LAW no. 243 of December 20, 2019 on alternative investment funds, amending and supplementing certain normative acts

The Parliament of Romania hereby adopts this law.

TITLE I: Organization and operation of alternative investment funds

CHAPTER I: General Provisions

Art. 1

(1) This law regulates the establishment and functioning in Romania of alternative investment funds, undertakings for collective investment, other than undertakings for collective investment in transferable securities, hereinafter referred to as UCITS, regulated by the Government Emergency Ordinance no. 32/2012 regarding undertakings for collective investment in transferable securities and investment management companies, and amending and supplementing Capital Market Law no. 297/2004, approved as amended and supplemented by Law no. 10/2015, as subsequently amended and supplemented, hereinafter referred to as Government Emergency Ordinance no. 32/2012.

(2) Alternative investment funds mentioned in paragraph (1), hereinafter referred to as AIFs, shall mean those entities established in Romania either on a contractual basis in accordance with the provisions of Law no. 287/2009 on the Civil Code, republished, as subsequently amended, hereinafter referred to as the Civil Code, applicable to simple companies without legal personality, either by articles of association in accordance with the provisions of the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, hereinafter referred to as Law no. 31/1990, defined in art. 3 point 20 of Law no. 74/2015 on managers of alternative investment funds, as subsequently amended and supplemented, hereinafter referred to as Law no. 74/2015.

(3) Alternative investment funds raise capital from investors, with a view to investing it in accordance with the incorporation documents and the applicable legal framework, in their exclusive interest.

Art. 2

For the purposes of this law, the terms and expressions below shall have the following meanings:

a) articles of association - unique document defined in art. 5 paragraph (3) of Law no. 31/1990, republished, as subsequently amended and supplemented;

b) real estate asset - an existing construction, the completion of which is certified under a handover protocol of the works or a land;

c) AIFM – AIF manager defined in art. 3 point 2 of Law no. 74/2015, as subsequently amended and supplemented;

d) external AIFM - AIF manager defined in art. 3 point 3 of Law no. 74/2015, as subsequently amended and supplemented;

e) NBR – National Bank of Romania;

f) open-ended AIF – AIF defined in art. 1 paragraph (2) of the Commission delegated Regulation (EU) no. 694/2014 of 17 December 2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to regulatory technical standards determining types of alternative investment fund managers, hereinafter referred to as Regulation (EU) no. 694/2014;

g) closed-ended AIF - AIF defined in art. 1 paragraph (3) of Regulation (EU) no. 694/2014;

h) AIFs addressed to professional investors – AIFs raising financial resources exclusively from professional investors or retail investors requesting to be classified as professional investors;

i) AIFs addressed to retail investors – AIFs which may raise funds from retail investors and/or professional investors;

j) group – the group defined in art. 2 paragraph (1) point 12 of Law no. 24/2017 on issuers of financial instruments and market operations, hereinafter referred to as Law no. 24/2017;

k) credit institution - credit institution defined in art. 4 paragraph (1) point 1 of Regulation no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012;

l) financial instruments - financial instruments defined according to art. 2 paragraph (1) point 17 of Law no. 24/2017;

m) professional investor - an investor who is considered to be a professional client or can, upon request, be deemed as a professional client, within the meaning of the definitions set out in annex no. 2 to Law no. 126/2018 regarding the markets of financial instruments;

n) retail investor - an investor who is not a professional investor;

o) real estate investment - investment in real estate assets, in shares not admitted to trading on a trading venue of real estate companies, respectively shares of real estate companies whose financial statements are audited at least once per year and evaluating their assets at least annually, as well as loans granted to a real estate joint-stock company (SA)/limited liability company (SRL), under the conditions provided in art. 40 paragraph (9);

p) trading venue - a trading venue defined according to art. 2 paragraph (1) point 22 of Law no. 24/2017;

q) Investment management company (SAI) - investment management company defined in art. 4 paragraph (1) of Government Emergency Ordinance no. 32/2012;

r) Member State - a state defined according to art. 3 point 38 of Law no. 74/2015, as subsequently amended and supplemented;

s) public subscription - public subscription, as provided in Chapter II of Title II of Law no. 31/1990, republished, as subsequently amended and supplemented;

t) units – shares or fund units defined in art. 3 point 45 of Law no. 74/2015, as subsequently amended and supplemented;

u) NAV – net asset value;

v) NAVPS – net asset value per share.

Art. 3

The Financial Supervisory Authority, hereinafter referred to as the FSA, is the competent authority to enforce the provisions of this law, by exercising the powers established by Government Emergency Ordinance no. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority, approved as amended and supplemented by Law no. 113/2013, as subsequently amended and supplemented, hereinafter referred to as GEO no. 93/2012.

CHAPTER II: Authorisation and functioning of AIFs

SECTION I: General Provisions

Art. 4

(1) An AIF shall be authorized after, in advance, the FSA authorized/registered its AIFM or approved the request of an AIFM from a Member State to manage its assets, authorized the fund's rules or, as the case may be, the articles of association of the investment fund and its choice of depositary.

(2) The management of assets of an AIF by an external AIFM shall be performed under a written agreement.

(3) The deposit of assets of an AIF shall be made by a depositary registered in the FSA Public Registry, which complies with the provisions of Law no. 74/2015, as subsequently amended and supplemented, of the Commission Delegated Regulation (EU) no. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, hereinafter referred to as Regulation (EU) no. 231/2013, as well as the requirements for safe-keeping of the AIF's assets established by Law no. 74/2015, as subsequently amended and supplemented, and the aforementioned European regulation.

(4) The FSA shall decide on the issuance or withdrawal of an authorisation for an AIF within a maximum of 60 days from the registration of the application and of the complete documents provided by the FSA regulations filed by the AIFM.

(5) Any request by the FSA for additional information or amendment of the documents initially submitted shall interrupt the term provided in paragraph (4), which shall start running again as of the date of submission of such additional information or amendment made at the request of the FSA, which may not exceed 60 days after the FSA's request, on penalty of rejection the initial application.

(6) In case of rejection of an application, the FSA shall issue a reasoned decision, which can be challenged within maximum 30 days after its communication to the applicant.

(7) If he finds that the respective AIF no longer meets the legal functioning conditions, FSA shall apply the AIFM, depending on the seriousness of the deed, the penalties and/or administrative measures referred to in art. 74.

(8) The FSA may withdraw the operating license of an AIF at the request of the self-managed AIF or external AIFM managing the assets of that AIF, according to the provisions set out in paragraph (4).

(9) The authorization, conversion of units, transformation of an AIF into an UCITS, merger, de-merger and withdrawal of the operating license of an AIF shall be subject to FSA's approval.

(10) The act of signing of the agreement regarding the subscription of units of AIFs by an investor automatically entails its consent to the content of the AIF rules or articles of association, as appropriate. All AIF investors benefit from equal treatment in relation to the AIF, unless otherwise provided by the AIF rules or articles of association, by creating different classes of units. The AIFM and the AIF depositary, as well as the third parties to which activities are delegated by the AIFM or the AIF depositary shall act exclusively in the interest and benefit of the AIF investors.

(11) The AIFM shall establish the subscription and redemption policy of units of AIFs and depending on the liquidity profile, the assets eligible for investment, the time required for the voluntary liquidation of the assets and the investment portfolio of the AIF, in accordance with the provisions of the AIF rules or articles of association, considering the provisions of art. 47 paragraph (1) letter a) of Regulation (EU) no. 231/2013.

(12) By derogation from the provisions of art. 2 paragraph (2) of Law no. 74/2015, as subsequently amended and supplemented, the assets of an AIF addressed to retail investors shall be managed by an AIFM authorized by the FSA or other competent authority of a Member State or a third country or an AIFM which also holds a license as an Investment Company (SAI).

