania and the Decree-Law no. 96/1990 for inducement of foreign investment in Romania have been abrogated.

THE COMMERCIAL COMPANIES PRIVATISATION LAW No.58

In order to achieve the transfer of State ownership to private ownership under condition that ensure the distribution to qualified Romanian citizens of the equivalent of 30% of the nominal share capital of Commercial Companies, this law, which contains provisions concerning the sale of shares or assets of Commercial Companies to natural or legal persons, domestic or foreign, is adopted.

Chapter 1
General Provisions

Art.1 The commercial companies privatization law provides the legal framework through which to effect the transfer of ownership from State to the private sector.
In order to achieve this goal, this law sets forth:
a) the procedures for the distribution, free of charge, of Certificates of Ownership to qualified Romanian citizens;
b) methods for the privatization of commercial companies;
c) the offering for sale of shares or assets of Commercial Companies to the employees of such companies;
d) the participation of natural or legal persons, Romanian or foreign, in the sale - purchase of shares or assets of Commercial Companies.

Art.2 The provisions of this law apply to joint stock or limited liability companies organised pursuant to chapter III of Law No. 15/1990 as well as to Commercial Companies established by association of Commercial Companies whose shareholder is the Romanian State according to Law 31/1990, hereinafter referred to as "Commercial Companies", as well as to some regies autonomes which shall be transformed by Governmental Decisions into Commercial Companies.

Art.3 The privatization of Commercial Companies is achieved by free of charge transfer of a quota of state owned shares and by the sale of the remained shares after this transfer according to the provisions of this law.
Also parts of some Commercial Companies patrimony can be transferred by direct sale of assets according to the provisions of this law.
The free of charge transfer is achieved by the distribution of Certificates of Ownership.
The Certificates of Ownership are shares of Financial Commercial Companies named Private Ownership Funds.

The holders of Certificates of Ownership have according to the law the right to make their choice for

a) the sale of Certificates of Ownership

b) the change of Certificates of Ownership for shares of any Commercial Companies that is to be privatized, anytime, within a period of not more that five years from the date of this law enforcement,

c) the transformation of the remaining Certificates of Ownership at the end of the five years period in shares of Private Ownership Funds after their reorganization in Commercial Companies similar to Mutual Funds.

The administration and sale of shares or social parts owned by the State is achieved by public commercial and financial institutions named State Ownership Fund

The protection of the Certificates of Ownership holders, employees and members of the Commercial Companies management in the privatization process, as well as, the conditions for foreign investors participation are achieved according to this law

Chapter 2
Establishment and Organisation of Private Ownership Funds

Art.4 Five Private Ownership Funds shall be established as joint stock companies

The framework of the articles of association of each Private Ownership Fund shall be proposed by the Government and approved by the Parliament

The articles of association of each Private Ownership Fund shall specify the powers and responsabilities of the Fund and its organizations and functions

Art.5 The Private Ownership Funds shall initially own, in appregate 30% of the nominal share capital of the Commercial Companies provided by chapter 3 of Law No.15/1990 excepting the quota of the nominal share capital of the Commercial Companies that shall be privatized according to the provisions of Chapter V of this Law

The allocation of 30% of the nominal share capital of Commercial Companies among the five Private Ownership Funds shall be carried out by the National Agency for Privatization.

Art.6 The Private Ownership Funds, as shareholders in Commercial Companies, shall have all rights and liabilities of the shareholders with respect to the Commercial Companies, that are incumbent on them according to the Law

Art.7 The main objectives of the Private Ownership Funds shall be to

a) issue Certificates of Ownership in accordance with the Law,

b) seek to maximize profits accruing to holders of Certificates of Ownership

c) examine and develop methods for using the Certificates of Ownership to acquire shares of Commercial Companies,

d) assure brokerage services for changing the Certificates of Ownership issued in shares according to market conditions,

e) revolve its portfolio of shares and make investments in order to maximize the market value of Certificates of Ownership;

f) initiate measures for accelerating the privatization of the Commercial Companies allocated to each of them, including sale of shares even if they belong to State Ownership Fund and inform this Fund of these measures

Art.8 Each Private Ownership Fund shall be managed by a board of directors consisting of seven members

The members of the first Board of Directors and the censurers of each Fund shall be proposed by the Government, recommanded by the Economic Commissions of the National Assembly and the Senate and approved, for a five years mandate, separately by the two chambers

The members of this first Board of Directors and the censurers of each POF shall be chosen among persons with experience in trade, finance, law or industry

Members of the first board of directors of each Private Ownership Fund and the first censurers of each POF may be re-moved by the authorities that appointed them

A person can be a member of the board of directors of a single Private Ownership Fund and may not be a member of the board of directors of a Commercial allocated to the respective fund

Art.9 The Board of Directors of each Private Ownership Fund shall elect from its members a President and a Vice-President

Art.10 The activities of and the decisions made by the Private Owership Fund shall be based on commercial principles in accordance with each Fund's approved article of association

Art.11 Each Private Ownership Fund may use its income and profit, in the proportion determined by its Board of Directors, for the following purposes

a) dividend distribution to holders of Certificates of Ownership,

b) deposits in interest bearing accounts,

c) the covering of all costs for its function and any other commercial activities in connection with its articles of association

Art.12 The Board of Directors of each Private Ownership Fund shall approve the annual report which shall be published in the Official Gazette of Romania

The annual report shall contain descriptions of any initiative taken by the private Ownership Fund to accelerate the privatization process.

The results of each Private Ownership Fund's activity shall by made public through mass media

Art.13 The Board of Directors of each Private Ownership Fund approve the balance sheet and the profit and loss account.

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CHAPTER 1

ROMANIA - A BRIEF SURVEY

Romania, located along the Danube and on the western shore of the Black Sea in South Central Europe, is an emerging Central European democracy. The Romanian people owe their heritage to Roman settlement of the lower Danube valley; the culture and language of Romania are influenced by both its Latin roots and the culture of its neighbours.

Romania's population in 1991 was 23.2 million people, with slightly more than half living in urban centers.

Major Romanian population centres are:

City	*Population*
Bucharest (capital)	2,318,889
Brasov	352,640
Constanta	315,917
Timisoara	333,365
Cluj Napoca	317,914
Galati	307,376
Ploiesti	247,502

1.1. Geography and Population

With an area of 237,000 square kilometers (91,500 square miles), Romania is a mid-sized European country; it is slightly smaller in area than Great Britain and it is the 12th largest nation in Europe.

Romania is located in the south eastern portion of Central Europe. On the southeast, Romania is bounded by the Black Sea, on the south by Bulgaria and on the west by Yugoslavia and Hungary. On the north and east it is bounded by the U.S.S.R.

The climate varies considerably with the geography of the country but is generally considered to be a continental climate with a large annual range of temperature. In the south, the climate is somewhat Mediterranean due to its proximity to the Black Sea and the Mediterranean.

The ethnic makeup of the country is predominantly Romanian. A breakdown of the population is as follows:

- Romanian 88.1%
- Magyar 7.9%
- German 1.6%
- Others 2.4%

The official language of Romania is Romanian. This language, which uses the Latin alphabet, is similar to many other Romance languages and draws heavily on its Latin origins. English and French are also widely spoken. Hungarian and German are spoken in certain regions of the country.

1.2. Economy

Romania's economy combines strong industrial and agricultural sectors. Major industrial sectors include mining, machine building, aerospace, chemicals and electrical equipment. The consumer goods area is growing, with specific emphasis on clothing, footwear, furniture, household appliances, glassware and china. Romania's gross national product on a per capita basis in 1990 is estimated to be U.S.$1,700.

Romania's major trading partners are:

- Germany;
- Italy;
- United Kingdom;
- United States of America; and
- USSR.

The Romanian unit of currency is the leu. At present, a two-tiered exchange rate is in place. An official rate, pegged to the U.S. dollar, is used for purchases of certain imported goods including foodstuffs and petroleum products. A higher free market rate is used for the majority of commercial transactions and for all personal transactions. Plans currently exist to implement a single market-driven floating exchange rate by the end of 1991.

Prior to December 1989, the economy was centrally planned and controlled. Since the change to a democracy, private enterprise has been encouraged and supported. More than 100,000 private enterprises in various forms have already been established, representing an estimated 10% of gross national product.

Privatization legislation passed in August 1991 provides for the transfer to the private sector of most state enterprises. Vouchers are to be issued to all adult Romanians and will be exchanged for either shares of a Romanian company or for units in one of five private ownership funds. Plans are underway to establish a stock exchange to provide a market for trading shares.

Newly incorporated private businesses will be able to raise additional capital by issuing shares directly to investors.

1.3. Government

Romania's national government is a parliamentary democracy. The President, elected by universal suffrage, will normally serve for a four-year term; the first free presidential election was for a two-year term. Parliament is by-cameral. The lower house is known as the Assembly of Deputies and the upper house as the Senate.

The first democratic national elections were held in May 1990; the next elections are scheduled to held in May 1992.

The head of government is the Prime Minister, appointed from the party with the largest number of seats in Parliament.

Romania is in the process of developing a new constitution; when enacted, it will reflect more fully the change to democracy.

Local government is provided by 41 counties, 237 cities and towns and 2,700 other local governmental authorities.

1.4. International Memberships

Romania is a member of the following organizations:

- The United Nations (UN);
- International Monetary Fund (IMF);
- The International Bank for Reconstruction and Development (IBRD);
- International Finance Corporation (IFC);
- European Bank for Reconstruction and Development (EBRD);
- General Agreement on Tariffs and Trade (GATT); and
- Bank for International Settlements (BIS).

In addition, Romania is working with the Group of 24 and the European Community; in January 1991, Romania's access to the European PHARE program was approved.

1.5. Investment Climate

Prior to the implementation of democracy, Romania sought to industrialize quickly and to repay the external debt incurred in its industrialization process. While the foreign debt was virtually extinguished by the end of 1989, this repayment was accomplished at a high social cost as well as by diversion of necessary investment and maintenance expenditures from industry.

Many industrial projects undertaken during the former era were ill-conceived and were unable to generate sufficient funds to repay the capital expenditures incurred. As a result, food and other products were diverted from the domestic market; these products were exported in order to service and repay the debt.

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Today, the economy is moving from a command-style industrial economy to an economy with a broader base including increased emphasis on agriculture and consumer goods. Main elements of the reforms to date include:

- privatization of state enterprises;
- privatization of land;
- removal of state subsidies on manufactured goods and other products;
- development of a free-market finance and banking system;
- transfer of autonomy to remaining state enterprises for pricing and investment decisions;
- devaluation and improved convertibility of the leu;
- liberalization of regulations concerning imports and exports; and
- development of a modern tax system including income taxation and value-added taxation.

The main economic challenges facing Romania at present include:

- inflation, resulting from price adjustments as state subsidies are phased out;
- unemployment, as non-competitive industries close or reduce the scale of their operations;
- a current account deficit of U.S.$1.7 billion in 1990 compared to a U.S.$2.5 billion surplus in 1989, due mainly to the need to pay for increased oil imports and electricity with convertible currency; and
- a reduced level of economic activity in manufacturing, construction, transport and agriculture as a result of economic restructuring.

Major government initiatives to improve the economic situation in Romania have included:

- imposition of a floating exchange rate and effective devaluation of the currency from 12 lei to the U.S. dollar in December 1989 to a market rate;
- assumption by the government of unserviceable state enterprise debt prior to the privatization of the banks and state enterprises; and
- implementation of more competitive interest rates.

Advantages of Romania as a location for investment generally include:

- excellent location in Central Europe for access to both Western and Central European markets;
- a wide range of natural resources including fertile agricultural land and significant tourism potential;
- extensive maritime and river navigation facilities (Constanta is the largest port on the Black Sea);
- attractive legislation for foreign investment allowing 100% foreign ownership of investments;
- a skilled labour force, with training in technology and engineering;
- competitive labour rates; and
- tax holidays, customs duty exemptions and other inducements for international investors.

Foreign investors may carry out their investment activities through wholly-owned companies, partially-owned subsidiaries, joint ventures or branches. Investment is possible in most sectors of the economy with the exception of restrictions in certain defence- related industries.

Romanian legislation provides guarantees against nationalization or expropriation of foreign investments. For example, in the event of expropriation of a building to construct a highway, compensation procedures established in law would be followed.

The transfer of profits earned by foreign investors is not restricted. All convertible currency profits made in Romania may be transferred abroad after appropriate taxes, if any, are paid. A portion of annual profits earned in lei can also be transferred abroad, at the official exchange rate. The amount transferable in this manner varies between 8% and 15% of an investor's paid-in capital. The balance of any profits made may be transfered through the financial (Interbank) market.

As in the past, investment capital throughout the world will continue to be much in demand. Romania welcomes the influx of foreign capital, trade and ideas and provides an investment climate that is attractive to interested foreign investors.

CHAPTER 2

FORMS OF BUSINESS ORGANIZATION

The foreign investor has numerous options available for organizing business operations in Romania.

Similar to the situation in other industrialized countries, commercial enterprises in Romania are separate legal entities. This means that they operate in their own right and are distinct from their shareholders and managers. Organizations have their own names, management, head offices and places where their activities are carried out.

Corporations established in Romania are legal entities subject to Romanian law. Company Law No. 31/1990 governs five forms of commercial enterprise:

- general partnerships;
- limited partnerships;
- limited liability companies;
- joint stock companies; and
- limited joint stock companies.

With the exception of very small organizations, commercial enterprises must be registered with the Commercial Register of the Romanian Chamber of Commerce. The enterprises take on separate legal status beginning with the date of this registration.

All forms of commercial enterprise, whether partnerships, limited liability or joint stock companies, must publish their balance sheets annually in the Official Gazette. This requirement is currently under review.

2.1. General Partnerships

A partnership is usually defined as the relationship which exists between persons carrying on business in common with a view to profit.

The partnership relationship is based on contract. Any person who is capable of entering into a binding contract can enter into a partnership. A written partnership agreement must be approved in a court in the district of the partnership's head office. Following this approval, the parties must register the partnership with the Commercial Register.

In a general partnership, the partners are jointly liable for the debts and obligations of the partnership and each partner is personally liable for the total of all such debts and obligations that are not satisfied by the assets of the partnership.

Capital of the partnership is made up of the partners' contributions; these contributions can include cash, real estate, equipment or other property. Contributions become assets of the partnership and comprise its registered capital. Romanian law does not set maximum or minimum limits on registered capital, nor does it indicate how much must be in cash or other assets. These decisions are left entirely to the discretion of the partners.

A general partnership can have two or more partners.

A general partnership must select a name for itself; included in this name must be one of the partners, as well as the nature of partnership, the fact that it is a general partnership (*Societate in nume colectiv - S.N.C.*). If a person who is not a partner permits his or her name to be used in the name of the partnership, that person becomes liable for the debts and obligations of the partnership in the same fashion as general partners.

General partnership matters are determined by a written partnership agreement. Where the agreement is silent or unclear, decisions are made by partners based on their relative capital contributions.

If a partnership seeks to have formal management, perhaps because of its large size, a vote of the partners representing a majority of the registered capital is necessary to elect management.

A general partnership can be a convenient and practical way to conduct a business if all the principals have a financial interest and participate actively in the business. The principal risk or danger is the unlimited liability to which each partner is exposed if the partnership cannot meet its financial obligations.

There are no legal requirements for audits of general partnerships. However, under Romanian law, adequate financial records must be maintained and kept available for inspection.

2.2. Limited Partnerships

A limited partnership is a partnership which consists of one or more general partners, who manage the business of the partnership, and one or more limited partners, who contribute capital (money or other property) to the partnership but who do not participate in its management. Generally, limited partners are not liable for the debts and obligations of the partnership beyond amounts they have contributed to the partnership; the general partners are liable as they would be in a general partnership. From the point of view of the limited partner, therefore, an investment in a limited partnership can be similar to an investment in a corporation.

While the limited partners may not take part in the control of the business, they may examine the state and progress of the partnership business and may advise as to its management. A limited partner may also act as a contractor for, or an employee of the limited partnership or a general partner.

Company Law No. 31/1990 generally sets out the rights, powers and obligations of limited partners. For example, a limited partner may be held liable as a general partner if the limited partnership legislation is not strictly complied with, such as when the limited partnership has not been appropriately registered, or when a limited partner participates in the management of the partnership's business, or allows his or her name to be inappropriately used in the name of the limited partnership.

Limited partners share in the profits or other compensation by way of income in proportion to their partnership contributions. However, no such distribution can be made if it would reduce the assets of the limited partnership to an amount insufficient to discharge its liabilities to persons who are not partners.

A limited partnership is a practical form of organization for a pooled investment where the investors would not normally participate in the control of the investment. The investors are limited partners while the professional manager of the partnership acts as the general partner. In this way, the investors share in the profits but, as limited partners, their financial risk is limited to the capital they have contributed.

A limited partnership must use in its name the words "limited partnership" (*Societate in comandita simpla - S.C.S).*

2.3. Corporations

The distinguishing characteristic of a corporation is that it exists as a legal entity separate and apart from its individual shareholders. Thus, the debts and obligations of a corporation are liabilities of the corporation, not of the individual shareholders. In addition, the corporation's existence is perpetual.

A corporation may carry on business in a name other than that in which it was incorporated.

There are three types of corporations in Romania: limited liability companies, joint stock companies and limited joint stock companies.

Company law requires that proper books of account be maintained and that directors have ready access to these books. Limited liability companies with 15 or more shareholders and all joint stock companies must appoint auditors.

A limited liability company may have a single auditor. Joint stock companies must have at least three auditors unless the firm's incorporation document and registration provide otherwise. A majority of auditors must be Romanian citizens qualified to practice in their profession. In cases where the Romanian government holds 20% or more of the registered share capital of a joint stock company, at least one of the auditors is appointed by the Ministry of Finance.

2.4. Limited Liability Companies

A limited liability company is a corporation which issues share capital to a limited number of shareholders. Shareholders can be as few as one but cannot exceed 50. Limited liability companies with more than one shareholder must register with the Commercial Register. In the case of a limited liability company owned by a single person, a notarized incorporation document is sufficient.

The registered capital of a limited liability company cannot be lower than 100,000 lei, of which, at most, 60% can be contributed through assets in kind and the balance in cash. At present, capital contributed by a foreign investor is converted at the official exchange rate in effect at the time the capital is contributed.

The registered share capital of a limited liability company is normally divided into shares with a registered or par value of not less than 5,000 lei. Shares cannot be freely traded making limited liability companies similar in concept to what are known as private companies in other jurisdictions. Shares of these companies may also not be pledged as collateral for loans.

A limited liability company is known as an S.R.L. (*Societate cu Raspundere Limitata).*

2.5. Joint Stock Companies

A joint stock company is a limited liability corporation with registered capital of a minimum of 1 million lei and with at least five shareholders. Share certificates may be issued in bearer form or may carry the name of a particular shareholder. The nominal or par value of the individual shares should not be lower than 1,000 lei.

A joint stock company may be set up privately or by public subscription. In the case of a company established on a private basis, documents incorporating the company must indicate:

- the name and address of shareholders as well as their citizenship or nationality;
- location of the head office of the company along with the location of branches and subsidiaries;

- the nature of the business in which the company is engaged;
- details of share capital including number of shares and registered or par value; and
- name, address and citizenship of company directors and any special powers or rights granted to them.

When a joint stock company is established by public subscription, a notarized prospectus must drawn-up and filed with the Commercial Register in the district where the head office of the company is situated. The Register's office will certify compliance with Romanian legislation and will authorize issuance of the prospectus. A joint stock company's establishment by prospectus is only possible if the entire registered capital outlined in the prospectus has been subscribed and half the funds raised deposited in a bank. If public subscriptions exceed the registered capital as outlined in the prospectus or are less than the amount sought in the prospectus, a meeting of the shareholders must be held to approve any revisions to the capital.

Within a maximum of 15 days from the establishment of a joint stock company by public subscription, a constitutive or founding meeting must be held. This meeting, which must be advertised in the Official Gazette, provides evidence that capital has been subscribed, determines the value, if any, of contributions in kind, approves the profit sharing between founders of the company and other shareholders and appoints directors and auditors.

Activities of a joint stock company are subject to approval by a court in the district where the company has its head office. Evidence must be provided to the effect that the funding of the joint stock company meets its obligations in terms of share capital, contributions in kind, etc.

A general meeting of the shareholders of a joint stock company is called at least once a year, within a maximum of three months from the end of the fiscal year. Special meetings of the shareholders can also be called by the directors when necessary; for example, to increase the company's share capital, change its name or merge with another company.

Unless the articles of incorporation or by-laws stipulate otherwise, shareholders exercise their right to vote in proportion to their shareholdings. Shareholders are entitled to be represented by proxy.

The operations of a joint stock company are governed by a board of directors, although it is possible to have only one director. At least half of the directors must be Romanian citizens unless the articles of incorporation and by-laws of the company provide otherwise. The first directors may be appointed for two years. Their terms can be extended for only two additional years; this provision is under review.

Joint stock companies may raise capital by issuing bonds but the amounts involved cannot exceed 75% of the paid-in capital at the date of the last approved balance sheet. Bonds can be placed privately or can be issued by public subscription. In the latter case, a prospectus must be prepared and filed with the Commercial Register.

A joint stock corporation is normally recognized by the use of one of the words "limited", "incorporated" or "corporation" (*Societate anonima - S.A.*).

2.6. Limited Joint Stock Companies

A limited joint stock company is a form of limited company. It has characteristics of both a joint stock company and a partnership. Like a limited partnership, there are general and limited partners. Similar to a joint stock company, the capital of the limited partners is represented by shares. In common with a partnership, the general partners may be liable for the debts and obligations of the company beyond amounts they have contributed. The limited partners, not active in the management of the company, have their liability limited to their share ownership.

2.7. Foreign Investment Approval

The approval mechanism to be followed by a foreign investor for all five types of organization governed by Company Law No. 31/1990 is as follows:

- make an application to the Romanian Development Agency. This application should include a copy of the investor's latest financial statements or balance sheet;
- within 30 days, the Romanian Development Agency will normally respond to the application by issuing a Confirmation. If no response is received during this 30 day period, confirmation is automatic;
- the partnership agreement for partnerships, and the articles of incorporation and by-laws for corporations, of the proposed entity are then notarized by a Public Notary;
- within 15 days after notarization, the partnership agreement or articles of incorporation must be registered with the local Court in the district of the proposed

organization's head office. Also accompanying this documentation should be any corporate by-laws and the Confirmation of the Romanian Development Agency;

- documents are then published in Romania's Official Gazette; and
- registration occurs with the local office of the Commercial Register.

Once this registration process is complete, a foreign investor should request an Investor's Certificate from the Romanian Development Agency indicating its status as a foreign investor.

2.8. Sole Proprietorships

A sole proprietorship is simply a business carried on by an individual. The individual is entitled to all the profits from the business and is personally liable for all its debts and obligations. The individual's liability with respect to the business, is therefore not limited to the assets in the business, but also extends to personal assets.

A sole proprietorship is not required to be registered. However, if it operates under a business name which is not the individual's name or which is the individual's name coupled with words such as "and Company", an appropriate declaration must generally be filed in accordance with the regulations of the Commercial Register.

2.9. Representative Offices

Foreign corporations are entitled to set up representative offices in Romania. While trade representatives cannot enter into commercial contracts on their own, they are entitled to enter into contracts on behalf of their parent organizations.

Establishing a representative office with the Ministry of Commerce and Tourism is a straightforward matter. A nominal fee is levied and general information must be provided on the name of the office, its intended activities as well as the name and address of the individual trade representative(s).

Applications for representative status should be accompanied by the following documents:

- evidence issued by a Chamber of Commerce or other official body of the trade representative's country of residence indicating its legal existence, activities and registered capital;
- confirmation of financial stability from the representative's principal banker;

- statutory or other documentation indicating the nature of the organization's activities; and
- a notarized mandate of the individual or individuals appointed to act as trade representative(s).

2.10. Joint Ventures

A joint venture is informally described as a particular business activity carried out in concert by two or more persons. There is no legislation which specifically regulates joint ventures in Romania, and there is no precise legal definition (or status) of a joint venture. Where a corporation is formed to carry on a joint venture business, it is sometimes referred to as an incorporated joint venture. Such a corporation is generally an ordinary corporation such as a limited liability or joint stock company and no special treatment results from it being called a joint venture.

Unlike certain other countries, there are no limits on foreign participation in commercial organizations. A foreign investor can establish a wholly-owned enterprise in Romania.

2.11. Branches of Foreign Companies

A foreign corporation can carry on business in Romania through a branch. The branch must be licensed or registered to carry on business. Legally, the branch has no separate status from the foreign company itself--it is merely carrying on business in Romania. The foreign company will be liable to the employees and creditors of the branch for the actions of, and debts contracted by, its managers and agents on behalf of the branch.

In order to establish a branch, a foreign investor should submit an application to the Romanian Development Agency. This application must be accompanied by a notarized copy of the articles of incorporation of the parent organization, evidence of registration of the parent company in its country of origin and documentation indicating the firm's financial stability. The Romanian Development Agency will in turn present this application to the General Secretariat of the Government with the recommendation that the branch be accepted for registration or not.

Assuming the branch is accepted, it must be registered with the local office of the Commercial Register.

In order to register a branch, an investor will need to deposit a guarantee of a minimum of 100,000 lei with a commercial bank. This guarantee will be released upon registration of the branch.

CHAPTER 3

TAXATION

Since the State controlled almost all economic activity at one time, taxation was virtually an unknown concept among domestic Romanian companies. Now, however, with the move to a market-based economy well underway, the process of developing a tax system to reflect the realities of an open economy has increased in importance.

In 1990, Romania implemented a transitional tax system designed to increase the tax base and reduce economic distortion inherent in the old centrally planned economy.

Sales taxes were fundamentally revised on November 1, 1990. The base was extended substantially from domestically produced final goods for domestic consumption to most goods and services with the exception of exports. The tax rate structure was simplified and all rates were transformed from specific to ad valorem rates, and in the process, considerably reduced.

A new corporate profits or income tax was introduced at the beginning of 1991. This tax reduced the tax burden imposed under the old system by abolishing various funds to which enterprises were forced to contribute. At the same time, the former levy on wages paid by employers was replaced on January 1, 1991 with a tax on individual wages. This tax is paid by the individual employee through a system of withholdings at source.

A European-style value-added tax is expected to be introduced in 1992, and the wage tax paid by employees will be replaced by a comprehensive personal income tax system in 1993. There is currently very limited taxation of individuals in Romania including individual foreign investors.

Further changes will be made to the overall tax system to simplify its structure, reduce marginal rates and introduce a measure of neutrality or integration between the corporate and personal tax systems.

3.1. Corporate Taxation

Corporate income taxes are levied on a company's taxable profits.

Company profits are subject to tax in accordance with Romanian legislation. The table below outlines the tax on a sample of assumed profit levels.

Table I
Representative Taxes on Profits

Annual Profit (lei)	*Tax* (lei)*	
25,000	NIL	
500,000	93,500	
1,000,000	243,500	
5,000,000	1,623,500	
130,000,000	52,873,000	
over 955,000,000	547,873,500	on first 955,000,000 lei + 77% on excess

* before tax holidays and other incentives

In arriving at taxable income, organizations begin with annual gross income from their financial statements and deduct certain permissible expenses. These amounts include:

- expenses corresponding to activities carried out to earn income such as the cost of goods sold, wages and other operating costs;
- taxes paid for the use of State property;
- professional training and on the job training costs;
- research and development expenses;
- commissions paid to agents for foreign trade activities;
- expenses for entertainment, advertising and promotion within limits set by the Ministry of Finance;
- contributions to reserve funds and other special funds established by government decree;

- prior year's losses to the extent that these sums have not previously been claimed; and
- contributions and donations for cultural, charitable or sporting activities within certain prescribed limits.

Profits repatriated outside of Romania are subject to a further 10% levy in the form of a withholding tax.

3.2. Personal Taxation

Personal income taxation was virtually an unknown concept under the old regime. Romania is currently developing a comprehensive personal income tax system but is still in the early stages of this process.

Employees pay taxes on their wages and this tax is withheld by the employer and remitted to the government on behalf the employee. This system is typical in most industrialized nations. Rates are moderate. For example, on monthly incomes of up to 500 lei, the tax rate is 6%. On monthly income of 10,000 lei, the tax is 2,452 lei and on monthly income in excess of 25,000 lei the tax is 7,752 lei plus 45% on the amount exceeding 25,000 lei.

Personal taxes are currently not levied on certain forms of income such as interest, although this is expected to change with the new system.

For the foreign investor who is working in Romania as an employee of a Romanian company and is paid a wage by that company, Romania's normal wage tax rates apply. For foreign expatriates residing in Romania who may be paid by their parent organizations and not by Romanian entities, no personal taxation is in effect.

Romania does have a system of inheritance and gift taxes but, again, these are being reviewed.

3.3. Sales Taxes

At present, Romania has a sales tax system which pre-dates December 1989. This sales tax system will be replaced over the next few years by a value-added tax based on the European Economic Community model.

Sales tax is imposed on:

- most domestically produced and imported goods;
- all sales by food service operations including restaurants, canteens and catering units: and
- services of many types.