Art. 5

(1) In exceptional cases and only to protect the interest of the AIFs' unitholders, the self-managed AIF or the AIFM acting on behalf of an AIF may temporarily limit or suspend the issuance and/or redemption of units, in compliance with the provisions of the rules of the contractual AIFs or the articles of association of the investment company AIF. The fund's rules or the articles of association provide for a presentation of the exceptional cases that may cause the temporary suspension of the issuance and/or redemption of units, as well as a mention that the temporary suspension of the issuance and/or redemption of units may also occur in other

exceptional cases that may arise during the operation of the AIF and which could not be reasonably anticipated on the AIF's incorporation, to which a list of the assessment rules and investment policies used in the management of the AIF is added.

(2) The suspension decision of the AIFM or self-managed AIF will specify the period, conditions and reason(s) of suspension. The fund's rules or the articles of association explicitly provide for the possibility of extending the initial period of suspension. The suspension may be extended if the conditions and the reason(s) of the suspension are still met.

(3) In the cases referred to in paragraph (1), the AIFM or self-managed AIF must communicate, within no more than one business day, its decision to the investors, FSA and to the competent authorities of the Member States in which they market the units.

(4) For ensuring the protection of the public interest and of the investors, the FSA may temporarily decide to suspend or limit the issuance and/or redemption of the units of an AIF authorized by it. The FSA may issue regulations on the situations and conditions in which it temporarily decides to suspend or limit the issuance and/or redemption of the units of an AIF authorized by it.

5) The suspension act issued by the FSA shall specify the period, conditions and reason(s) of suspension. The FSA may decide to extend the suspension, if the conditions and the reason(s) of the suspension are still met.

SECTION II: Authorisation and functioning of contractual AIFs

SUBSECTION 2^1: General Provisions

Art. 6

(1) Contractual AIFs, hereinafter referred to as CAIFs, are entities without legal personality, established on a contractual basis in the form of simple companies without legal personality, in accordance with the provisions of art. 1.888 letter a) and of art. 1.892 paragraph (1) of the Civil Code.

(2) The fund units represent the investor's capital in the CAIFs' assets, their purchase representing the method of investing in the respective fund. The fund unitholders benefit from rights and obligations only within the value and proportion of the CAIFs' assets held by them.

(3) The initiative to establish a Contractual AIF shall belong to:

a) AIFMs authorized by/registered with the FSA, as the case may be;

b) AIFMs established in other Member States authorized under the law issued pursuant to Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010, hereinafter referred to as Directive no. 61/2011/EU, and which complies with the notification procedure provided in art. 34 of Law no. 74/2015, as subsequently amended and supplemented;

c) AIFMs established in third countries for which Romania is designated a member state of reference in accordance with the provisions of Law no. 74/2015, as subsequently amended and supplemented, and of the Commission Implementing Regulation (EU) no. 448/2013 of 15 May 2013 establishing a procedure for establishing the Member State of reference of a non-EU AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council.

(4) The offer of fund units of a CAIF can only be performed after its authorization by the FSA and registration in the FSA Public Registry, in compliance with the provisions of this law, of the FSA regulations issued in its implementation and under the conditions mentioned in the offering document and the fund's rules.

(5) A CAIF may issue several types of fund units in compliance with the regulations issued by the FSA and the provisions set out in the fund's rules and in the offering document of the CAIF.

(6) The AIFM is the legal representative of the CAIF, whose assets it manages, in relation to third parties and may take legal action or enter into legal relationships in order to protect the interests of the holders of CAIF's unit funds.

(7) The AIFM managing the CAIF's assets shall be liable severally or jointly with the CAIF's depositary, as the case may be, towards the CAIF's investors or other third parties for any breach of this law, FSA regulations or any other breach related to the CAIF's assets management.

(8) An AIFM, on behalf of a CAIF, may hold shares in the share capital of a limited liability company or a joint-stock company, in compliance with the provisions of this law, and such shares shall not be considered as part of the AIFM's estate and shall not be subject to any claim from the AIFM's creditors, including in case of bankruptcy or administrative liquidation of that AIFM.

Art. 7

(1) In order for a CAIF to be authorized, the AIFM shall submit with the FSA an application, along with the documents provided in the regulations issued by the FSA.

(2) The offering document of the CAIF, as well as any subsequent amendments thereof, shall be notified to the FSA, in accordance with the provisions of this law and of the FSA regulations. The offering document shall be drafted in the presentation format and shall have the minimum content established by the regulations issued by the FSA or by the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) no. 809/2004, hereinafter referred to as Regulation no. 2019/980, as applicable.

(3) The fund's rules, as well as any subsequent amendments thereof shall be approved by the FSA, in accordance with the provisions herein and the FSA regulations.

Art. 8

(1) The CAIF's offering document and the fund's rules shall set out at least the following:

a) the entities responsible for the management and deposit of CAIF's assets;

b) in case of an open-ended CAIF, the exact dates and time periods at which the fund units can be redeemed at the request of any investor prior to the commencement of the CAIF's liquidation, directly or indirectly, in accordance with the procedures and the frequency of repurchase set out in CAIF's rules. An open-ended CAIF shall repurchase its fund units at least annually;

c) in case of a closed-ended CAIF, the duration of the fund, the date of the fund's liquidation, the fact that the fund units cannot be redeemed by investors prior to the commencement of the fund's liquidation, directly or indirectly, from CAIF's assets;

d) the list of fees paid out of CAIF's assets, the computation method, as well as their maximum level; fees that can be paid out of CAIF's assets shall mean, without limitation thereto, the management, performance, storage, redemption fees, if any, conversion of fund units or classes of fund units' fees;

e) the list of expenses paid out of CAIF's assets;

f) the investors' rights and obligations;

g) the investment limits;

h) the method of calculating the net assets, the net asset value per share, as well as the subscription price and the redemption price of CAIF's fund units;

i) the assessment methods used, according to FSA regulations;

j) the investment strategy/policy applied in CAIF's management, the investment objective, the risks associated with it, the recommended duration of investments, the categories of eligible assets, the techniques/instruments used in portfolio management, the risk management mechanisms.

(2) The fund's rules and the closed-ended CAIF's offering document may also provide for subsequent offers of fund units. The periods in which the subsequent offers take place may not coincide with the periods in which CAIF's investors can lodge redemption requests.

(3) The fund's rules and the CAIF's offering document may provide the possibility to distribute to the investors, on certain dates or during a calendar period, the earning cumulated in a pre-settled period in CAIF's documents.

(4) The offering document shall warn potential investors, by means of a standard formula, printed on its cover, that:

a) investments in CAIF are not bank deposits, and the banks, if they hold the shareholder capacity of an AIFM, do not offer any guarantee to the investor in relation to the recovery of the invested amounts;

b) CAIF's authorisation does not in any way imply approval or assessment by the FSA of the quality of the investments in the respective fund units;

c) investments in CAIF entails not only specific advantages/benefits, but also risks associated with whether the investment strategy/policy and the CAIF's investment objective are met, including the risk of losses for investors, the value of the investment being, as a rule, proportional to the risk assumed.

(5) Each investor in fund units must sign a statement that he has received, read and understood the provisions of the offering document.

(6) CAIF's offering document shall include a list of fees charged directly to investors or paid from the fund's assets. When determining the type and value of fees, the AIFM managing the CAIF shall take into account the characteristics of the CAIF, the investment strategy and the active or passive management policy of the investment portfolio, in order not to prejudice in any way the interests of the AIF's unitholders by the computation method or the period of application of the fees imposed to them.

(7) In applying the provisions of paragraph (6), the FSA may request the AIFM managing the CAIF to review its fees policy if it finds that the interests of the AIF's unitholders are prejudiced.

(8) CAIF's rules shall also include the conditions under which the AIFM may temporarily limit or suspend the issuance and redemption of fund units, the conditions of voluntary liquidation and the orderly sale of CAIF's assets at the end of its duration, if applicable, as well as any other management mechanisms of the fund's liquidity in extreme market circumstances, with increased volatility of the financial markets, with difficulties of fair assessment and valuation of assets and/or an systemic imbalance between the request and offer of financial instruments and other assets in the CAIF's portfolio.