The sales tax in place at present is not levied on the following categories of goods:

- products of primary or extractive industries, except oil, natural gas and salt;
- electricity;
- many agricultural products;
- goods supplied to the state reserves.

In addition to any applicable customs duties, sales tax is imposed on most imported goods.

This sales tax is paid by the original importer and is based on the tax rate applied to the landed value after any applicable customs duties. Tax is further imposed on intermediaries between the importer and the final consumer, similar to a value-added tax, and is based on the difference between the price at which the intermediary buys the goods and the price at which the intermediary sells the goods.

3.4. Tax Incentives

Romania's foreign investment legislation includes a number of important incentives for foreign investors.

Capital equipment imported by a foreign investor as his contribution to a venture is exempt from customs duty. Similarly, imported supplies needed for production purposes are exempt from the date a project is commissioned for a period of two years.

There is a general exemption from profits tax in certain cases including a five-year tax holiday for agricultural, industrial and construction enterprises, a three-year tax holiday for exploration and natural resource production, communications and transportation and, finally, a two-year tax holiday for trade, tourism, banking, insurance and other services.

Once the term of a tax holiday has expired, taxes on profits are reduced where an organization makes certain use of its funds. Available tax reductions include: a 50% reduction in the tax rate if profits are reinvested in Romania, are used to expand operations or are put towards environmental purposes: a 25% reduction if at least 50% of a project's raw materials and energy are imported and at least 50% of the resulting products or services are exported. This 25% reduction is also in effect if over 10% of expenditures are used for research, development and training. Similarly this 25% incentive applies if at least 50% of capital equipment is obtained from domestic sources or at least 50 new jobs are created through reinvestment or expansion.

CHAPTER 4

BANKING AND FINANCE

The Romanian banking system has undergone a major restructuring in order to assist Romania in its transition to a market economy. Key elements have been the transformation of the National Bank of Romania into a role corresponding to the traditional role of a central bank, and the development of a network of commercial banks. This two-tiered banking system was formally established in March 1991, although it had been in operation since late 1990. Prior to this, the Romanian banking system was composed of four commercial banks and the National Bank of Romania, which served both as a commercial bank and as the country's central bank. The four commercial banks were highly specialized with each of them making loans and taking deposits in a particular sector of the economy. For example, the Bank for Agriculture and Food Industry dealt with farming whereas the Savings Bank handled banking for the general public.

Under the new Law on Banking Activity, commercial banks will freely compete for business in the general marketplace, taking deposits, making loans and offering a variety of other banking services.

4.1. National Bank of Romania

The National Bank of Romania, Romania's central bank, was restructured in 1991. The prime functions of the Bank are to: regulate credit and currency in the best interest of the nation; control and protect the value of the national currency; mitigate by its influence, fluctuations in the general level of production, trade, prices and unemployment as far as reasonable; and generally to promote the economic welfare of Romania.

The Bank of Romania is engaged in several major areas of activity including:

- controlling both the supply of notes and coins and the overall supply of monetary aggregates;
- establishing the foreign exchange policy of the State, setting exchange rates and licensing and supervising legal entities authorized to conduct foreign exchange transactions;
- maintaining Romania's international foreign reserves and balance of payments system;
- licensing commercial banks, both foreign and domestic, and monitoring their activities on a monthly basis;
- setting the level of reserve requirements of commercial banks, which in turn influences the liquidity of the financial system;
- setting interest rate and exchange rate levels; and
- acting as an integral part of the emerging payments clearing system

The Bank of Romania is administered by a Governor appointed by the President and is assisted by a Deputy Governor and three Vice Governors appointed by the Prime Minister.

Because competition among the commercial banks is a relatively new development and given that the transition from a centrally-planned economy to a market-based system is not yet complete, interest rate policy is tightly controlled by the central bank. For example, the National Bank regulates the spread on deposit and loan rates at commercial banks by imposing a floor on deposit rates and a ceiling on lending rates.

Over time, the development of a more competitive banking system and continued progress to a free market will eliminate the need for the National Bank to regulate interest rate spreads.

Officials of the National Bank are currently working with experts from the International Monetary Fund and other experienced international financial advisors to establish detailed policies and procedures for carrying out the Bank's mandate.

4.2. Commercial Banks

The major domestic commercial banks in Romania are the Romanian Commercial Bank, the Romanian Bank for Foreign Trade, the Agriculture Bank - Agrobank, the Romanian Bank for Development and the Savings Bank. They operate in a manner similar to that of commercial banks in other parts of the world, taking deposits and offering a variety of personal, commercial and foreign trade services to their customers.

Romania's commercial banks began their operations with relatively specialized portfolios reflecting historical concentration in particular sectors of the economy. However, this initial specialization will diminish as the banks compete with each other in the marketplace. A number of other banks with private capital have been licensed to begin operations including the Bank for the Development of Small and Medium Sized Industries - Mind Bank, Bank Co-op and the Commercial Bank Ion Tiriac.

Commercial banks are legal entities, established as commercial corporations. They can be incorporated as joint stock companies.

All commercial banks must open current accounts at the National Bank of Romania and are required to maintain minimum reserves. They can take sight and term deposits in their accounts in cash and in the form of securities from both individuals and commercial entities.

In addition to making loans, banks may buy, sell, maintain in custody and manage monetary assets. They may also carry out transfers, clearing operations and other operations for their own account as well as for the account of third parties. In time, commercial banks will be able to carry out operations and activities with respect to the investment, custody and trading of securities, banking consulting services, trusteeship, etc.

All commercial banks must submit monthly financial statements including balance sheets and income statements to the central bank. They are also required to report reserves in excess of those required by the National Bank.

4.3. Operations in Foreign Currency

Commercial banks may, within the limits specified in their licenses, carry out operations in foreign currency. There are no legal impediments to carrying out these activities.

A number of commercial banks (Romanian Commercial Bank, Romanian Bank for Foreign Trade , Agro Bank, Romanian Development Bank, Mind Bank, Bank Co-op) act as brokers in currency auctions which were instituted in 1991. Commercial enterprises may place orders for foreign currency through these banks.

In August 1991, foreign exchange desks at commercial banks and private currency exchange houses were opened to carry on foreign exchange operations for private individuals.

4.4. International Banks

Foreign banks may operate in Romania upon receiving their licenses from the National Bank of Romania. A number of well known foreign banks including Manufacturers Hanover Trust and Société Générale are already established. Foreign-owned banks have the same rights and obligations as domestic banks.

In applying to commence banking operations, both foreign and domestic banks are subject to the same licensing criteria of the National Bank. These criteria include:

- maintenance of minimal capital requirements, consistent with those in the international banking community;
- evidence of a strong, professional management team;
- presentation of a comprehensive three-year business plan; and
- identification and status of its shareholders.

4.5. Currency Convertibility

At present the leu is not fully convertible although progress is being made to bring this about. Measures include: the elimination of the state monopoly on foreign exchange activities; the introduction of a system whereby companies are permitted to retain a portion of their net income in foreign exchange; and the creation of an interbank foreign exchange market. Full currency convertibility is the publicly stated goal of the Romanian government.

4.6. Exchange Rates

A dual exchange rate system came into effect in early 1991 with the creation of an interbank foreign exchange market to supplement the official exchange rate. This official exchange rate, set by the National Bank, applies to sales of foreign exchange for imports of major raw materials such as oil and gas.

In addition to the official fixed exchange rate set by the National Bank of Romania, a market rate is available through the interbank market. This market rate is accessible to individuals and commercial entities via the commercial banking system.

Foreign exchange purchases and sales for most current account transactions are permitted.

The actual process works by auction at the National Bank of Romania. Commercial banks bid on behalf of their corporate and other legally registered clients, including individuals.

Following a series of devaluations of the leu, banking and other government authorities are moving to bring the official exchange rate into line with the market rate. A single free-floating exchange rate is to be adopted by the end of 1991.

4.7. Foreign Currency Transactions

Designed to enhance market stability, Romanian legislation imposes a number of rules involving foreign currency transactions:

- Individuals entering Romania may bring in up to U.S.$50,000 in foreign currency;
- Romanian residents may leave the country with the equivalent of U.S.$1,000 per person per departure without documentation and a further U.S.$4,000 with approval;
- Foreign currency in excess of U.S.$50,000 and U.S.$5,000 must be transferred through the banking system;
- Romanian citizens and foreign visitors must declare to customs officials amounts of foreign currency in excess of U.S.$1,000 that enter or leave the country. They may not take more currency out than they declared at the time of entry;
- Payments for goods and services in Romania are to be made in lei;
- Romanian residents and foreign visitors may open foreign currency bank accounts in banks licensed to conduct foreign exchange transactions.

CHAPTER 5

GENERAL COMMERCIAL RULES

5.1. Export - Import Procedures and Regulations

Romania has a system of licensing imports and exports. This system, administered by the Ministry of Trade and Tourism's foreign trade department, issues import and export licenses and administers export quotas. Import and export licenses are required for all trade; the information is used mainly for statistical purposes as licenses are now routinely issued. Export quotas are in place for certain commodities to ensure that foodstuffs and energy are not exported to the detriment of Romanian consumers.

Romania has been a member of the General Agreement on Tariffs and Trade (GATT) since 1971 and hence, imports are governed by rules of this convention.

Customs duties, which are applied on a non-discriminatory basis to all importers, whether state-owned or private and regardless of the country of origin, have recently been reduced on average by 10% to 30%. The average duty now is below 10% on an weighted average basis.

The Ministry of Finance administers customs duties and, in compliance with the procedures stipulated by GATT, has put into place a mechanism to impose additional import duties on certain goods, such as luxury goods.

If items such as certain raw materials are being imported by state organizations and are being financed by state currency reserves, the application for an import license must be endorsed by the Ministry controlling the foreign exchange in question.

5.2. Customs Duties

To assist in the development of international trade, Romania has adopted the Harmonized System of Tariff Nomenclature; this system is being gradually phased in to replace the previous system.

A new customs tariff schedule is being phased in during 1991 and 1992. This tariff structure or schedule is being developed on a product-specific basis, assessing the potential competitiveness of Romanian products vis-a-vis products of the international marketplace.

Several categories of goods are exempt from customs duties including:

- equipment imported as a foreign investor's contribution to an initial investment;
- samples and models with no commercial value;
- test pieces, prototypes and materials for experiments;
- cultural material including books, other printed matter, sound and film recordings, and educational and cultural objects; and
- goods classed as humanitarian assistance or as legacies.

In order for a business to complete an import or export transaction, a customs declaration must be completed and presented to customs officials together with the following documents:

- import or export licenses;
- original invoices complete with descriptions and specifications of the goods;

- shipping documents;
- certificates of origin; and
- health or sanitary certificates, as required.

The customs value of imported goods is based on:

- the external price, converted into Romanian currency at the market rate of exchange; and
- additional charges such as foreign transport, handling and insurance. Alternately, the external price is increased by 10% if no documentation is available regarding transport, handling and insurance costs.

If documentation concerning the value of the imported goods is not available, customs authorities tend to determine the value on the basis of import prices usually charged for such goods or similar ones.

In order to assist in the development of international trade, Romania has a customs duty drawback system. This system permits a refund of import duties previously collected at the time that the goods in question are re-exported in either the same condition or after being transformed, processed or repaired, or after having been incorporated into products being exported.

Romania has also developed free port zones, the first one being at Sulina on the Danube, near Constanta on the Black Sea. Constanta Sud is also to be a free port zone upon completion of construction activities. Storage and trans-shipment can be undertaken in free port zones without customs duties.

Goods imported into Romania must comply with rules and regulations concerning health, safety and labelling. In general, the Romanian regulations are similar to those of major Western European countries. Additional information in this area is available from the Romanian Development Agency or from Romanian diplomatic and consular offices.

5.3. Domestic Commercial Transactions

Commercial activity in Romania is undertaken based on the legal framework set out in the Civil Code, the Commercial Code and recent regulations and legislation.

Romania's legal system is derived from that of France. Romania's Civil Code, which was adopted in 1864, was based on the Code of Napoleon of 1804. Romania's Commercial Code, adopted in 1887, underwent considerable modifications up to 1940. In the period from 1950 to 1989 the Commercial Code was used mainly for foreign trade and joint venture activity.

After the events of December 1989, Romania introduced new legislation and regulations affecting commercial transactions, including:

- Company Law (No. 31/1990);
- Commercial Register Law (No. 26/1990);
- Tax on Profits Law (No. 12/1991);
- Foreign Investment Law (No. 35/1991); and
- Privatization Law (No. 58/1991).

Romanian commercial legislation is available in English from the Romanian Development Agency.

Romanian law defines a business person as one who undertakes commerce as his or her usual profession; the term business person also includes a commercial entitiy. Such entities can undertake a wide range of commercial transactions. Foreign nationals and unregistered foreign businesses cannot have fee simple ownership of land. Registered foreign investors, however, become Romanian legal persons and thus are entitled to purchase property.

5.4. Pricing

Prices and tariffs for goods and services from the private sector are now being set by market mechanisms. As Romania is still in a state of transition from a command economy, some regulations exist concerning maximum gross margins, particularly for certain consumer goods purchased from state-owned companies.

In general, domestic prices are not permitted to exceed international market prices for goods of similar quality, this policy prevents dumping.

For imported goods, the wholesale price is based on the external price in convertible currency expressed in Romanian lei at the free market rate. Customs tariffs, sales taxes and any import commissions are then added to the external price to determine the wholesale price.

At present, Romania is undergoing a period of price increases as prices adjust to market economy. In order to minimize the impact for Romanian consumers of certain price increases, the Government has placed, for a limited period of time, a ceiling on maximum wholesale prices for some raw materials and for some goods and services with high import costs (e.g. electricity, petroleum products and some foodstuffs).

5.5. Real Estate in Romania

Formerly, all existing factories, warehouses and commercial properties were state-owned. After the passage of the Privatization Law in August 1991, these assets may become private property by sale to the private sector or be transferred to state-owned enterprises reincorporated as commercial enterprises.

At present in Romania there are three categories of agricultural land:

- land owned by state agricultural enterprises;
- privately-owned agricultural land; and
- land previously controlled by agricultural co-operatives and in the process of being privatized.

There is both private and state-owned residential property. State-owned property includes:

- housing units built after 1950 with state funds: and
- residential properties which were expropriated or nationalized by the former regime.

Properties built with state funds can be sold to their occupants. At present, no decision has been made on how properties expropriated or nationalized will be returned to the private sector. Properties already in the private sector can be freely bought and sold by Romanian citizens and registered commercial entities.

State-owned land, which will be transferred to the private sector according to the Land Law (No. 18/1991), will be subject to a minimum holding period of ten years before it can be resold.

Land and buildings in Romania can be acquired by Romanian natural or legal persons. A Romanian legal person is defined as any commercial company established in one of the five forms stipulated by the Commercial Company Law (No. 31/1990), even if the capital is entirely that of a foreign investor.