Art. 9

(1) The issuance and redemption of fund units shall be performed in accordance with the offering document notified to the FSA and CAIF's rules authorized by the FSA.

(2) Subsequent amendments of CAIF's offering document shall be made on the basis of an addendum to the offering document, shall be communicated to the investors after their notification to the FSA within maximum 10 business days from their implementation and shall enter into force on their communication date to the investors.

(3) In case of CAIFs addressed to retail investors, the offering document shall be published on the AIFM's website. Any amendment of the offering document of a CAIF addressed to retail investors shall be published on the website of the AIFM managing that CAIF, along with a notice informing the investors on the grounding of and detailing the changes made to the offering document, after it has been notified to the FSA.

(4) In case of professional investors CAIFs, the subsequent amendments of CAIF's offering document shall be notified to the investors through the communication channels set out by the articles of incorporation and have been notified to the FSA.

(5) Within maximum 30 days as of the date of receipt of the updated offering document referred to in paragraphs (2), (3) or (4), the FSA will be able to communicate to the AIFM any comments on the form and content of that document. In exceptional cases, the FSA may extend the 30-days period to a maximum of 45 days, if its comments on the offering document are significant.

Art. 10

The value of the total and net assets, the issuance price and the redemption price can be expressed in Lei or in freely convertible currencies, in compliance with Regulation (EU) no. 231/2013 and the regulations issued by the FSA. The currency denomination is specified in the fund's rules.

Art. 11

(1) The AIFM shall apply for authorization by the FSA of the amendments made in the CAIF's rules, according to the FSA regulations, before the entry into force of these changes, with the presentation of a grounding thereof.

(2) In view of informing the investors on the significant changes brought to the CAIF's rules referred to in paragraph (1), the AIFM shall publish on its own website or through the communication channels set out by the articles of incorporation an information notice about them within maximum two business days from the authorization date or notification date to the FSA, as the case may be.

(3) The provisions of paragraph (2) shall also apply in case of the amendments made to the CAIF's offering document notified to the FSA.

(4) In case the investors do not agree with the changes referred to in paragraph (2) brought to the CAIF's rules and/or CAIF's offering document carried out at the request of the AIFM, the AIFM shall be bound to honour the requests for full redemption of the investors logged within maximum 15 days from the information date referred to in paragraph (2), without charging fees to investors who choose to withdraw from the CAIF.

(5) The AIFM is bound to submit to the FSA, within two business days as of publication, the proof of publication of the information notice.

(6) The changes referred to in paragraph (3) brought to the existing documents at the time of authorisation of the CAIF shall be notified to the FSA within two business days from the date of their enforcement.

(7) Withdrawal of the operating licence of a CAIF at the express request of an AIFM managing CAIF's assets shall be carried out in accordance with the regulations issued by the FSA.

(8) Withdrawal of the operating permit of a CAIF's depositary at its express request shall be carried out in accordance with the regulations issued by the FSA.

SUBSECTION 2[2]: CAIFs' compartments

Art. 12

(1) A CAIF may be structured by several investment compartments, hereinafter referred to as sub-funds, having the characteristics set out in the FSA regulations and which, in turn, may issue several classes of fund units.

(2) In case of CAIFs addressed to retail investors, in order to observe the investment limits stipulated in art. 35, each sub-fund shall be deemed a separate CAIF.

(3) With a view to being authorised by the FSA, a CAIF structured by several investment compartments, the AIFM shall submit an application to the FSA, along with the documents set out in art. 7, as well as the conversion forms of fund units related to CAIF's compartments.

(4) In addition to the information provided in art. 8 paragraph (1), the CAIF's rules will also include the conditions under which the AIFM may temporarily suspend the conversion of fund units.

(5) A newly established sub-fund shall be subject to FSA's authorization. The request for authorization of the rules shall apply to each new sub-fund or class of newly established fund units and shall be supplemented by the documents provided in the regulations issued by the FSA. Assets representing investments of a sub-fund will not be considered investments of any other sub-fund and cannot be subject to any claim from the creditors of any other sub-fund.

SUBSECTION 2[3]: Master or feeder CAIFs

Art. 13

Feeder CAIFs, respectively master CAIFs referred to in art. 3 points 23 and 24 of Law no. 74/2015, as subsequently amended and supplemented, shall be organized and operate under the conditions applicable to feeder master UCITS stipulated in art. 125-147 of Government Emergency Ordinance no. 32/2012, as well as in accordance with FSA regulations.

SUBSECTION 2[4]: CAIFs admitted to trading

Art. 14

(1) In case of a CAIF whose fund units are intended to be admitted to trading on a Romanian trading venue, the proceedings for admission to trading are carried out by the AIFM which intends to set up the said CAIF.

(2) In case of CAIFs referred to in paragraph (1), the admission and withdrawal from trading shall be performed in compliance with the legal provisions in force and the trading venue managers own regulations.

Art. 15

Following admission to trading of a CAIF, the AIFM managing it, in addition to the obligation to comply with this law, shall also have the obligation to comply with the legal provisions in force applicable to the issuers of financial instruments admitted to trading on a trading venue and to the operators managing that trading venue own regulations, regarding the information, transparency and reporting obligations applicable to securities issuers.

Art. 16

The issuance price of the fund unit issued by the CAIF admitted to trading will be established by the AIFM, taking into account the minimum price step, the size of the trading blocks and the liquidity bands established by the regulations of the trading venue operator for the market/market segment related to the trading venue on which it is admitted to trading.

SECTION III: Authorisation and functioning of AIFs established as investment companies

Art. 17

(1) The provisions of this section shall apply to AIFs, with legal personality, incorporated by articles of association in the legal form of joint-stock companies in accordance with the provisions of Law no. 31/1990, republished, as subsequently amended and supplemented, hereinafter referred to as Investment Companies AIFs (ICAIFs).

(2) ICAIFs shall issue registered shares, and their subscribed share capital shall be paid in full on their incorporation date.

Art. 18

(1) An ICAIF can be managed by an AIFM authorized or registered by the FSA, by and AIFM from another Member State notified to the FSA, by and AIFM from a third country, in compliance with the provisions of art. 39 and 45 of Law no. 74/2015, as subsequently amended and supplemented, or by a board of directors and directors/supervisory board and directorship, in which case the ICAIF is internally managed or self-managed.

(2) Self-managed ICAIFs raising capital from retail investors shall be authorized in accordance with the provisions of the chapter II of Law no. 74/2015, as subsequently amended and supplemented.

Art. 19

An internally managed ICAIF, Romanian legal entity, shall be authorized or registered by the FSA as AIFM, under the conditions established in art. 2 paragraph (3) or art. 5, as the case may be, of Law no. 74/2015, as subsequently amended and supplemented.

Art. 20

(1) An ICAIF managed externally by an AIFM authorized or registered by the FSA, by an AIFM from another Member State or by an AIFM from a third country, as the case may be, shall be authorized if it meets the conditions set out by this law, as well as those of the regulations issued by the FSA.

(2) The prospectus or offering document, as the case may be, and the articles of association of the ICAIF shall contain provisions on the classification of the ICAIF as open-ended or closed-ended AIF, by accordingly applying the provisions of art. 8 paragraph (1) letter b) or c).

Art. 21

(1) The documents attached to the application for authorization of the ICAIF managed by an AIFM are set out in the regulations issued by the FSA.

(2) ICAIF's financial auditors shall be registered in the FSA Public Registry after their approval by the authority, in accordance with the FSA regulations.

(3) ICAIF's financial auditors shall immediately inform the ICAIF on any irregularities ascertained during the fulfilment of the contractual obligations, in accordance with the regulations issued by the FSA on the financial audit activity.