5.6. Leasing of Real Estate

Individuals and businesses, whether Romanian or foreign, can rent property in Romania. It is the responsibility of the lessor to pay any taxes levied on income from the property — not the responsibility of the lessee or the renter. Lease provisions are negotiated freely between tenants and landlords.

For investments in which foreigners participate, a Romanian organization or individual can contribute as part of their contribution either real estate which they own or have the right to use. Real estate which is brought in as participation by a Romanian partner to an entity or commercial company becomes property of that venture from the moment of its contribution to the entity.

Ownership of real estate in Romania is recorded under one of two systems. In certain regions, records of real estate ownership are organized based on a legal description of the land; in other regions, ownership is recorded based on the name of the owner.

CHAPTER 6

LABOUR RELATIONS AND EMPLOYMENT STANDARDS

An employer must comply with a number of employment-related laws covering employment standards, collective bargaining, human rights, health and safety, and workers' compensation. In addition, employers are required to contribute to a state-administered social security fund.

6.1. Employment Standards

The Romanian government has legislation covering:

- hours of work;
- minimum wages;
- statutory holidays;
- paid vacations; and
- paid maternity leave.

It is not usual for employers to provide benefits in excess of the prescribed standards.

Generally, a working month is 170 hours, consisting of weekdays only. Employees are entitled to additional pay for overtime and usually receive four weeks paid vacation per year.

6.2. Termination

Employees cannot be arbitrarily dismissed. Employment standards legislation sets minimum notice (or pay instead of notice) that employers are required to give employees whom they wish to terminate without cause. In some circumstances, the employer may also be obliged to give the employee additional severance pay.

6.3. Occupational Health and Safety

Employers are required to take reasonable care for the safety of employees. In addition, employees are expected to take reasonable health and safety precautions themselves. Romanian law gives employees the right to refuse to perform work that would put them or others in danger. Employers may not discipline employees who properly refuse to work under dangerous conditions.

6.4. Collective Agreements

Collective bargaining is well established in Romania with employers and employees free to negotiate collective agreements. A typical collective agreement covers:

- wages;
- working conditions;
- social security provisions;
- dispute settlement mechanisms;
- protection of trade union leaders; and
- miscellaneous rights and obligations.

A collective agreement is generally for one year or more; at termination of the agreement, the parties may decide to an extention with only slight changes or may work out an entirely different arrangement. Collective agreements are always concluded in written form and are registered with the local labour and social protection department of the Ministry of Labour.

Any disputes arising as to the interpretation of a collective agreement may be referred to the courts for resolution.

6.5. Government Benefits

Romanians are provided with state-funded hospital and medical care which is ordinarily funded from general government revenue. Employers contribute 22% of an employee's wages to the government to help fund general social security benefits. There is also a workers' compensation system which provides benefits and disability pensions to employees injured in the course of employment. The compensation system is funded by the state and covers all employees.

The Romanian government administers a national unemployment insurance plan which provides short-term benefits to employees who lose their jobs. Employees must contribute 1% of their wages to this plan. Employers are required to collect employee contributions and remit them to the state fund on behalf of the employees.

In order to assist in funding retirement, death and disability benefits to workers and dependents, employees contribute 3% of their gross salaries to a state pension fund. As is the case for the unemployment fund, the employer withholds employee contributions and remits them to the state fund.

CHAPTER 7

THE LEGAL SYSTEM

7.1. Overview

Romania is in the process of further developing its existing system of civil and commercial law which governs business relationships and contract matters. Many laws are similar to those in effect in Western Europe and North America. In fact, Romanian legislation is often based on precedents established in France, Italy and the United Kingdom.

7.2. Body of Laws

Romanian legislation encompasses both penal and civil law.

The penal code and code of Penal Procedure were revised in 1990 and now guarantee protection for the individual and for an individual's property. There have also been changes in the rights of an accused, in order to better protect such individuals as Romanian law assumes an accused is innocent until proven otherwise.

Concerning the body of commercial or business law, Romania has since December 1989 updated and expanded the legislation in this area.

A key element of commercial or business law was the Commercial Code, which was adopted in 1887 and originally based on Italy's Commercial Code. The Commercial Code was revised as required until the Second World War and until December 1989 limited use was made of this body of law. Since December 1989, many parts of the Commercial Code have been supplemented by new legislation based on current European standards.

For contractual law Romania has, since 1864, used a Civil Code based on Napoleon's Civil Code of 1804.

Concerning negotiable instruments such as cheques, drafts and promissory notes, Romania is a signatory of the Geneva Convention of 1930.

Following the change to democracy, Romania extensively expanded its body of law concerning civil and business matters.

Some of the more important new legislation includes:

- Administrative Decisions Law (Law No. 29/1990. This law provides remedies for contesting decisions of state organizations;
- Banking Law (Law No. 34/1990). This law stipulates how commercial banking organizations can operate in Romania;
- Foreign Investment Law (Law No. 35/1991). This law guarantees investor rights and stipulates investment incentives;
- Land Law (Law No. 18/1991). This law provides for the privatization of approximately 80% of state owned agricultural land:
- Commercial Company Law (Law No. 31/1991) stipulates the form of organization by which individuals or companies can do business in Romania; and
- Privatization Law (Law No. 58/1991). This law stipulates how state enterprises will be returned to the private sector.

7.3. Commercial Register

Romanian legislation sets out provisions for registration of businesses (either natural or legal persons) in the Commercial Register.

The purpose of registration is to provide statistical data and also to provide a formal public record of business entities.

The national office of the Commercial Register is under the direction of the Romanian Chamber of Commerce and Industry. The Commercial Register maintains separate records for both individuals and corporations/partnerships.

The Commercial Register ensures that there is no duplication of business names in Romania and the uniqueness of an entity's trademark/logo.

The office of the Commercial Register is under the supervision of a judge where decisions can be contested by appeal.

7.4. Bankruptcy Law

The Romanian Commercial Code regulates the bankruptcy procedure applicable to both business individuals and corporations/partnerships when the person or business organization is unable to meet its obligations.

Romania's bankruptcy law is a judicial procedure which offers assistance to creditors in recovering amounts owed to them.

7.5. Protection of Intellectual Rights

Romania is a signatory to international convention concerning intellectual rights and has domestic legislation which protects property rights.

Romanian legislation protects inventions and innovations. The State Office of Inventions and Marks reviews patent applications, issues patents reviews trademark applications and registers trademarks. Inventions and innovations are protected by Law No. 62/1974. Trademarks are protected by Law. No. 28/1967.

Romania is a signatory to several conventions concerning the protection of trademarks:

- the Paris Convention concerning the establishment of an International Union for the Protection of Industrial Property;
- the Stockholm convention of July 14, 1967 concerning the establishment of the International Union for the Protection of Industrial Property;
- the Convention of the World Organization of Intellectual Property (Stockholm, July 14, 1967; and
- Madrid Convention for the International Register of Trademarks (July 15, 1894).

Romania has signed a number of bilateral conventions designed to protect industrial property. Signatory countries include Belgium, Great Britain, Italy and the United States.

At present, Parliament is to discuss drafts of the following legislation dealing with intellectual property:

- patent law;
- law on copyright and related rights;
- law regarding industrial property;
- law regarding the protection of trade marks and geographical names;
- law regarding the protection of industrial drawings and models; and
- law regarding the protection of integrated circuit design.

Further information concerning the protection of intellectual property rights, including patents, trademarks and originating products can be obtained from the State Office for Inventions and Trademarks. (Str. Ioan Ghica, No. 5, Sector 3, Bucharest, tel. 15.90.66; telex 11370 ROPAT R.)

7.6. Legal Profession in Romania

There is a respected bar association in Romania whose members are well educated and are licensed to practice.

Members of the Bar Association are able to assist foreign investors to register their investments with appropriate Romanian authorities. A number of lawyers have experience in international trade matters and are conversant with the normal practices and requirements of international business, as well as with the requirements of Romanian law.

CHAPTER 8

ACCOUNTING AND AUDITING

In the past, the main purpose of accounting was to satisfy central planning authorities that production targets were being attained. The concepts of profit, return on investment or anything dealing with measurement of financial results was virtually irrelevant.

Today, Romania is embarking on a program to adopt western-style generally accepted accounting principles. As well, a formal accounting degree was created in 1990 and relationships with foreign accounting bodies in Europe and North America are being forged.

Small accounting firms can be found in principal Romanian centres and the large international firms are establishing themselves in Bucharest.

As the independent audit function was virtually unknown prior to December 1989, Romania is at present relying on international auditing firms and advice from associations of professional auditors in other countries to develop and implement auditing standards.

CHAPTER 9

PRIVATIZATION IN ROMANIA

The privatization process is one of the most fundamental elements of economic reform in Romania. Three major sectors of the economy have been targeted for immediate privatization: agriculture; housing; and manufacturing.

In the agricultural sector, it is envisaged that over 8,000,000 hectares of agricultural land, representing approximately 80% of total arable property, will be privatized. The remaining 20% will be left the state-owned commercial companies with agricultural interests.

In terms of housing, developments are occurring on two fronts:

- the sale of state-owned housing to those presently residing in this housing; and
- resolution of the situation of those whose homes were nationalized in prior years.

With respect to industrial organizations, objectives of the privatization process are to create profitable private companies; raise funds for restructuring the economy, provide a foundation for efficient capital markets; and educate the Romanian public on the operations and benefits of a market-based economy.

9.1. Privatization of Commercial Organizations

In July 1990, the Romanian Parliament adopted Law No. 15/1990 to reorganize all state-owned enterprises into "regies autonomes" (self-sufficient state entities) or into joint stock or limited liability companies. These joint stock or limited liability companies are to be privatized whereas the "regies autonomes" will remain under state control. These latter organizations are responsible for certain public interest activities such as electrical power generation and operation of the rail system.

Law No. 15/1990 also provided that all eligible Romanian citizens would receive, without payment, securities representing an aggregate of 30% of the nominal share capital of Romanian industry. The National Agency for Privatization is organizing and co-ordinating this effort.

As a follow-up to Law No. 15/1990, the Law on Privatization of Commercial Companies (Law No. 58/1991) was adopted. Main provisions of this legislation include:

- the creation of five private ownership funds to hold and manage 30% of the aggregate share capital of limited liability and joint stock companies;
- the establishment of a state ownership fund to hold and eventually divest of the remaining 70% of the share capital of limited liability and joint stock companies;
- the distribution to eligible Romanians of vouchers in the private ownership funds;
- procedures for early privatization of commercial entities; and
- the general guidelines and procedures for privatizing firms through the sale of shares or assets.

The state ownership fund will initially own 70% of the nominal share capital of commercial entities. Each year this fund will be obliged to organize a privatization plan for the forthcoming year that includes proposals to dispose of at least 10% of the shares initially held by it.

Each of the five private ownership funds will issue to Romanian citizens, certificates of ownership; that is, securities in bearer form with nominal value. These certificates will represent an undivided interest by individual Romanians in the private ownership funds.

Certificates of ownership will then be eligible to be traded through a stock exchange that will be established.

Shares of individual companies held by private ownership funds and the state ownership fund may be sold to individuals or registered entities, domestic or foreign, through public offerings, sales on an auction basis, sales through direct negotiation or any combination of these.

Newly privatized companies will be entitled to buy or sell assets as is the case in other market-based economies.

CHAPTER 10

OTHER USEFUL INFORMATION

10.1. Romanian Development Agency

The Romanian Development Agency (Agentia Romana Pentru Dezvoltare) is a useful first stop for all foreign investors interested in Romania. The Agency provides current information to foreign investors and was established with the intention of attracting foreign investment. It is the focal point for Romania's efforts to co-ordinate foreign economic assistance and promote foreign investment, and welcomes inquiries from foreign investors.

The Agency also co-ordinates, negotiates and identifies available technical assistance, both multi-lateral and bilateral, and helps to channel it, after agreement with donor countries and agencies, to particular sectors of the Romanian economy.

The Romanian Development Agency can provide consulting services for those interested in identifying investment projects in various parts of the Romanian economy. Development officers are knowledgeable in virtually all areas of the Romanian economy and understand the importance of business in a market-oriented economy. The Agency also monitors investment policies and regulations of other countries, studies national and international investments, and conducts micro and macro economic studies of investment flows.

10.2. Importing Personal Goods

Foreign residents travelling to Romania can temporarily import personal effects without paying customs duties or sales taxes. Goods, including vehicles, furniture and other personal effects, can be imported with the individual or can follow later.

10.3. Transfer of Personal Goods Abroad

Foreign individuals residing in Romania are entitled to repatriate their personal effects at the end of their stay free of any customs implications. These goods include goods brought into the country with the foreign residents, as well as personal and household goods purchased within certain limits.

10.4. Business Equipment

Office supplies and equipment can be imported free of customs duties as contributions in kind to a registered business entity upon initial establishment of that business.

10.5. Market Research

Firms specializing in market research, as such, do not exist in Romania. The Romanian Chamber of Commerce and Industry limits itself to maintaining a database of companies covering key characteristics that might serve to identify joint venture partners. Various economic research institutes and organizations (for example, Institute for World Economy; Romanian Association of Marketing-AROMAR; Center for Economic Information and Documentation-CIDE) help produce market sector reports. However, such reports are usually of limited use as they do not provide sufficient detail and are somewhat out-of-date. Consequently, when assessing opportunities in Romania, a different approach is needed.

One possibility would be to take advantage of the various events such as trade fairs that are organized by the Romanian Chamber of Commerce and Industry. The largest trade fair is the Bucharest International Fair, held annually in October.

These fairs provide excellent opportunities to meet potential partners and to obtain other important information. Trade missions may also be helpful and can be organized though the Romanian Development Agency.

10.6. Passport and Visa Requirements

Foreign visitors entering Romania must have a valid passport, as well as a visa. These visas are available from Romanian diplomatic and consular offices, as well as entry points such as the Bucharest airport. There is a nominal fee for the purchase of the visa.

10.7. Transportation Services

Three Romanian airlines, Tarom, LAR and Romavia, serve major points in Romania, Europe, Asia and North America. Foreign carriers such Air France, Lufthansa, Swissair and Austrian Airlines have regular flights to Romania.

All major cities and towns of Romania have airline service nearby and are connected to the Bucharest hub. Taxis are readily available at airports.

Romania is also well served by an international and domestic rail system. While the highway network is not extensive, road services are more than adequate.

10.8. Hotel and Long-Term Accommodations

Romania offers a wide variety of hotel and long-term living accommodations which can be reserved through international travel agents. Major hotels offer fax, telex and international telephone service. Payment for accomodation, meals and other services can be made in lei, convertible currencies, travellers cheques or major credit cards.

APPENDIX I

HELPFUL ORGANIZATIONS

- Romanian Development Agency, 7 Blvd. Magheru, Bucharest
  Telephone: 15.66.86; 15.46.86; Telex: 11027; Fax 12.03.71

- Chamber of Commerce and Industry of Romania
  22 N. Balcescu Blvd., Bucharest
  Telephone: 13.52.71; Telex: 11374; Fax 13.00.91

- Commercial Register - Chamber of Commerce and Industry of Romania
  Calea Victoriei, No. 133, Bucharest
  Telephone: 50.50.25

- The Fairs and Exhibition Company (ITEP)
  Piata Presei Libere, No. 1, Bucharest
  Telephone: 18.37.46; Telex: 11108

- Ministry of Commerce and Tourism - Department of Foreign Trade
  Str. Apolodor, No. 17, Bucharest
  Telephone: 31.07.95; Telex: 11564 MCEXT R

- National Bank of Romania
  23 Lipscani Str.
  Telephone: 40. 0. 15.55.28
  Telex: 11 136 BN BUCR

- National Privatization Agency
  Str. Ministerului, No. 2-4
  Telephone: 13.61.36; Telex: 11488; Fax: 15.60.15

APPENDIX II

BANKS IN ROMANIA - BUCHAREST ADDRESSES

- **Eximbank S.A.**
  23 Lipscani Str.
  Telephone: 40. 0. 15 33 70

- **Romanian Bank For Foreign Trade**
  22 - 24 Calea Victoriei
  Telephone: 40. 0. 13 80 10
  Fax: 40. 0. 14 15 98
  Telex: 11 235 EBANK R

- **Romanian Commercial Bank**
  14 Republicii Ave.
  Telephone: 40.0. 14 11 90

- **Bank Coop. S.A.**
  13 Ion Ghica Str.
  Telephone: 40. 0. 59 76 40
  40. 0. 14 39 00
  Fax: 40. 0. 14 58 84
  Telex: 11 202

- **Romanian Bank For Development**
  4 Doamnei Str.
  Telephone: 40. 0. 15 87 50
  40. 0. 15 89 09
  Telex: 10 138

- **Mindbank** (Bank for the Development of Small and Medium sized Industries)
  46-48 Calea Plevnei
  Telephone: 40. 0. 13 07 88
  Telex: 10585 UCECOM R

- **Commercial Bank Ion Tiriac**
  12 Doamnei Str.
  Telephone: 40. 0. 13 27 37
  40. 0. 14 28 33
  40. 0. 15 83 48
  Telex: 11 573

- **Frankfurt Bukarest Bank - Bucharest Branch**
  22 - 24 Calea Victoriei
  Telephone: 40. 0. 13 10 30
  40. 0. 13 00 40
  Fax: 15 80 94
  Telex: 10 976 FRABU BANK R

- **MISR Romanian Bank - Bucharest Branch**
  4 Prelungirea Cosmonautilor Str.
  Telephone: 40. 0. 15 36 88
  40. 0. 15 18 50
  Fax: 15 36 82
  Telex: 11 387 MRB B

- **Banque Franco - Roumaine - Bucharest Branch**
  11 Nicolae Balcescu Av.
  Telephone: 40. 0. 14 99 02
  40. 0. 14 79 23
  40. 0. 15 00 03
  40. 0. 12 02 63
  Fax: 14 50 84
  Telex: 92 522
  92 524

- **Manufacturers Hanover Trust - Bucharest Branch**
  16 Republicii Ave.
  Telephone: 40.0. 15 84 15
  40. 0.15 84 16
  Fax: 13 68 92
  Telex: 11 527 MHT

- **Société Générale - Bucharest Branch**
  16 Nicolae Balcescu Ave.
  Telephone: 40. 0. 15 17 30
  Fax: 14 86 47
  Telex: 10 615 SOGE B

- **Banca Agricola (Agriculture Bank - Agrobank)**
  3 Smirdan Str.
  Telephone: 40. 0. 14 42 60
  Telex: 11 709 AGRBA R

- **Savings Bank**
  13 Victoria Str.
  Telephone: 40. 0. 15 48 10
  Telex: 11 466

APPENDIX III

PRINCIPAL COMMERCIAL LEGISLATION TO SEPTEMBER 31, 1991

Name	Effective Date	Subject
Decree Law No. 122	April 24, 1990	Foreign representative offices
Government Decision No. 1222	April 24, 1990	Regulations in respect of representative offices
Government Decision No. 434	April 25, 1990	Creation of Labour Office
Government Decision No. 184	June 16, 1990	Initial sales tax reform
Law No. 15	August 8, 1990	Reorganization of state-owned enterprises
Law No. 26	November 7, 1990	Commercial Register
Law No. 29	November 7, 1990	Administrative decisions
Government Decision No. 1194	November 12, 1990	Customs duties
Law No. 31	November 11, 1990	Business organization
Instructions 625	November 22, 1990	Customs operations
Government Decision No. 1274	December 8, 1990	Duty drawbacks
Government Decision No. 6	January 1, 1991	Imports and exports
Government Decision No. 9	January 10, 1991	Foreign exchange market
Law No. 12	January 30, 1991	Profits and wage taxation
Law No. 14	February 8, 1991	Labour law

Government Decision No. 127	February 25, 1991	Wages in commercial entities
Law No. 35	April 3, 1991	Foreign investment
Law No. 54	August 1, 1991	Trade union law
Law No. 58	August 14, 1991	Privatization
Government Decision No. 574	August 23, 1991	Insurance and reinsurance activities.

APPENDIX IV

IMPORTANT MILESTONES IN ROMANIAN ECONOMIC REFORM TO SEPTEMBER 30, 1991

Date	Event
January 1990	Devaluation of the Romanian leu by 140%
February 1990	Decree Law No. 54/1990 passed, authorizing establishment of small businesses
March 1990	Legislation passed (Decree Law No. 96/1990) authorizing wholly-owned foreign investments
April 22, 1990	Decree Law No. 122 adopted permit establishment of foreign representative offices
April 1990	5-day working week in effect
May 1990	Election of new government dedicated to market reforms
July 1990	Law No. 15/1990 reorganizes state-owned enterprises
November 1990	Devaluation of the leu to 35 lei per U.S.$1
November 1990	Certain prices increased as state subsidies reduced
January 1991	Commercial and economic co-operation agreement with European Community signed
January 1991	G24 Group extends assistance to Romania
February 1991	Passage of the new Land Law
March 1991	Inter-bank market created at the National Bank of Romania

March 1991	Legislation passed reforming the banking system and to defining the new role of the National Bank of Romania
April 1991	Romania granted International Monetary Fund assistance
April 1991	Economic reforms accelerated. State subsidies further reduced, the leu devalued, tax changes brought into effect
April 1991	Law No. 35/1991 regarding to foreign investment grants important incentives for foreign investors
April 1991	President Mitterand of France visits Bucharest
August 1991	Legislation of the privatization of commercial enterprises adopted

APPENDIX V

ADDRESSES OF ROMANIAN MINISTRIES AND DEPARTMENTS

1. Ministry of Economy and Finance
   (Ministerul Economiei si Finantelor)

   Piata Victoriei Nr. 1
   Tel: 40. 0. 50 38 94
   Fax: 40. 0. 18 23 24

2. Ministry of Industry
   (Ministerul Industriei)

   Calea Victoriei Nr. 152
   Tel: 40. 0. 50 31 68
   Telex: 11 109; 10 640
   Fax: 40. 0. 50 30 29

3. Department of Machine Building Industry, Electronics and Electrotechnics
   (Departamentual Industriei Constructiilor de Masini, Electronicii si Electrotehnicii)

   Calea Victoriei Nr. 152
   Tel: 40. 0. 50 42 11
   Telex: 11 109; 10 640
   Fax: 40. 0. 50 30 29

4. Department of Geology and Recycling of Materials
   (Departamentul Reciclarii Materialelor-Geologiei)

   Calea Victoriei Nr. 152
   Tel: 40. 0. 15 10 85
   Telex: 10 640; 11 109

5. Regie Autonome of Electricity
   (Regia Autonoma de Electricitate - RENEL)

   B-dul Magheru Nr. 33
   Tel: 40.0. 13 93 02
   Telex: 11 279
   Fax: 40. 0. 12 02 91

6. Department of Metallurgical Industry
(Departamentual Industriei Metalurgice)

Str. Mendeleev Nr. 21-25
Tel: 40.0. 59 28 01
Telex: 11 669
Fax: 40. 0. 15 64 60

7. Department of Chemical and Petro-Chemical Industry
(Departamentual Industrie Chimice si Petrochimice)

Splaiul Independentei Nr. 202A
Tel: 40. 0. 37 73 20
Telex: 11 171

8. Department of Building Materials
(Departamentul Industriilor Materialelor de Constructii)

Str. Radu Calomfirescu Nr. 9
Tel: 40. 0. 14 83 47
Telex: 10 249

9. Department of Lumber Industry
(Departamentul Industriei Lemnului)

Tel: 40. 0. 14 90 58
Telex: 11 495

10. Ministry of Trade and Tourism
(Ministerul Comertului si Turimului)

Str. Apollodor Nr. 17
Tel: 40. 0. 14 11 41

11. Department of Foreign Trade
(Departamentual Comertului Exterior)

Str. Apollodor Nr. 17
Tel: 40. 0. 13 36 54
Telex: 11 278
Fax: 40. 0. 31 40 69

12. Department of Domestic Trade and Tourism
(Departamentul Reglementarii Comertului si Turismului)

Str. Apollodor Nr. 17
Tel: 40. 0. 12 04 81
Telex: 10 369

13. Ministry of Agriculture and Foodstuffs
(Ministerul Agriculturii si Alimentatiei)

B-dul Republicii Nr. 24
Tel: 40. 0. 15 44 12
Telex: 11 217; 11 367
Fax: 40. 0. 13 03 22

14. Department of Food Industry
(Departamentul Industriei Alimentare)

Str. Walter Maracineanu Nr. 37
Tel: 40. 0. 15 93 13
Telex: 11 191; 11 192

15. Ministry of Education and Science
(Ministerul Invatamintului si Stiintei)

Str. General Berthlot Nr. 30
Tel: 40. 0. 14 45 88
Telex: DB-R-11 637
Fax: 40. 0. 15 77 36

16. Ministry of Public Works and Land Improvement
(Ministerul Lucrarilor Publice si Amenajarii Teritoriului)

Str. Apollodor Nr. 17
Tel: 40. 0. 81 39 03
Telex: 11 727

17. Ministry of Environment
(Ministerul Mediului)

B-dul Libertatii Nr. 12
Tronson 5-6
Tel: 31 61 04
Telex: 11 457
Fax: 40. 0. 31 64 86

18. Ministry of Culture
(Ministerul Culturii)

Piata Presei Libere Nr. 1
Tel: 40. 0. 17 09 06

19. Ministry of Labor and Social Protection
(Ministerul Muncii si Protectiei Sociale)

Str. Onesti Nr. 2
Tel: 40. 0. 15 65 63
Telex: 11 742
Fax: 40. 0. 13 87 64

20. Ministry of Youth and Sports
(Ministerul Tineretului si Sporturilor)

Str. Vasile Conta Nr. 16
Tel: 40. 0. 10 71 40
Fax: 40. 0. 12 01 61
Telex: 11 180

21. Ministry of Health
(Ministerul Sanatatii)

Str. Ministerului Nr. 1-3
Tel: 40. 0. 14 15 26
Telex: 11 982
Fax: 40. 0. 15 61 92

APPENDIX VI

AGREEMENTS SIGNED BY ROMANIA FOR AVOIDANCE OF DOUBLE TAXATION

No. Country	Date of Signature	Date of Entering Into Force
1. Federal Republic of Germany	1973	1975
2. U.S.A.	1974	1976
3. France	1974	1975
4. Great Britain	1976	1976
5. Japan	1976	1978
6. Belgium	1977	1978
7. Italy	1977	1979
8. Denmark	1977	1977
9. Finland	1978	1978
10. Austria	1978	1979
11. Sweden	1978	1978
12. Pakistan	1979	1980
13. Spain	1979	1980
14. Canada	1979	1980
15. Egypt	1980	1981
16. Holland	1980	1980
17. Sudan	1981	1981
18. Norway	1981	1981
19. Cyprus	1982	1982
20. Morocco	1982	1982
21. Malaysia	1983	1984
22. Jordan	1984	1984
23. Zambia	1984	1984

Note:

1. Agreements to be ratified with: Sri-Lanka;
2. Agreements to be signed with: Yugoslavia;
3. Agreements in negotiation with: Portugal; Syria; Greece; Nigeria; Argentina; Philippines; Ivory Coast; India; Thailand; Turkey; and China.

ROMANIAN DEVELOPMENT AGENCY
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ROMANIAN DEVELOPMENT AGENCY

ROMANIAN DEVELOPMENT AGENCY

Your Investment Guide to Romania

ROMANIAN DEVELOPMENT AGENCY

Board of Directors:

Chairman of the board President of ARD (State Secretary)	**Misu Negritoiu**
Deputy Chairman of the Board Vice President (Under State Secretary)	**Petre Szel**
Member (Under State Secretary)	**Nicolae Grigorescu**
Member (Director General)	**Emilian Ijdelea**
Member (Director General) - Acting.-	**Cornel Verescu**
Member (Director General) -Acting.-	**Florin Bonciu**
Member (Adviser to the President)	**Ion Petrache**
Member (Adviser to the President)	**Costea Munteanu**
Member (Legal Advisor to the Government)	**Dumitru Creanga**

ROMANIAN DEVELOPMENT AGENCY

The Romanian Development Agency (ARD) was established by the Government Decision No.182/20 March 1991, following the reorganization of the former Romanian Agency for the Promotion of Foreign Investment and Economic Assistance. ARD was a separate legal entity and functions as a public institution. It owns property and is directly responsible to the Government.

The main aim of ARD is to assist the Government in defining and directing policy measures that relate to economic development based on foreign capital, in order to ensure that there is a correlation between those policy measures and the present economic reform programme.

ROMANIAN DEVELOPMENT AGENCY

Message from the President

For many countries, especially developing countries, the need to do something to attract more foreign investment has taken on a new urgency during the 1980s. Accordingly, competition by governments in the effort to attract foreign capital has much sharpened. To this one should add the entry of new players - the Eastern European Countries. In fact, this competition is not entirely new; what is new is its aggressiveness and intensity.

And, all this at a time when foreign investment is regarded as of crucial importance to the process of economic reform that the Romanian authorities have set in motion. Consequently, one of ARD most important targets for the years to come is to inprove Romania's position within the new competitive foreign investment environement. Providing information to potential investors, creating a new image of Romania as a place to invest and facilitating their entry into the Romanian market are therefore tools available to us in order to achieve our goals.