(4) ICAIF's financial auditors shall report to the FSA in electronic or printed format, within 10 days from the incorporation date, upon carrying out specific activity, information on any act, measure, or decision of the ICAIF's members of the board of directors/supervisory board, managers/members of the directorship or employees in connection with the management of ICAIF's assets liable to:

a) constitute a breach of this law, Law no. 31/1990, republished, as subsequently amended and supplemented, FSA regulations or Regulation (EU) no. 231/2013, which could adversely affect ICAIF's financial situation, profit or assets.

b) hinder the good functioning of the ICAIF or the stability of financial markets;

c) determine the issuance of opinions with reservations or the refusal of certification/audit of the financial statements of the ICAIF.

(5) The provisions of paragraphs (2)-(4) shall also apply accordingly to CAIF's financial auditors.

(6) The offering document of an ICAIF which raises capital exclusively from professional investors on the basis of a private investment shall be notified to the FSA at the time of applying for the authorisation of that ICAIF.

(7) The prospectus of an ICAIF which raises capital also from retail investors shall be approved by the FSA at the time of applying for the authorisation of that ICAIF, in compliance with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14

June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Art. 22

(1) The prospectus of an ICAIF which raises capital also from retail investors shall be drafted in accordance with the legal provisions applicable to securities issuers and with FSA regulations issued for their application and in compliance with the provisions of Regulation no. 2019/980.

(2) The offering document of an ICAIF which raises capital exclusively from professional investors on the basis of a private investment shall be drafted in accordance with the regulations issued by the FSA.

Art. 23

(1) By exception from the provisions of art. 4 paragraph (4), the FSA shall grant the authorisation to an ICAIF managed by an AIFM, within 3 months from the date of receipt of the complete documentation provided by the applicable regulations. In well-grounded cases, this term can be extended by a maximum of 3 months, depending on the specific circumstances of the case and after the FSA has notified the ICAIF on this extension.

(2) The granting of the authorization to an ICAIF can be denied if the FSA deems that the prudential management cannot be ensured, although the conditions provided by this law and FSA regulations are met.

Art. 24

Withdrawal of the authorisation at the express request of an ICAIF shall be carried out under the conditions stipulated in art. 4 paragraph (4) and in the regulations issued by the FSA.

Art. 25

(1) The provisions of chapters II and III of Law no. 74/2015, as subsequently amended and supplemented, shall also apply accordingly to self-managed ICAIFs, according to the provisions of this law and FSA regulations.

(2) The provisions of art. 8 paragraphs (6) and (7) and of art. 12-16 shall also apply accordingly to ICAIFs.

Art. 26

(1) In case of ICAIFs set up by public subscription, the issuance by the FSA of the authorisation referred to in art. 23 shall be made after completion of the public subscription of shares carried out based on an issuance prospectus authorized by the FSA according to art. 27.

(2) In addition to the documents provided in art. 21 paragraph (1), ICAIFs set up by public subscription shall also submit to the FSA, attached to the application for authorization, the results of the public subscription, which is why, within a maximum of 15 days from the closing date of

the public subscription, the founding members shall convene the constitutive assembly in accordance with the provisions of Law no. 31/1990, republished, as subsequently amended and supplemented, and shall take the necessary steps for the authorization of the company by the FSA.

Art. 27

(1) The issuance prospectus of an ICAIF set up by public subscription subject to the approval of the FSA shall have the content provided in Regulation no. 2019/980 and shall also include the articles of association of the ICAIF.

(2) The period of public subscription shall be specified in the issuance prospectus, but may not exceed 12 months.

(3) The updating of the prospectus in case of changing the terms of the offer or the occurrence of any new event or the amendment of the initial information presented within the prospectus, which may affect the investment decision, during the public subscription process, shall be carried out in accordance with the legal provisions in force applicable to securities issuers, of the regulations issued by the FSA and in compliance with the provisions of Regulation no. 2019/980.

(4) Following authorization of the issuance prospectus of the ICAIF set up by public subscription, the latter shall be submitted to the trade register office of the county where the registered office is declared, in order to be published in accordance with the provisions of Law no. 31/1990, republished, as subsequently amended and supplemented.

Art. 28

(1) ICAIFs set up by public subscription shall be bound to apply for admission to trading on a trading venue within 90 business days from the date of obtaining the authorization from the FSA.

(2) Within the term provided by the regulations of the trading venue operator for approving the application for admission to trading, but no later than 12 months from the date of obtaining the authorization from the FSA according to the term stipulated in art. 27 paragraph (2), the AIFM appointed as manager of the ICAIF or internally managed ICAIF, as the case may be, set up by public subscription, can raise capital from investors based on a firm commitment to admission to trading on a trading venue.

(3) If the request of the AIFM/internally managed ICAIF set up by public subscription is rejected by the trading venue operator referred to in paragraph (2), the authorization granted by the FSA for the ICAIF shall be deemed null and void, and the AIFM/internally managed ICAIF shall be bound to reimburse in full the amounts of money raised from investors within 30 days from the moment the decision of the trading venue operator was issued.

(4) In case of an ICAIF set up by public subscription, after the admission of its shares on a trading venue, the shares may be redeemed in compliance with the legal provisions in force applicable to securities issuers, as well as the trading venue operator’s own regulations.

(5) The provisions of this article shall also apply to ICAIFs raising capital from at least 150 retail investors.

Art. 29

(1) The general meeting of shareholders, hereinafter referred to as GMS, of the ICAIF shall be conducted according to the provisions of Law no. 31/1990, republished, as subsequently amended and supplemented, and its articles of association.

(2) With the purpose to decrease its share capital, an ICAIF shall perform, only once during the financial year, share capital returns *pro rata* with the contributions made by the investors, subject to the approval of the extraordinary general meeting of shareholders, hereinafter referred to as EGMS, of the ICAIF, in accordance with the provisions of the Law no. 31/1990, republished, as subsequently amended and supplemented.

(3) By way of exception from the provisions of paragraph (2), with the purpose to decrease its share capital, an ICAIF can perform additional share capital returns *pro rata* with the shares held by the investors, if the following conditions are cumulatively met:

a) the share capital return is approved by ICAIF's EGMS held according to the provisions of Law no. 31/1990, republished, as subsequently amended and supplemented;

b) the share capital return to shareholders is made exclusively from the own sources of the ICAIF;

c) the ICAIF has recorded profit in the last 3 financial years, according to its annual financial statements audited according to the law.

(4) An ICAIF shall repurchase its own shares with the purpose to decrease its share capital in compliance with the conditions stipulated in paragraph (3) letters a) and b), and the payment of the shares thus purchased will be made exclusively from the own sources of the ICAIF.

Art. 30

(1) In case of ICAIFs whose shares are admitted to trading on a trading venue or are traded on a stock exchange in a third country, in addition to the provisions of art. 29 paragraph (1), the EGMS shall be held in compliance with the domestic legislation applicable to securities issuers.

(2) ICAIFs referred to in paragraph (1) can repurchase their own shares by decision of the AIFM managing ICAIF's assets or by self-managed ICAIF's EGMS decision, subject to the approval of the FSA and in accordance with the applicable legal provisions.

(3) The shares purchased under the conditions of paragraph (2) can be used, based on the decision of the AIFM or EGMS, as the case may be, in order to decrease the share capital, to stabilize the price of its own shares on the capital market or to remunerate the persons concerned

defined in the FSA regulations implementing ESMA guidelines on sound remuneration policies under Directive no. 61/2011/EU (DAFIA).

CHAPTER III: AIFs addressed to retail investors

SECTION I: General Provisions

Art. 31

AIFs addressed to retail investors, hereinafter referred to as RAIFs, incorporated either as contractual AIFs or investment companies AIFs, shall be structured by the following categories:

a) diversified AIFs;

b) AIFs specialized in:

(i) equity investments;

(ii) investments in bonds;

(iii) investments in units issued by UCITS and/or RAIFs;

(iv) real estate investments;

(v) Government bonds issued by the Ministry of Public Finance, incorporated exclusively as Contractual AIF;

c) long-term AIFs, regulated by Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds, hereinafter referred to as Regulation (EU) no. 760/2015;

d) money-market AIFs.