This booklet is intended to provide you with a more clear - cut understanding of ARD's operations. You will find out who we are, how we are organized, and that we can offer to you.

It is also our hope that this booklet will demonstrate that your first contact on visiting Romania should be the Romanian Development Agency.

We look forward to welcoming you to our country.

Misu Negritoiu

President

APPENDIX C

As Consultant to Prospective Investors

Provides guidance and renders services as are necessary to ensure the smooth implementation of investment projects.

Undertakes follow - up action to assist investors in implementation of approved projects.

Expedites the processing of applications and certificates.

Assists and **advises** investors on matters relating to customs, labour, utilities machinery, environment, taxation etc.

Acts as facilitator to would - be investor, all the way from helping them get through arrival/departure formalities and services, to helping business find suitable space, accommodation, telecommunication services, secretarial help, etc.

As an Investment Adviser to the Government ...

Is the **focal point** for the Government's efforts both to coordinate foreign economic assistance and to promote foreign investment.

Assists in tailoring government policies designed to improve Romania's position within the new competitive foreign investment environment.

Develops plans to increase foreign investment and methods to create more beneficial international government and media relations.

Coordinates, negotiates and **identifies** all available foreign technical assistance, both multilateral and bilateral, and channels it, by agreement with the donor country, towards the priorities and the restructuring of the Romanian economy.

Keeps the Government and the media informed of the activities of the foreign ventures and the problems that comfort foreign investment community.

Follows the implementation of the laws, rules and regulations governing foreign investment and tries to determinate problems and difficulties.

ROMANIAN DEVELOPMENT AGENCY

Proffesionals to contact according to specialised area of activity...

DIRECTORATE GENERAL FOR FOREIGN INVESTMENT		
Director General	Emilian IJDELEA	
DIVISION OF AGRICULTURE, INFRASTRUCTURE, ENVIRONMENT, REGIONAL PROJECTS		
Privatization - related projects, UNIDO	Adrian CIOBANU	Deputy Director
Transportation, Public Works, Land Administration	Vlad PRODAN	Project Analyst
Environment, Protection Projects	Catalin SEICHEA	Project Analyst
DIVISION OF RESOURCES AND INDUSTRY		
Director	Iosif ALB	
Energy	Catalin SEICHEA	Project Analyst
Mining, Oil, Geology	Vlad PRODAN	Project Analyst
Telecommunication	Valentin TIC	Project Analyst
Electronics, Fine Mechanics, Machine Building	Camelia CHIRESCU	Project Analyst
Metallurgy, Building Materials, Waste Recycling	Simona FILOTI	Project Analyst
Chemistry, Petrochemistry	Lucian STANCU	Project Analyst

[redacted]

ROMANIAN DEVELOPMENT AGENCY

DIVISION OF FOOD AND LIGHT INDUSTRY, TRADE, TOURISM, FINANCE AND OTHER SERVICES		
Director	Doina SOARE	
Food Industry, Textile and Leather Industry	Gabriel MIHAIL	Deputy Director, Project Analist
	Cristina AXENTE	Senior Project Analyst
Wood Products, Glassware, Ceramics	Adriana BANCEU	Project Analyst
Trade, Finance, Banking, Insurance, Handicraft	Paula HENTES	Senior Project Analyst
Tourism, Health, Culture, Education, Social Protection, Sports	Mihaela BURADA	Project Analyst

ROMANIAN DEVELOPMENT AGENCY

Proffesionals to contact according to specialised area of activity...

DIRECTORATE GENERAL FOR FOREIGN RELATIONS AND ECONOMIC ASSISTANCE		
Director General (acting)	**Cornel VERESCU**	
DIVISION OF BILATERAL RELATIONS		
Director	**Cornel VERESCU**	
Great Britain, Ireland, Iceland, France, Italy Greece, Denmark	**Adriana FLESCHIU**	Deputy Director, Senior Desk Officer
Holland, Australia, New Zeeland, Turkey, Africa	**Narcisa POPESCU**	Desk Officer
Germany, Switzerland, Austria, Belgium, Luxemburg, Sweden, Finland, Norway	**Cristina NITESCU**	Desk Officer
United States of America, Canada, Latin America, Spain, Portugal	**Serghei FLORICEL**	Desk Officer
Japan, Asia, Middle East	**Dorimell POPESCU**	Desk Officer
DIVISION OF INTERNATIONAL ECONOMIC ORGANIZATIONS		
Director	**Nicolae IDU**	
European Communities (EC)	**Maria Angela STOLNICU**	Desk Officer
"	**Catalin GURAN**	Desk Officer

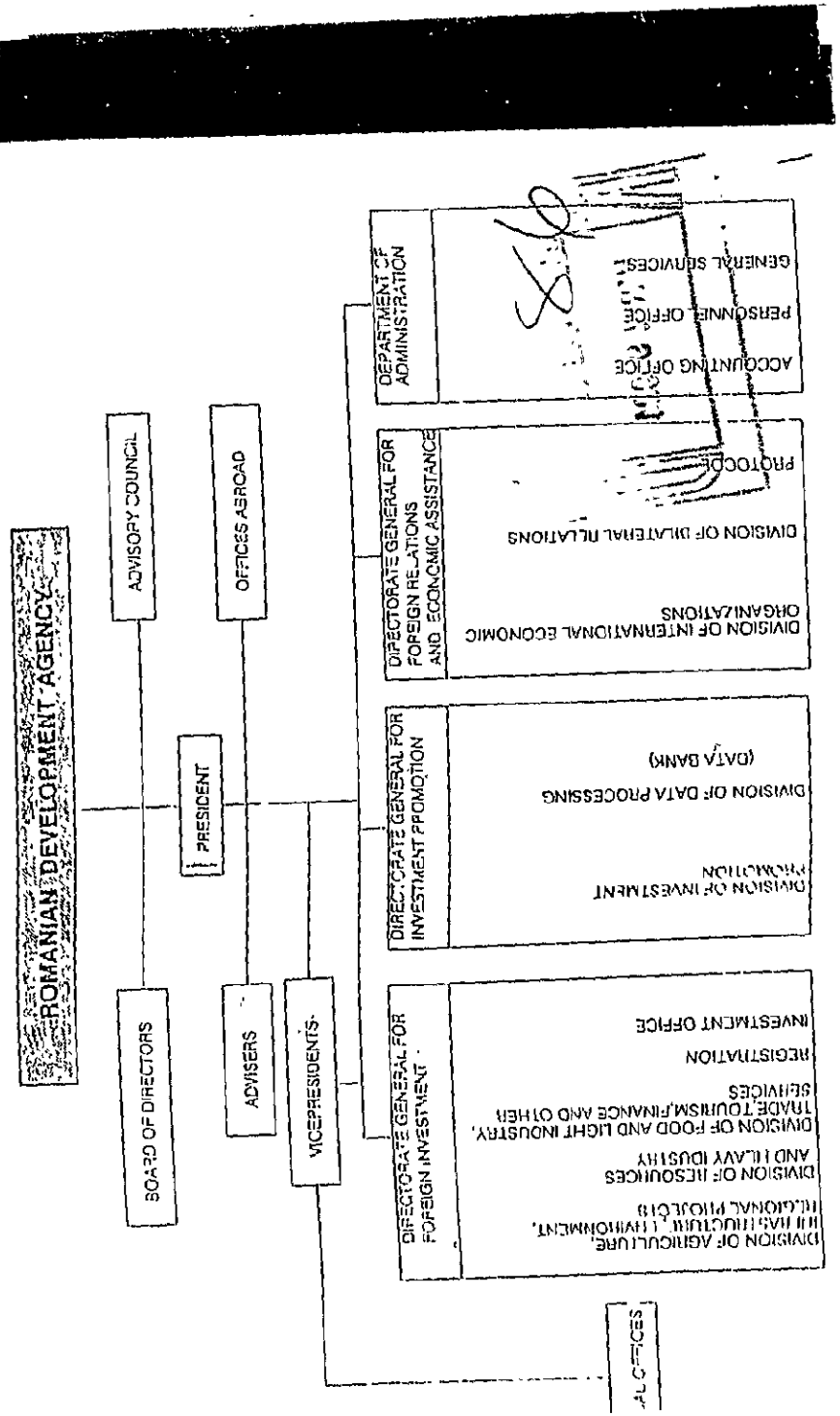
ROMANIAN DEVELOPMENT AGENCY

"	**Ina Valentina ILIESCU**	Desk Officer
IMF, EBRD, EIB, World Bank Group	**Marian EMIL**	Senior Desk Officer
OECD, EFTA, GATT, UNCTAD, G 24	**Nicolae IDU**	Director

ROMANIAN DEVELOPMENT AGENCY

Proffesionals to contact according to specialised area of activity...

DIRECTORATE GENERAL FOR FOREIGN INVESTMENT PROMOTION		
Director General (acting)		**Florin BONCIU**
DIVISION OF INVESTMENT PROMOTION		
Director		**Florin BONCIU**
Seminars, Fairs, Exhibitions	**Felicia MILCU**	Investment Promotion Manager
Promotional Literature	**Diana STEFANESCU**	Investment Promotion Officer
"	**Dana DRAGOSTIN**	Investment Promotion Officer
"	**Rodica MILU**	Investment Promotion Officer
Foreign Investment Research	**Anda MAZILU**	Research Fellow
Design, Stationary and Related Materials	**Clarissa UDRESCU**	Architect
Judicial Counseling	**Corina PREJMEREAN**	Legal Advisor



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APPENDIX D

National Agency for Privatization
General Division for International
Relations and Cooperation.

Proposal for financial support from
US-AID for the achievement of the
public relations programme

The contract concluded with DRT Europe Services (consulting firm financed through PHARE Programme) includes also the achievement of a public relations programme for promoting the notions related to a market economy.

Our department for public relations has imagined within the programme a TV serial (30 minutes weekly) used for developing the economic culture of the population and the right understanding of the measures taken within the frame of the economic reform.

For this purpose the financial assistance from US-AID and its cooperation with DRT Europe Services' subcontractor for public relations are the main premises for the achievement of this TV programme and subsequently for obtaining a proper attitude of the romanian people towards the market economy.

GENERAL MANAGER

Emilian Dodu

US/DL/3 ex.
25.01.91

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The holders of the pre emption right shall state their intention to exercise it within 30 days from their receipt of the notification
When this deadline expires, the co-owners or neighboring owners pre emption right is considered extinguished
The pre emption right in alienating land goes to the state through the Rural Development and Planning Agency which is obliged to announce its decision before the deadline stipulated in paragraph 4.
If the Agency does not announce its decision before this deadline, the land is sold freely.

Art.49 The alienating act concluded in violation of the pre emption right stipulated by art 48 is liable to be annulled

Art.50 The farmland outside the village cannot be the object of forced or voluntary execution except in the instance stipulated by the law

Art.51 The exchange of land between natural persons is done with their agreement, through authentic deeds, the provisions of art 46 being applicable
The exchange of land between legal persons administering land of which the state owns most shares or between legal and natural persons is only done with the approval of the Ministry of Agriculture and Food or the Ministry of the Environment, on a case by case basis
Through the exchanges made, every plot of land acquires the juridical status of the plot it replaces, with the observance of real rights.

Art.52 The new owners are put in possession of the land according to art 51, paragraph 2, by the delegate of the county land survey and physical planning office, in the presence of the parties concerned, being registered in the land surveys and the farming register.

Chapter 5
The Use of Land for Farming and Forest Production

Art.53 All farmland owners are obliged to secure its cultivation and soil protection.

Art 54 The land owners who do not fulfill the obligations stipulated in art 53 will be summoned in writing by the communal, town or municipal councils to perform these operations
Those who do not comply with the summons and do not perform the obligations before the deadline set by the local councils for reasons attributable to them shall be fined 5,000 or 10 000 lei per hectare, yearly, in keeping with the land usage category
The fine follows the motivated decision of the local council and the money shall be included in the local budget

Art.55 All persons having land allotted to them for use in keeping with this law who do not fulfill the obligations stipulated in art.53 shall be summoned in keeping with art 54, paragraph 1
Those who do not comply with the summons and do not fulfill their obligations shall be fined in keeping with art.54 paragraph 2.
After a 2 year period they lose the right to use the land

Art.56 Changing the usage category of the legal persons farmland into other categories can be done with the approval of the specialized county farming body, only in the following instances.
a) the arable land in hilly areas, making up enclaves within vineyards and orchards established by the specialized bodies of the Ministry of Agriculture and Food can be turned into vineyards and orchards;
b) the arable land in plain areas necessary for rounding off vineyards producing table grapes and raisins, and peach and apricot plantations established by the specialized bodies of the Ministry of Agriculture and Food can be turned into vineyards and orchards,
c) the arable land on sandy soil can be turned into vineyards and plantations,
d) the land recorded as arable, lying in sloping hilly and mountainous areas affected by surface and deep erosion, by active or semistabilized landslides which can no longer be meliorated and preserved for this use can be turned into pasture and hayfields,
e) the arable land lying in rivers' or the Danube's beds, which cannot be profitably used for other farming purposes, can be turned into fish farms.

Art.57 Changes of the usage category of the arable land others than the instances mentioned in art 56 - pastures and hayfields, vineyards and orchards - owned by juridical persons of which the state holds most shares shall be approved by the Ministry of Agriculture and Food
The change of the forestland category - forests, osier plots, shrub plantations, held by legal persons - shall be approved by the Ministry of the Environment
The change of usage of the farmland representing historical monument protection areas can be done with the approval of the national board on historical monuments, ensembles and sites

Art.58 Soil protection and melioration is achieved through works meant to prevent and fight soil degradation and pollution caused by natural phenomena or by economic and social activities
The works required for soil protection and melioration are established on the basis of studies and drafts worked out on request by specialized research and design bodies, together with physical planning bodies, and are carried out by the landholders or by their care, by units specialized in such works
The state backs the achievement of soil protection and melioration works partially or completely bearing the costs, within the limits of the approved budget allowance, on the basis of justifying reports worked out by research and design units, endorsed by the specialized county farming bodies and approved by the Ministry of Agriculture and Food.

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irrigation and draining canals and other compulsory limits in the territory, so that they should not be a hindrance to the farm works.
Approval for occupation of land in such cases is to be given by the county or Bucharest city Office of Cadastre and Territorial Planning, irrespective of the extent of the area needed, based on the holders agreement
Approval in other conditions than stipulated in paragraph 1 is to be issued by the bodies stipulated in art.73 and 74.

Art.82 The occupation of the land necessary for mending break-downs and carrying out maintenance works on the projections stipulated in art 81, that are urgent and performed inside 30 days, shall be made based on the land holders previous agreement or, if they refuse, with the approval of the county prefect's office or the Bucharest city mayor's office.
In all cases the land holders are entitled to refund for the damage caused

ADMINISTRATIVE CONTENTIOUS LAW No.29

Art.1 Any physical or legal person considering himself injured, either in his rights legally acknowledged by an administrative document or owing to the unjustified refusal of an administrative authority of solving the request on a legal right, may apply to the competent court in order to render the document void, to acknowledge the claims right and to compensate for the loss that was brought on him.
The law considers it unjustified refusal of solving the petition referring to a legal right the fact of failing to answer the petitioner within 30 days since the petition was registered, unless the law foresees another term.

Art.2 One cannot sue the following
a) documents with regard to the relationship between the Parliament or the President of Romania and the Government; the administrative authority documents and the administration documents of the Parliament's leading bodies, theadminstrative documents with regard to the home and external safety for the State, as well as those related to the assuming and application of the international documents Romania is part of, urgent measures taken by the executive power bodies in order to avoid or smooth out the effects of certain events of public danger, such as the documents issued in a state of necessity or with a view to fight nature's calamities, wood-fire, epidemic and epizootic diseases as well as other events of similar severity,
b) military command documents,
c) administrative documents meant to be canceled or modified by other legal proceedings foreseen by a special law;
d) administration documents issued by the State as a legal person and for the administration of the patrimony,
e) administrative documents adopted in discharging the abilities of hierarchical control

Art.3 The petitions for fixing and reducing the taxes and rates, as well as fees foreseen by the taxes and laws are solved by the bodies stipulated in the special law, within the required condition.

Art.4 The administrative and jurisdiction documents except those foreseen on Art 3 and those situated in the field of infringements-may be attacked by appeal, after all the administrative-judicial steps have been eliminated, within 15 days since the communication was made, at the Contentious Department of the High Court of Justice
The sentence of the High Court of Justice is definitive

Art.5
Before one asks the court to annul his document or force its issue, the injured part will apply for the defense of his right (within the period of 30 days since the document was

Likewise, the buildings that by their nature cannot be emplaced inside the localities, as well as animal sheds, are excepted

Art.71 The emplacement of the buildings of any kind in farm land outside the locality in areas of quality class I and II, in improved land, as well as in vineyards and orchards, national parks, reserves, sites with monuments, archaeological and historical developments is forbidden.

Excepted from the previous paragraph provisions are the buildings serving for farm activities, having military uses, the railways and highways of outstanding importance, high voltage lines, well drilling and equipment, works connected with the crude and gas exploitation, gas or oil mainlines, water husbanding works and works to produce water sources.

The definitive removal of land from farm and forestry circuit shall be made with the payment, by the approval nominees, of their value to the owners and the taxes stipulated in Annexes 1 and 2. These taxes make up the "Land Improvement Fund" at the disposal of the Ministry of Agriculture and Food and the Ministry of the Environment

The taxes stipulated in the paragraph above are not due for the land definitively removed from agricultural and forestry circuit for buildings serving agricultural and forestry activities, the land improvement works, the river adjustment, the creation of drinking water sources and meteorological projects

Art.72 For the temporary removal of land from agricultural and forestry production, the nominee of the approval shall deposit a money guarantee equal to the tax stipulated for the definitive removal of land from farm circuit, to the "Land Improvement Fund"

After the compliance with the duties stipulated with regard to the reclamation of the land, upon the confirmation of the agricultural or forestry county bodies and of the land owner, the nominee shall receive the deposited guarantee

If the nominee of the approval does not perform the works in due quality and time terms stipulated in the papers of approval, the specialty agricultural or forestry body noting the actual situation, shall dispose that he performs the reclamation worked on expenses from the deposited guarantee

If the nominee of the approval does not perform the works in the new time and at the quality level set by the agricultural or forestry body, the whole guarantee remains with the 'Land Improvement Fund'

Art.73 The definitive or temporary use of farm land for purposes other than farm production shall be approved as follows.

A. By the county agricultural bodies, through the Office of Cadastre and Territorial Planning of the counties or Bucharest city, for the farm land of up to one hectare. The approval for any extension of this area is to be issued by the Ministry of Agriculture and Food

B. By the Ministry of Agriculture and Food, for the farm land with an area of up to 100 hectares

C. By the Government, for the farm land exceeding 100 hectares

Art.74 The definitive or temporary use of wood land for other than forestry purposes shall be approved by the county forestry body up to one hectare, by the Ministry of the environment for land up to 100 hectares, and by the Government, for areas bigger than that

Art.75 The approval stipulated in art.73 and 74 is conditioned upon the previous agreement of the land holders.

Likewise, the advice of the farm or forestry county bodies and of Bucharest city, as the case may be, is necessary in order to set the approval stipulated in art.73, let. B, and C and art. 74

Art.76 On applying for approval to the Government, it is compulsory that one shall produce also the advice of the Ministry of Agriculture and Food for the farm land and of the Ministry of the Environment for wood land and water covered land and, if the case is so, of the Ministry of Culture for monuments protection

Art.77 The land inside localities is that which existed on January 1, 1990, registered in the land Cadastre, it may be modified only in compliance with the law

Art.78 The land in the deserted beds of rivers, made available pursuant to adjustment works, shall be developed for farming, fish farming, or, as the case may be, as wood land, concomitant with the basic works performed by their holders

Art.79 The nominees of the investment projects or of productions emplaced in farm and wood land have to take steps beforehand for stripping the layer of fertile soil off the sites approved for emplacement, which they shall deposit and level up on infertile or poorly productive land pinpointed by the agricultural or forestry bodies, in view of turning to advantage or improving it

The deposit may be done only with the agreement of the land owners. They may not be forced to any payment for the additional value thus obtained, nor can they claim damage for the period in which the land cannot be used

Art.80 The nominees of the investment or production works that hold land which they no longer use in production, like the land left belong raw materials excavations - coal, kaolin, clay, pebbles -, abandoned wells and the like, are bound to take the necessary steps for laying out and leveling the land up, giving it a farm use, and if that is not possible pisciculture or forestry use

The end-users of the works stipulated in paragraph 1 shall not be given permission to more land remove from farm or forestry production if they did not comply with the provisions of this article

These works shall be carried out by specialized units of the Ministry of Agriculture and Food and the Ministry of the Environment, on the end users account, in keeping with the law

Art.81 The telecommunication, transport and electricity lines, the conduits for water supply and sewerage, the oil and gas pipes and other similar installations, shall be prompted and emplaced along and near the communication ways - highway and railways -, dams.

Art.59 For the coordinated performance of the works of common interest, in keeping with the needs of agriculture, forestry, water management, ways of communication, human settlements or other economic and social projects, the technical economic and ecological documentation will be worked out jointly by the parties concerned. The documentation will fix the parties contribution and the sequence of the operations.

Art.60 The works regulating the flow of water and slopes and training torrents, which serve the protection and conservation of irrigation, embankment, and draining works, of storage lakes or other hydrotechnic projects, ways of communication or economic and social projects, shall be performed simultaneously with the basic works.

Art.61 The land that, by degradation and pollution has completely or partially lost its yield for agricultural or forestry cultures shall be organized in improvement areas.
The groups of land going to improvement areas shall be established by the Ministry of Agriculture and Food and the Ministry of the Environment, upon proposals relying on records presented by communes, towns and cities. The improvement areas shall be delimited by commission of experts the composition and rules of operation of which shall be set by the Ministry of Agriculture and Food and the Ministry of the Environment.
The surveys drawn up shall be advised by the farm, forestry and environment county bodies and shall be advanced to the Ministry of Agriculture and Food that, together with the programs of design, financing and execution.

Art.62 The holders are bound to make available the land in the improvement area for the carrying into effect of the measures and works stipulated in the improvement project, while retaining the right of property. The mayor's office may include a certain area of land in the above mentioned category with the owner's agreement. If the owner does not agree, the mayor's office shall advance substantiated proposals to the prefect's office that will make the decision.

Art.63 In the interest of the works of torrent adjustment and water management, the state may operate equivalent changes of land with the owners in the area, when permanent lay out is to be performed in their land. The change shall be made only with the owner's agreement, under authentic paper registered in the cadastre.

Art.64 The degraded and polluted land included in the improvement areas is exempted from taxes and duties to the state, county or commune as long as the improvement lasts.

Art.65 The works of laying out and turning to advantage the degraded land in the improvement areas shall be performed by specialized units, in keeping with the specific of the works.
The works for land consolidation, like earthworks, modeling, levelling, soil fixation, grassing, afforestation, torrent adjustment and fencing, roads, bridges, little bridges, with a permanent character shall be on the state's account, according to the improvement project.

Art.66 The state shall supply free of charge the necessary materials - grass seeds, seedling, amendaments and technical assistance in the performance of the works to the holders of degraded land, even if it is not enclosed in an improvement area, who, on their own or in association want to do, of their own accord, grassing, afforestation, soil reaction adjustment or other improvement works in their land.
The holders who receive materials for grassing, afforestation and amendament and do not use them for the purpose they asked them for are bound to pay for them.

Art.67 The necessary funds for the investigation, projection and carrying out of the works stipulated in the projects of laying out, improvement and capitalization of the degraded and polluted land comprised in the area shall be provided, according to the specific of the works, by the Ministry of Agriculture and Food, the Ministry of Environment and other ministries concerned, from the improvement fund and by budget earmarking.
The necessary funds may be increased through the participation of the communes, towns cities and counties, the contribution in work or cash of all those concerned in the works, the holders of the land, the inhabitants who benefit directly or indirectly from the improvement and the institutions, companies and societies whose works of art, roads, bridges, railways, structures and the like take advantage of the land development and improvement works.
If it is proved that certain areas were removed from agricultural or forestry production by land degradation or pollution through the activity of natural or legal persons, the owners, mayor's office or the agricultural or forestry body may demand that the culprits shall cover the expenditures required by the works for the land recovery and improvement.

Art.68 The Ministry of Agriculture and Food, the Ministry of the Environment, together with the Academy of Agricultural and Forestry Sciences shall take steps for the development of the national system of surveillance, assessment, forecast and warning on the state of quality of the farm and wood land based on an information system provided with data banks at a national or county level and shall propose the necessary steps for the protection and improvement of the land to the end of maintaining and increasing the yield.

Chapter 6
The Temporary or Definitive Use of Land for Purposes other than Farm and Forestry Production

Art.69 The temporary or definitive use of farm and wood land for other purposes than farm and forestry production shall be made only in conditions provided for by the law.

Art.70 The emplacement of the new buildings, of any kind, shall be made inside the localities.
By way of exception, some buildings which, by their nature, can give rise to polluting effects for the environment factors, may be emplaced outside the localities. In that case, the emplacement shall rely upon ecological surveys advised by specialty bodies regarding environment protection.

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forwarded to him or at the expire of the term foreseen on Art.1 par 2) to the issuing authority who is obliged to solve the complaint within 30 days
In case the one considering himself injured is not satisfied with the solution of his complaint he may intimate the court within 30 days since the solution was communicated
If the one considering himself injured in his rights forwards his claim to a higher administrative authority, the time period of 30 days foreseen on the above paragraph will start with the date of the solution given by the higher authority.
The intimation of the court will be also made in case the administrative issuing authority or the higher one do not solve the complaint within the time period foreseen on par.1
In all cases the petition will not be registered at the court within a period longer than a year since the administrative document subject to annulment was made known

Art 6 The judgment of the intimations made by dint of the Art 1 of the law falls within the competence of the county court or of the district courts in Bucharest.
The court urgently judges the intimations in public sittings in a penal of two judges
The issues will be drawn up in a maximum period of 5 days

Art 7 The intimations made by dint of the present law are subject to stamp taxes foreseen by the law for the intimations having a nonpatrimonial or common patrimonial character, but the maximum amount of 1 000 lei will not be exceeded

Art.8 The petitioner will register concomitantly with the lawsuit the administrative document he sues or, depending on the case, the answer of the administrative authority communicating the refusal of solving his request concerning a legally acknowledged right
In case the petitioner receives no answer to his petition, he will file the copy of the petition certified for its equivalence with the original

Art 9 In well grounded cases and in order to prevent an imminent damage, the petitioner may ask the court to order the suspension of the administrative document until the case is solved
The court will urgently solve the suspension request even without the summoning of the parts; the decision issued in this case is legally executor

Art.10 When receiving the intimation, the court will order the summoning of the parts and will be able to ask the authority whose document is attacked to urgently forward that document, together with the whole documentation which lies at the foundation of its issuing, as well as any other papers requested for the clearing up of the case
Similar steps will be taken in case the rejection of the solution to the claim concerning a legally acknowledged right is unjustified
If the administration authority does not send the requested document within the period set by the court, the leader of the former will have to pay 500 lei a fee for each day of unjustified delay

Art.11

When solving the case the court may accordingly annul either totally or partially the administrative document, force the administrative authority to issue an administrative document, a certificate, a voucher or any other written paper
The court is competent to declare its verdict also with reference to the lawfulness either of the documents or of the administrative proceedings which lie at the basis of the issuing of the document subject to judgment.
In case the petition is admitted, the court will also decide both upon the material and moral losses.

Art.12 In case the injured part claims the annulment of the administrative document but not damages, as the amount of the loss is unknown to him when the annulment case is judged, the prescription term for the damage claim starts at the date he will find out or should find out the amount of the loss

Art.13 The intimations foreseen by the present law may be also personally formulated against the employee of the defendant authority who issued the document or who is guilty of refusing to solve the petition, in case one claims to recover the damages brought about by the injury or by the delay
If the case is accepted, the guilty person may be obliged to pay damages together with the administrative authority
The defendant may call as a warrant his superior who ordered him in written form to sign the document being judged in terms of lawfulness - either total or partial

Art.14 The decision of the county court or of the Bucharest court which solved the case foreseen by the present law, may be attacked by appeal at the High Court of Justice within 15 days since the decision was made known
The appeal may suspend the execution

Art.15 The High Court of Justice will urgently judge the appeal
In case the appeal is accepted, the High Court of Justice will rejudge the ground litigation after having annulled the sentence

Art.16 If, after the case is accepted, the administrative authority is obliged either to replace or to modify the administrative document, to issue a certificate, a voucher or any other written paper, the execution of the definitive sentence will take place within the period foreseen by the law, or, if the period is not mentioned, in max 30 days since the sentence was made definitive.
In case the period of time is not observed, the leader of the administrative authority will be sanctioned according to the provision of Art.10 par 3, and the claimant will be indemnified for the delay The court urgently decide in the council chamber on the claimant's request with the summoning of the parts, no stamp tax being necessary, the sentence is definitive and executory
The leader of the administrative authority may bring action against the ones guilty of failing to execute the decision, according to the common law

Art.17
Departments of administrative contentious will be set up at the High Court of Justice at the

) organizes seminars and preparation courses for management and executive personell, w h the contribution of Romanian or foreign experts

Art. 6 The **Romanian Development Agency** carries out any other tasks provided for by the law or by Government decisions.