Art. 32

(1) The initial value of a fund unit for a contractual RAIF shall be at least 5 Lei or the equivalent value in other currencies.

(2) RAIFs cannot be transformed into a category of professional investors AIFs.

(3) A RAIF classified in a category referred to in art. 31 can apply for authorization by the FSA for classification in another category stipulated in the same article, by also amending the documents of incorporation accordingly as a result of the amendment of the investment policy and in compliance with the legal regime applicable to the new category.

Art. 33

(1) A RAIF cannot make short sales, defined according to the provisions of Regulation (EU) no. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit risk swaps, except for hedging purposes.

(2) A RAIF cannot invest in financial instruments issued by an AIFM managing it.

(3) In addition to the provisions of art. 35 paragraph (1) letter d) point (ii), a RAIF shall invest exclusively in UCITS and AIF which ensures by the incorporation documents or other relevant documents the individual segregation of the assets held or their segregation in omnibus accounts, which are reconciled by the UCITS/AIF depositary at least with a regularity similar to the subscription or redemption frequency offered to the investors of that UCITS/AIF. An omnibus account, which may contain assets of several clients of UCITS/AIF depositaries, cannot contain UCITS/AIF depositary's own assets or the assets of the delegated third party.

Art. 34

(1) A RAIF can exceed the limits on investments in financial instruments that are included in its assets in case of exercising the subscription rights related to them, provided that the exceedance does not extend over a period of more than 90 days.

(2) In addition to the exception referred to in paragraph (1), a RAIF can be exempted from observing the applicable investment limits for a maximum period of 6 months from the date of the first issuance of shares of the RAIF, by ensuring the observance of the principle of risk depression and only by including in the issuance prospectus or offering document, as the case may be, the cases deemed exceptional.

SECTION 2: Permitted investments

Art. 35

(1) The investments of a RAIF can be made exclusively in one or more of the following assets:

a) securities and money-market instruments registered or traded on a trading venue, from Romania or a Member State;

b) securities and money-market instruments admitted to official listing on a stock exchange in a third country which operates regularly and is recognized and open to the public, provided that the choice of the stock exchange has been approved by the FSA, in accordance with the eligibility requirements set out in the regulations issued by the FSA, and is provided in the fund's rules or in the articles of association of the investment company, approved by the FSA;

c) newly issued securities, which are the subject of a public offering for admission to trading, if the following conditions are cumulatively met:

(i) the issuance documents include a firm undertaking that an application will be made for admission to trading on a trading venue or to official listing on a stock exchange in a third

country which operates regularly and is recognized and open to the public, provided that the choice of the trading venue or stock exchange has been approved by the FSA or is provided in the fund's rules or in the articles of association of the investment company, approved by the FSA;

(ii) this admission is secured within a maximum of one year from the issuance;

d) units of UCITS or AIFs established or not in the Member States, if the following conditions are cumulatively met:

(i) AIFs are authorized or registered;

(ii) AIF's business is reported periodically in periodic reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period, in accordance with the repurchase frequency offered to investors, as the case may be;

(iii) AIF's profile falls within the liquidity profile of the AIF established by the AIFM according to art. 4 paragraph (11);

e) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in Romania, in a Member State or in a third country, in the latter case, provided that the credit institution is subject to prudential rules equivalent to those issued by the European Union;

f) derivative financial instruments, with final settlement in cash funds or in the underlying share of the instrument, traded on a trading venue or on a stock exchange in a third country as defined in letters a) and b), and/or derivative financial instruments, traded outside the regulated markets, if the following conditions are cumulatively met:

(i) the underlying asset consists of the instruments stipulated in this article, as well as financial indicators, interest rate, precious metals, energy products and the exchange rate, in which the AIF may invest according to its investment objectives, as set out in the fund's rules or in the articles of association of the investment company;

(ii) the counterparties, in the trading carried out outside the regulated markets, are entities subject to prudential supervision and belonging to the categories approved by the FSA;

(iii) derivative financial instruments traded outside the regulated markets are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or the position can be closed daily by an offsetting transaction at their fair value at the request of the external AIFM or self-managed AIF;

g) money market instruments, other than those traded on a trading venue, which are liquid and have a value that can be accurately determined at any time, with the exception of trading effects, provided that the issuance or issuer is subject to regulations on the protection of investors and their savings, and the instruments are:

(i) issued or guaranteed by an administrative, central, local or regional authority, a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a third country or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or

(ii) issued by an undertaking whose securities are traded on regulated markets, referred to in letters a) and b); or

(iii) issued or guaranteed by an entity subject to prudential supervision, according to the criteria defined by European law, or by an entity that is subject to and complies with prudential rules considered by the FSA to be equivalent to those laid down by the European law; or

(iv) issued by other entities belonging to the categories approved by the FSA, provided that the investments in such instruments are subject to investor protection equivalent to that laid down in points (i), (ii) and (iii), and that the issuer is a company whose capital and reserves amount to at least the equivalent in Lei of EUR 10,000,000 and which presents and publishes its annual financial statements in accordance with the applicable European law, or an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity dedicated to the financing of securitization vehicles which benefit from a financing line;

h) shares of limited liability companies, regulated by Law no. 31/1990, republished, as subsequently amended and supplemented, whose annual financial statements are audited according to the law;

i) securities defined in art. 3 paragraph (1) point 26 of the Government Emergency Ordinance no. 32/2012 that are not admitted to trading on a trading venue or are not traded on a stock exchange in a third country;

j) currency, purchased on the domestic market, freely convertible, according to the NBR criteria;

k) government bonds;

l) real estate assets, in compliance with FSA regulations and the provisions laid down in the RAIF's documents;

m) greenhouse gas emission certificates, as defined in art. 3 letter b) of the Government Decision no. 780/2006 establishing a scheme of trading of greenhouse gases emissions certificates, as subsequently amended and supplemented;

n) movable and immovable assets strictly necessary for business activity of an AIF set up as an investment company; the provisions of this letter shall not apply an AIF set up as an investment fund without legal personality.

(2) The investments of a RAIF shall be made in compliance with the following limits, except for those types of RAIFs for which this law provides otherwise:

a) it cannot hold more than 10% of its assets in securities and money market instruments issued by the same issuer, except for securities or money market instruments issued or guaranteed by a Member State, by the local public authorities of the Member State, by a third country or international public bodies to which one or more Member States are part. The 10% limit may be raised up to 40% provided that the total value of the securities held by the RAIF in each of the issuers in which it has holdings up to 40% does not exceed 80% of the total value of its assets;

b) it cannot hold more than 50% of its assets in securities and money market instruments issued by entities belonging to the same group, defined in art. 2 letter j), and in case of the group to which the AIFM managing that AIF is part, this limit is of 40%;

c) the exposure to counterparty risk in a transaction with derivative financial instruments traded outside regulated markets cannot exceed 20% of its assets, regardless of the transaction counterparty;

d) the global exposure to derivative financial instruments cannot exceed the total value of its assets;

e) the value of the current accounts and the cash held must not exceed 20% of its assets; the limit may be extended up to 50% of its assets, provided that the respective amounts come from issuance of units of AIFs, mature investments or from the sale of financial instruments from the portfolio and that such extension does not last for more than 90 days;

f) it cannot set up and hold bank deposits set up with the same bank whose value represent more than 30% of its assets;

g) it cannot hold more than 20% of its assets in units not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single AIF addressed to retail investors;

h) it cannot hold more than 10% of its assets in units of AIFs not admitted to trading on a trading venue or on a stock exchange in a third country issued by a single AIF addressed to professional investors;