Art. 7 To carry out its tasks, the **Romanian Development Agency** is entitled, with observance of the legal provisions, to,
a) make contracts with the specialized institutions and higher education institutions for research, design and economic analysis;
b) pay for consulting services technical assistance and expertise both in Romania and abroad;
c) make contracts for publishing and advertising services

Chapter 3
Management and Administrative Body

Art. 8 The management and administration of the **Romanian Development Agency** is ensured by

8.1. The President,

8.2. The Management Committee,

8.3. The Advisory Council

Art. 9 The President is appointed by Government Decision and has the following tasks
organizes and directs the Agency's current activity;
represents the Agency in its relations with state bodies, judicial institutions and Romanian natural or legal persons,
represents the Agency in foreign relations,
employs and dismisses the personell,
approves bussines trips in the country and abroad,
The President adopts Decisions;
The President is assisted by a Vicepresident who is his lawful deputy

Art. 10 The Management Committee includes 7-9 members, namely,
- The President and Vicepresident,
The General Directors,
Experts and well known specialists in the Agency's field of activity,
The Management Committee meets weekly in ordinary meetings, or whenever necessary at the President's request
The main tasks of the Management Committee are to

- approve the undertakings made by the Agency as per Art 7;
- draw up the Work-Program and the Budget, which is submitted to the Government for approval;
- prepare the annual report and the balance sheet, which are submitted to the Governme for approval;
- periodically analyse the activity of the Agency departaments'
- make decisions regarding the setting up of regional offices in Romania or representatic offices abroad and of consulting offices;
- study the most important investment projects
The Management Committee adopts Decisions.

Art.11 The Advisory Council consists of 17-21 members representing the **Romani. Development Agency**, the Ministry of Foreign Affairs, the Ministry of Finance, the Minist of Resources and Industry, the Ministry of Commerce and Tourism, the Ministry of Agriculture and Food Industry, the Ministry of Communications, the Ministry of Public Works, Transportation and Territorial Planning, the Chamber of Commerce and Industry the National Agency for Privatization, the National Bank, other banks, the private entrepreneurs' associations, as well as other experts and specialists
Membership in the Advisory Council is approved by Prime Minister's Decision.
The Advisory Council is chaired by the President of the Romanian Development Agency and meets for quarterly sessions.
The Advisory Council debates and adopts recommendations regarding:
- main orientations, in the economy, of the foreign capital resources;
- sectoral restructuring policies and strategies with the support of foreign investments.
- improvement of the legal framework regarding the foreign investments.
- economic analysis of investments' impact on the Romanian economy,
- foreign investment and the privatization process;
- any other issues raised during the debates by the Members of the Management Committee or of the Council.
The Members of the Advisory Council ensure the liaison between the Romanian Development Agency and the governmental or non-governmental bodies which they represent.

Chapter 4
The Budget

Art. 12 The Romanian Development Agency prepares and submits to the Government for approval its yearly budget in lei and in hard currency

12.1. The Agency's financial resources are secured by the allocation from the State Budget and by income obtained from its own activities, like: publication and distribution of promotion and information materials, organization of seminars conferences, work shop economic missions, remunerated consulting and representation services and others.

c) identifies and studies, in collaboration with other specialized domestic governmental and non-governmental institutions, the specific projects which are to be financed out of the non-reimbursable economic assistance, thus ensuring equal and free access to these resources for all public and private Romanian institutions and economic agents,
d) follows up on reimbursable financial assistance programs, undertaken or guaranteed by domestic financial and banking institutions representing the Romanian Government and makes proposals regarding their orientation according to priority development directions of the national economy,
e) ensures the colection of data and information from other ministries, departments, governmental or non-governmental institutions and from economic agents which have benefitted from foreign economic assistance granted to the Romanian Government and periodically draws up reports regarding the destination and utilization of these resources

5.2. Orientation of foreign capital resources towards the restructuring and development of priority sectors of the national economy, the privatization of the state-owned sector and encouragement of private enterprises:
a) initiates and negotiates, together with interested institutions, the drawing up of evaluation and economic analysis studies for restructuring or development at national or sectoral level;
b) prepares the list comprising the sectors, the existing projects and the new projects being offered to foreign investors, submits the same to the Government for approval and then makes it public,
c) initiates and sets up in collaboration with foreign firms the carrying out of evaluations, preparation of offers, feasibility studies and their release on the international market, identifies potential foreign investors for the promoted offers and makes recomendations and proposals for the economic agents, the institutions involved and the Government for the implementation of the projects,
d) negotiates and finalizes by Government assignment, investment projects in fields of special interest for the national economy;
e) reviews and promotes feasibility studies received from Romanian economic agents and, if necessary, makes recommendations and proposals regarding the collaboration with foreign partners or the utilization of other foreign resources
f) attracts, directs and guides potential foreign investors towards the utilisation of investment opportunities in Romania;
g) draws up studies and analyses concerning the orientation of foreign investments towards the economic development at national and sectoral levels

5.3. Correlation of foreign capital policy with the process of domestic economics reform, follow up of the preparation of the legal and institutional framework and the necessary infrastructure
a) supervises compliance by Romanian or foreign institutions or economic agents with legal provisions regarding foreign investments in Romania and makes proposals to the Government concerning the directions, methodology, and procedures for their implementation
b) initiates and, as the case may be, endorses the drafts of legal norms affecting the investment framework in Romania and the utilization of foreign economic assistance;

c) initiates, takes part in, negotiates and, as the case may be, concludes or endorses the agreements regarding the mutual guarantee and promotion of capital investments, the multilateral and bilateral programs of economic assistance and the long and medium term credit agreements devieed for capital investment in Romania,
d) keeps record of and follows up on ceased constructions, unused production, trading or service spaces or available buildings and areas, with the assistance of ministries, prefects' offices, mayoralties, in order to prepare and submit such opportunities to potential foreign investors;
e) receives, reviews, directs and registers the applications of foreign natural and legal persons interested in making investments in Romania, grants the legal incentives and issues the "Investor's Certificate",
f) evaluate the response of foreign and Romanian investors to the current problems of investment activity in Romania and promptly informs decision-making authorities to act accordingly;
g) organizes statistical evidence and the data base regarding foreign investments in Romania and supplies the Government and interested institutions with the necessary information.

5.4. Promotion abroad of investment opportunities in Romania
a) draws up and distributes presentation, information and documentation materials on the legal environment governing the foreign investment framework in Romania, the tasks of the **Romanian Development Agency** and other competent institutions;
b) promotes specific investment projects in Romania by way of specialized bulletins, articles and informative materials;
c) organizes, in Romania and abroad, seminars, conferences, work shops and debates relating to foreign investments and takes part in similar events initiated by other Romanian or foreign institutions and organizations,
d) organizes general or specialized economic missions to Romania on the basis of development guidelines and priorities established by the Government,
e) organizes meetings for exchange of experience with similar agencies or governmental and private institutions from other countries,
f) concludes arrangements and agreements for cooperation with specialized firms, institutions and associations and foreign experts for the promotion of foreign investments in Romania

5.5. Assistance provided to Romanian public and private economic agents, professional associations, governmental or non-governmental economic institutions and organizations
a) identifies, reviews and promotes the requests of domestic economic agents regarding the inducement of foreign capital and utilization of foreign economic and financial resources,
b) supports and advises the Romanian economic agents for the achievement in Romania of investment projects with foreign participation,
c) organizes negociation programs with foreign investors and specialized institutions, providing the necessary assistance,
d) organizes the participation, in Romania or abroad, of Romanian economic agents in international fairs and exhibitions, conferences, seminars and work shops;

county and Bucharest courts, with a view to solving the litigation stipulated by the present law

The contentious departments may also employ graduates of the Law Faculty - the administrative law section. Their length of service in administrative jobs is considered speciality length of service for their appointment as judges

Art.18 The stipulations of the present law will be completed with the provisions of the Code of Common law procedure

Art.19 The present law is not applied to the administrative documents issued prior to its coming into force, but to the petitions registered prior to this date; the period of 30 days - foreseen on Art 1 par 2 - begins to run ever since its coming into force

Art.20 The cases which are on the roll of the courts at the date the present law comes into force, will be judged according to the law running at the moment the court is intimated.

Art 21 The present law comes into force 30 days after its printing out in the "Monitorul Oficial"

At the same date the Law 1/1967 referring to the courts' judgment of the claimants' petitions injured in their rights by illegal administrative documents is abrogated, together with any other contrary orders

ROMANIAN DEVELOPMENT AGENCY BY-LAWS
Government Decision No.182

Chapter 1
Name, Legal Form, Term, Headoffice

Art. 1 The **Romanian Development Agency** is a legal person, functions as a public institution and is directly subordinated to the Government

Art. 2 The Agency carries out its activity on the basis of the Government Decision whereby it was established, the present By-laws, and in compliance with the legal provisions regarding public institutions.

Art. 3 The Agency is established for an unlimited term. The headoffice of the Agency is in Bucharest.

Art. 4 The **Romanian Development Agency** has in its organizational and functional structure regional centers in Romania and represention offices abroad, as well as organizationally and financially independent consulting and assistance offices

Chapter 2
Objectives and Tasks

Art. 5 The scope of the **Romanian Development Agency** is to implement the Government program for reform and economic development by inducing and harnessing foreing capital resources

For that purpose, the Agency is encharged with the following tasks:

5.1. Coordination of foreign governmental economic assistance

a) maintains permanent relations with governmental or non governmental, international, regional or national organizations and institutions that are in charge the multilateral and bilateral economic assistance programs for Central and Eastern Europe countries,

b) identifies, negotiates and directs non-reimbursable economic assistance programs according to the priority requirements of the national economy,

12.2. The expenses of the Agency cover the costs related to its functioning, publishing of promotion and advertising materials, organizing seminars, conferences, workshops, economic missions, providing qualified consultancy and representations services.

ROMANIAN DEVELOPMENT AGENCY
MAGHERU Ion, Bucharest, Romania
Fax: [illegible]
Tel: [illegible]

changes in accounts of nonresidents and in their foreign assets balance sheets, which exceed the equivalent of US $ 100 000
Reporting will be done in accordance with terms established through specific rules to be issued by the National Bank of Romania on the basis of the present regulation

Art.23 Nonobservance by the banks of the provisions of the present regulation is punishable by the authorities of supervision and control for the National Bank of Romania depending on the gravity of the facts committed, which may entail the withdrawal of the license, in accordance with the provisions of chapter IX of Law no 33/1991
In the event of noticing other nonobservance of legal provisions related to current operations and transfers of capital through foreign means of payment, the Supervision and Control Department of the National Bank of Romania will notify the relevant institutions in order to impose sanctions that they are empowered to apply

LAND LAW No.18 -excerpts-

Chapter 4
The Legal Circulation of Land

Art.45 Private landholdings irrespective of their owners are and remain in the civil circuits; they can be acquired or they can change hands in any of the ways established by the civil legislation, provided the stipulations in this law are observed

Art.46 The plots of land lying both within and without the village can change hands, irrespective of how large their area is, through legal acts inter vivos, concluded in authentic form
In all instances of acquisition through legal acts inter vivos no property can exceed 100 hectares of farmland in arable equivalent per family which is subject to the penalty of the act being declared void

Art.47 Natural persons who do not have Romanian citizenship and are not resident in Romania as well as the legal persons which do not have Romanian citizenship and headoffice in Romania cannot acquire land in any from through acts inter vivos
The persons mentioned in the above paragraph who inherit land shall alienate it within one year since the date of acquisition, under sanction of the land being transferred to state ownership and administration by the Rural Development and Planning Agency, free of charge
The persons mentioned in paragraph 1 who acquired land before the present law comes into force shall alienate it within one year since that date, under pain of the land being transferred to state ownership and administration by the Rural Development and Planning Agency, free of charge

Art.48 Farmland outside the village can be sold through the exercise of the pre-emption right
The pre-emption right in alienating any plot of land outside the village devolves on the co-owners (if any) and then to the neighboring owners, and is exerted through the Rural Development of Planning Agency.
The owner of the land to be sold is obliged to notify the Rural Development and Planning Agency, and the latter is to inform in writing the persons mentioned in paragraph 2 about this intention within 15 days since the notification date

BEST AVAILABLE COPY

ROMANIAN DEVELOPMENT AGENCY

At the Romanian Development Agency (ARD), our raison d'etre is to promote foreign investment. Our key objective is to position Romania as an emerging attractive and profitable business location in Eastern Europe. We seek to persuade prospective investors to examine Romania's investment potential in more detail.

But more than that, we want you and your company to think of us as a reliable investment partner - ready to facilitate your firm's activities in the Romanian market.

And, we would like to talk about how ARD can help you capitalized on and profit from the existing opportunities - whether through a joint venture, leasing, creating a new business or any other appropiate techniques.

ARD's specialized personnel can also provide you with more detailed information about Romania and about the investment plan that works best for you and your company.

Think again about Romania!

It is time to start a new business in a new market.

ROMANIAN DEVELOPMENT AGENCY

As an Investment Information Source ...

Provides up - to - date informations and statics on foreign investment process in Romanian economy.

Collects, analyses and **disseminates** current trade and investment information on the activities of foreign ventures.

Establishes effective promotional and informational contacts with potential foreign investors.

Conducts a vide range of public relations activities and supplies all relevant information required to set up joint activities.

Examines the investment policies and regulation of other countries, monitors national and international investment trends and conducts micro - and macro - studies on investment movements.

Cooperates with other government agencies, research institutions, and private organizations in carrying out investment - oriented research.

ROMANIAN DEVELOPMENT AGENCY

As an Investment Promotion Organization ...

Develops and **supports** the overall inward investment marketing strategy aimed at positioning Romania as an emerging attractive and profitable bussines location.

Conducts general and sector - specific investment missions from source countries o Romania and vice - versa.

Organizes general, industry - or sector specific information seminars on nvestment opportunities in Romania.

Prepares and **distributes** investment promotion literature.

Engages in tailor-made presentations, direct mail campaigns, firm - specific esearch and visits to targeted companies aimed at generating investment directly

ROMANIAN DEVELOPMENT AGENCY

As Facilitator In Matching Prospective Investors with Local Partners ...

Develops direct relations with foreign public and private companies and firms, associations, national, regional and international banks and funds, and other international organizations in order to find potential partners for Romanian investment projects. **Acts** as a center of reference for foreign investors interested in establishing joint ventures in Romania; **responds** to their queries, **puts them into contact** with Romanian firms.

Identifies local projects proposal for promotion to potential foreign investors.

Attracts, directs, and **guides** potential foreign investors towards the utilizations of investment opportunities in Romania.

Enables connections to be made between potential foreign investors and Romanian public and private partners.