i) it cannot hold more than 50% of its assets in units not admitted to trading on a trading venue or on a stock exchange in a third country issued by other open-ended AIF. The holding limit is set at 40% of its assets for the group to which the AIFM managing that AIF belongs;

j) it cannot hold more than 40% of its assets in units issued by a single UCITS authorized by the FSA or by a national competent authority from a Member State or in units issued by a single collective investment undertaking admitted to trading on a trading venue in Romania, other Member State or on a stock exchange in a third country;

k) it cannot grant loans of financial instruments which represent more than 20% of its assets and the loans cannot exceed 12 calendar months, in accordance with the regulations issued by the FSA regarding trading margin and loan operations; the 20% limit of its assets may be increased up to 30%, with the approval of the FSA, in accordance with the conditions established by the FSA regulations;

l) it cannot grant loans in cash, cannot participate/subscribe syndicated loans, cannot secure loans in cash in favour of a third party, except for entities belonging to the same group as the RAIF, set up as investment fund, not exceeding 10% of its assets, and cannot purchase directly or indirectly, partially or totally, credit portfolios issued by other financial or non-financial institutions, except for investments in financial instruments issued by internationally-recognized financial institutions, credit institutions or non-banking financial institutions authorized by the NBR or other central banks from a Member State or from third countries;

m) it cannot hold more than 40% of the value of its assets in securities, money market instruments not admitted to trading on a trading venue or a stock exchange in a third country, except for government bonds issued by the Ministry of Public Finance, as well as the holdings acquired by that RAIF by virtue of law, in which case no holding limit is established;

n) it cannot hold more than 20% of the value of its assets in shares issued by limited liability companies regulated by Law no. 31/1990, republished, as amended and supplemented; the provisions of this letter shall not apply to RAIFs specialized in real estate investments;

o) it cannot hold more than 10% of the value of its assets in greenhouse gas emission certificates, as defined in art. 3 letter b) of Government Decision no. 780/2006, as subsequently amended and supplemented.

(3) In case of exceeding the limits mentioned in paragraph (2), exclusively in cases independent of its will, the AIFM managing that RAIF is bound to comply again with the legal requirements within 30 days from the date of exceeding the respective limit, except for the AIF incorporated under a normative act and whose investment portfolio assigned under it does not reasonably allow the compliance within 30 days. The AIFM shall be bound to inform within two business days, if the prospectus or offering document, as the case may be, or the articles of association of the RAIF does not provide for a shorter period, the RAIF's assets depositary and the FSA regarding the exceeding limits set out in paragraph (2), within a document justifying the causes that led to this situation, as well as a plan of measures for observing again the legal requirements within 30 days from the date of breach. Exercising the preference right related to existing holdings, acquired by an AIF from the Romanian State under other regulations, does not lead to exceeding of the limits mentioned in paragraph (2).

SECTION 3: Calculation of the RAIF's assets and assessment rules

Art. 36

NAV and NAVPS calculations of a RAIF made by an AIFM and certified by the depositary shall be made according to Regulation (EU) no. 231/2013 and FSA regulations, at least monthly, for the last calendar day of the month. If the units of the RAIF can be subscribed or redeemed from the assets, at the investor's request, on a more frequent basis than the monthly one, then the AIFM shall calculate the NAV and NAVPS of that RAIF, certified by the RAIF's depositary, with that frequency.

Art. 37

The Assets in a RAIF's portfolio shall be evaluated in accordance with the provisions of art. 18 of Law no. 74/2015, as subsequently amended and supplemented, and with those of the FSA regulations.

SECTION 4: Transparency, informing and reporting obligations

Art. 38

(1) The AIFM managing a RAIF or, as the case may be, the board of directors/directorship of the internally managed RAIF shall draw up and submit to the FSA monthly reports on the NAV and NAVPS calculated by the director and certified by the depositary, as well as the detailed situation of investments at the reporting date, drawn up according to the FSA regulations, within maximum 15 days from the end of the reporting period. If NAV and NAVPS calculation is performed on a more frequent basis than the monthly one, then the report on this information together with the detailed investment situation will be sent to the FSA within maximum 5 days from the end of the reporting period. If the last reporting day is not a business day, then the documents shall be submitted on the next business day after that date.

(2) The NAV and NAVPS referred to in paragraph (1) shall also be permanently available to investors by publication on their own website and/or by consultation at the registered office/secondary offices of the AIFM/self-managed AIF. Publication of the new values of the NAV and NAVPS shall be performed within the terms provided in paragraph (1), as the case may be.

(3) The AIFM managing a RAIF, respectively the board of directors/directorship of a self-managed RAIF shall draw up, submit to the FSA and make available to investors by publication on their own website and/or by consultation at the registered office/secondary offices, the offering document and the fund's rules or the articles of association of the RAIF, as the case may be, as well as half-yearly and annual reports on the status of assets and liabilities, including the detailed situation of investments at the reporting date, having the content and form provided by Law no. 74/2015, as subsequently amended and supplemented, Regulation (EU) no. 231/2013 and FSA regulations. The half-yearly and annual reports shall be submitted to the FSA and shall be made available to investors within the terms provided by the regulations issued by FSA regarding the submission of annual financial statements and half-yearly accounting reports.

(4) The monthly, half-yearly and annual reports shall also contain explanations regarding the valuation methods used for those financial instruments for which valuation methods have been chosen in accordance with the International Valuation Standards (in accordance with the principle of fair value), the leverage limits and the value of the exposure of the RAIF calculated according to the provisions of Regulation (EU) no. 231/2013.

(5) Subsequent to admission to trading on a trading venue, RAIFs shall comply with the reporting requirements established in accordance with the legal provisions applicable to securities issuers.

(6) The AIFM managing a RAIF, respectively the board of directors/directorship of an internally managed RAIF shall immediately inform the FSA regarding any violation of the investment policy or of the rules/articles of association of the RAIF, within two business days from the

occurrence of the breach, if the rules or the articles of association of the RAIF do not provide for a shorter period.

SECTION 5: Specific requirements applicable to different types of AIFs addressed to retail investors

SUBSECTION 5[1]: Diversified RAIFs

Art. 39

A diversified RAIF referred to in art. 31 letter a) can invest only in the categories of assets according to the provisions of art. 35.

SUBSECTION 5[2]: Specialized RAIFs

Art. 40

(1) A specialized RAIF from those referred to in art. 31 letter b) shall own assets or a total exposure of at least 75% of NAV only in the class of assets corresponding to its specialization.

(2) In order to ensure liquidity, a RAIF referred to in paragraph (1) can invest up to 25% of its assets only in deposits set up in accordance with the provisions of art. 35 paragraph (1) letter e), in money market instruments provided in art. 35 paragraph (1) letters a), b) and g) and in UCITS that permanently hold in their investment portfolio over 50% of assets invested in government bonds and securities traded on a trading venue or are traded on a stock exchange in a third country, in money market units issued by AIF/UCITS authorized in a Member State, in derivative financial instruments used exclusively for the purpose of hedging the risk defined in accordance with FSA regulations, in repo or reverse-repo transactions, and may hold current and cash accounts in Lei and foreign currency, in compliance with the types of assets eligible for a RAIF determined according to the provisions of art. 35 paragraph (1).

(3) A specialized RAIF cannot hold more than 40% of its assets in securities and/or money market instruments issued by entities belonging to the same group defined in art. 2 letter j). In case of the group to which the AIFM managing that AIF is part, this limit is 30%.

(4) If the weight of government bonds and shares admitted to trading on a trading venue or traded on a stock exchange in a third country falls below 50% of UCITS' assets in the specialized RAIF's portfolio for more than 10 business days, the AIFM managing the specialized AIF is bound to completely liquidate that holding in UCITS within two business days from the date of the dropping below the 50% limit.

(5) RAIFs specialized in real estate investments can be set up as contractual AIFs or as ICAIFs, by accordingly applying the provisions of art. 62-64.

(6) The AIFM managing a RAIF from those referred to in paragraph (5) shall comply with the following obligations:

a) the RAIF shall be managed by an AIFM authorized/registered by the FSA or authorized by other competent authority in another Member State;

b) the AIFM managing the RAIF's assets shall permanently have own funds, defined in art. 3 point 26 of Law no. 74/2015, as subsequently amended and supplemented, in the amount of at least the equivalent in Lei of EUR 5 million if the RAIF's assets exceed the equivalent in Lei of EUR 100 million (with or without applying the leverage ratio);

c) the initial amount invested by a retail investor shall be the equivalent in Lei of the minimum amount of EUR 10,000, calculated at the NBR rate on the subscription date;

d) the RAIF shall use derivative financial instruments exclusively for the purpose of hedging the risks, in accordance with FSA regulations and ESMA guidelines;

e) the prospectus or the offering document, as the case may be, and the RAIF's rules/articles of association shall include a description of all risks specific to real estate investments, as well as the AIFM's policy to prevent and manage conflicts of interests; in order to prevent conflicts of interest, the AIFM shall not invest in real estate assets in which the senior management, AIFM's employees or their relatives and kinsmen up to the second degree have a patrimonial interest;

f) RAIFs shall be set up as closed-ended AIFs.

(7) A RAIF specialized in real estate investments cannot hold more than 33% of the value of its assets in a single real estate investment. For the purpose of calculating this limit, real estates that have an interconnected economic purpose shall be deemed as a single real estate investment.

(8) A RAIF specialized in real estate investments cannot invest, directly or indirectly, through the purchase of financial instruments or shares, more than 33% of the value of its assets in real estate assets that do not have a degree of occupancy of buildings of at least 50% at the time of investment or in real estate assets held by entities belonging to the same group defined in art. 2 letter j), if the RAIF belongs to this group. If the assets are mortgaged in favour of third parties, mortgage must be removed no later than 6 months from the date of the investment.

(9) By exception from the provisions of paragraph (1) and art. 35 paragraph (2) letter l), a RAIF specialized in real estate investments can grant cash loans to a real estate joint-stock company/limited liability company in the amount of up to 25% of the value of the total assets of the RAIF, provided that the RAIF holds at least 95% of the share capital of that company. Cumulatively, the cash loans from the RAIF specialized in real estate investments' assets shall not exceed 70% of the total assets of the RAIF. The purpose of these loans shall be exclusively to release the real estate assets of the joint-stock company/limited liability company of any encumbrances against third parties.

(10) A RAIF specialized in real estate investments cannot directly invest in non-performing assets or portfolios of non-performing assets held by third parties, other than credit institutions or non-bank financial institutions; for the purposes of this paragraph, non-performing assets shall mean those outstanding debts to the creditor that exceed 90 days from the maturity date established by the agreement concluded between its parties.

(11) A RAIF specialized in investments in bonds cannot hold more than 10% of its assets in securities and/or money market instruments issued by a single issuer, except for securities or money market instruments issued or secured by a Member State, by the local public authorities

of the Member State, by a third country or by the international public bodies to which one or more Member States are part.

Art. 41

(1) Failure to comply with the percentage provided in art. 40 paragraph (1) for a period of maximum 30 days shall not constitute a reason to change the category in which a RAIF is classified, if the following conditions are cumulatively met:

a) this possibility is provided in the issuance prospectus or, as the case may be, in the articles of association of the RAIF;

b) the documents expressly set out the assets and investment limits applicable in the given situation;

c) the investment policy is structured in such a way not to incur an additional risk to the category in which a RAIF is classified;

d) the situation is due to the conditions of the financial market or other conditions out of the control the AIFM or of the process of issuance and redemption of units of AIFs;

e) the FSA was informed about the conditions provided in letter d).

(2) Non-observance of the investment policy related to the category of classification after the term referred to in paragraph (1) shall lead to the obligation to submit to the FSA, within maximum 30 days from the expiration of the term referred to in paragraph (1), the complete documentation corresponding to the authorization of the amendments of the RAIF's documents, in order to be included in another category, as well as of a notice informing the investors about these changes.

(3) In case the investors do not agree with the changes made, the AIFM shall be bound to honour the redemption requests logged within maximum 15 business days from the publication date of the informing notice referred to in paragraph (2), without additional fees to the investors.

SUBSECTION 5^3: Long-term RAIFs

Art. 42

(1) A long-term RAIF, hereinafter referred to as ELTIF, set up as contractual AIFs or investment companies AIFs, shall operate subject to authorization by the FSA and in accordance with the provisions of Regulation (EU) no. 760/2015.

(2) ELTIF management shall be carried out, in accordance with the provisions of art. 5 paragraph (2) of Regulation (EU) no. 760/2015, exclusively by AIFMs authorized by the FSA or by similar competent authorities in other Member States.

(3) In order to be marketed in other Member States, ELTIFs provided in this law shall use in their name the acronym ELTIF, according to art. 4 of Regulation (EU) no. 760/2015.

Art. 43

(1) By way of exception from the provisions of art. 4 paragraph (4), in case of contractual ELTIF, the deadline for settling the authorization application is the term provided in art. 5 paragraph (3) of Regulation (EU) no. 760/2015.

(2) The process of authorization and approval of ELTIF's management provided in art. 5 paragraphs (1) and (2) of Regulation (EU) no. 760/2015 shall be performed in compliance with the provisions of art. 7 and art. 19-23 regarding the authorization of the CAIF, respectively the ICAIF, noting that the documents submitted for authorization are those provided by the same regulation.

SUBSECTION 5^4: Money-market RAIFs

Art. 44

(1) Money-market RAIFs, hereinafter referred to as money-market RAIFs, shall mean those RAIFs set up as CAIFs or ICAIFs, and that operate subject to authorization by the FSA and in accordance with the provisions of this law, Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, hereinafter referred to as Regulation (EU) no. 1131/2017, and of the FSA regulations.

(2) Contractual money-market RAIF's assets shall be managed by an external AIFM previously authorized by the FSA, according to Law no. 74/2015, as subsequently amended and supplemented, or by another national competent authority from a Member State under Directive no. 61/2011/EU or from a third country.

(3) Money-market RAIFs shall exclusively invest in eligible assets defined in art. 9 of Regulation (EU) no. 1131/2017.

(4) In applying the provisions of art. 3 of Regulation (EU) no. 1131/2017, money-market RAIFs shall be structured in the following categories:

a) Variable NAV (VNAV) money-market RAIFs;

b) public debt constant NAV (public debt CNAV) money-market RAIFs;

c) Low volatility NAV (LVNAV) money-market RAIFs.

(5) Depending on the category of the money-market RAIF incorporated in compliance with the criteria provided by Regulation (EU) no. 1131/2017, in order to be eligible, the instruments in which the money-market RAIF invest must comply with the provisions of Regulation (EU) no. 1131/2017 and with the rules or articles of association of the money-market RAIF.

(6) A money-market RAIF shall draw up internal rules and procedures for assessing the credit risk of assets eligible for investment, as well as of issuers of money market instruments, in compliance with the provisions of Regulation (EU) no. 1131/2017, of the standards issued by the European Commission and of ESMA guidelines on money market funds.

(7) The money-market RAIF and the AIFM managing its assets shall observe the provisions of Law no. 74/2015, as subsequently amended and supplemented, of Regulation (EU) no. 231/2013 and of FSA regulations, unless otherwise provided by Regulation (EU) no. 1131/2017.

(8) By way of exception from the provisions of art. 4 paragraph (4), in case of money-market RAIFs, the authorization procedure shall be the one provided in art. 5 of Regulation (EU) no. 1131/2017.

(9) The FSA shall submit to ESMA the list of money-market RAIFs authorized in Romania, in accordance with the frequency requirements set out in the delegated acts of the European Commission and in the guidelines drafted by ESMA on money market funds.

(10) The AIFM can opt for a managed money-market RAIF to be marketed exclusively to professional investors, in compliance with the provisions of the FSA regulations and the provisions provided in the documents of that money-market RAIF, in accordance with the provisions of art. 46 letter g).

Art. 45

(1) A money-market RAIF shall be forbidden to:

a) carry out an activity or make investments in the types of assets provided in art. 9 paragraph (2) of Regulation (EU) no. 1131/2017;

b) use the term money-market RAIF or any other name that might mislead investors about the fact that that AIF is authorized in accordance with the provisions of Regulation (EU) no. 1131/2017.

(2) In applying the provisions of art. 6 of Regulation (EU) no. 1131/2017, an AIF shall not have features similar to those provided in art. 1 paragraph (1) of said regulation unless it is authorized in accordance with the provisions of this regulation.

CHAPTER IV: AIFs addressed to professional investors

SECTION 1: General provisions

Art. 46

AIFs addressed to professional investors, hereinafter referred to as PAIFs, shall be structured in the following categories:

a) private equity AIFs;

b) speculative AIFs;

c) AIFs specialized in investments in assets and commodities;

d) AIFs specialized in real estate investments;

e) Venture capital AIFs, regulated by Regulation (EU) no. 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds, hereinafter referred to as Regulation (EU) no. 345/2013;

f) social entrepreneurship AIFs, regulated by Regulation (EU) no. 346/2013 of European Parliament and of the Council of 17 April 2013 on the European social entrepreneurship funds, hereinafter referred to as Regulation (EU) no. 346/2013;

g) AIFs set out in art. 31 letters b)-d), without the use of terms referring to the fact that the AIF is addressed to retail investors.

Art. 47

(1) PAIF, after its incorporation, may request admission to trading on a trading venue or trading on a stock exchange in a third country, if the following conditions are cumulatively met:

a) it amends its incorporation documents in such a way to be classified in one of the categories of RAIFs defined in art. 31 letter b), provided that its investment policy fully complies with the investment requirements permitted for RAIFs set out by this law and the regulations issued by the FSA in its implementation;

b) it meets the eligibility requirements set out by the market operator or the system operator to be admitted to trading on a trading venue or trading on a stock exchange in a third country and complies with the provisions of the specific legislation on issuers of securities and market operations;

c) it obtained the consent of the shareholders prior to submitting to the FSA, in view of authorization, the incorporation documents amended in order to be classified in the new AIF category, in accordance with the provisions of paragraph (2), in the case of Investment Companies PAIFs.

(2) The amendments made to the documents submitted at the time of authorization of a PAIF, in the case provided in paragraph (1) letter a), shall be submitted in advance to the FSA in order to authorize them, within 20 business days before applying them. In exceptional cases, the FSA may decide to extend the term by 10 business days.

(3) The term provided in paragraph (2) is calculated as of the registration date with the AIFM of the last letter to the FSA regarding that change of the AIF's documents.

(4) In the case provided in paragraph (2), the FSA can forbid the amendments that do not comply with the legal provisions in force or can request additional changes of that documents.

(5) In order to inform the investors about the changes, the AIFM shall provide them an informative notice regarding said changes within maximum two business days from the expiration of the term provided in paragraph (2), provided that the FSA did not submit comments on them.

(6) In case the investors do not agree with the significant changes of the contractual PAIF's documents, defined according to the FSA regulations, whose fund units are not traded on a trading venue, carried out at the request of the AIFM, then the AIFM shall be bound to honour the requests for full redemption filed within maximum 15 days from the publication date of the informing notice referred to in paragraph (5), without additional fees to the investors.

(7) PAIF's units shall be transferred within the process of voluntary liquidation of the PAIF, provided that the rules or the articles of association of the PAIF, as the case may be, and the plan of voluntary liquidation of the PAIF expressly allow this operation. The transfer shall be made at the registered/head office of the AIFM managing that PAIF and registered in the records of the AIFM, in compliance with the applicable law and by mentioning of this fact in the articles of association of the PAIF.

(8) The PAIF's unitholders can totally or partially sale their holding to other investors other individuals who agree with the investment policy of the PAIF and they consent to it.

(9) The transfer of units of AIFs shall be made under a tripartite transfer agreement, respectively concluded between the transferor investor, the transferee and AIFM. By the transfer agreement, the transferor investor declares and undertakes that he has received, read, understood and agreed to the content of the PAIF's articles of association. The identification elements of the transferee provided in the transfer agreement shall be the same as those provided in the subscription form. The number of the transfer agreement will be allocated by the AIFM, and the date of the contract will be the one on which the agreement is signed by the AIFM.

(10) Within maximum 48 hours from the conclusion of the transfer agreement, the AIFM will register in the PAIF's records the transfer of the ownership right over the units of AIFs subject to the transfer, by erasing the units of AIFs transferred from the transferor investor's account and registering them in the transferee investor's account.

(11) Registration of the transfer in the records of the AIFM shall result in the ownership right to be enforceable.

(12) Failure to comply with the provisions of this article regarding the method of transfer by assignment of the PAIF's units shall result in the nullity of the transfer of the ownership right related to this operation.

SECTION 2: Permitted Investments

Art. 48

(1) PAIFs can invest in all types of assets in which the RAIFs can invest and, in addition, in units of AIFs established in other Member States or in third countries, regardless of their legal form, as well as in any kind of movable and immovable assets whose value can be determined at any time, accurately, according to the provisions of their incorporation documents.

(2) PAIFs shall have no restrictions on investment limits, except those set out by this law, according to the category to which the PAIF belongs, the investments being made in accordance with the documents of incorporation or the articles of association of the PAIFs.

SECTION 3: Calculation of the PAIF's assets and assessment rules

Art. 49

NAV and NAVPS calculations of a PAIF made by an AIFM and certified by the depositary shall be made according to Regulation (EU) no. 231/2013 and FSA regulations, at least quarterly, for the last calendar day of the third month of the quarter. If the PAIF's units can be subscribed or redeemed from the assets, at the investor's request, on a more frequent basis than the quarterly one, then the AIFM shall calculate the NAV and NAVPS of that PAIF, certified by the PAIF's depositary, with that frequency.

Art. 50

The Assets in a PAIF's portfolio shall be evaluated in accordance with the provisions of art. 18 of Law no. 74/2015, as subsequently amended and supplemented, of Regulation (EU) no. 231/2013 and with those of the FSA regulations, the frequency of the valuation of assets being established by observing the provisions of art. 74 of the aforementioned regulation.

SECTION 4: Transparency, informing and reporting obligations

Art. 51

(1) The AIFM managing a PAIF or, as the case may be, the board of directors/directorship of the internally managed PAIF shall draw up and submit to the FSA quarterly reports on the NAV and NAVPS calculated by the director and certified by the depositary, as well as the detailed situation of investments at the reporting date, drawn up according to the FSA regulations, within maximum 15 days from the end of the reporting period. If NAV and NAVPS calculation is performed on a more frequent basis than the quarterly one, then the report on this information together with the detailed investment situation will be sent to the FSA within maximum 5 days from the end of the reporting period. If the last reporting day is not a business day, then the documents shall be submitted on the next business day after that date.

(2) The NAV and NAVPS referred to in art. 49 paragraph (1) can also be made available by consultation at the registered office/secondary offices of the AIFM/self-managed AIF and available to investors through their own website and can be submitted to investors by electronic mail, on a regular basis, in accordance with the incorporation documents. Publication of the new values of the NAV and NAVPS shall be performed within the term provided in paragraph (1).

(3) The AIFM/self-managed AIF shall market PAIFs' units exclusively to professional investors, except for private equity AIFs, whose shares can also be marketed to retail investors, in compliance with the conditions set out by art. 56 paragraph (4).

(4) The provisions of art. 34 shall also apply accordingly to PAIFs.

Art. 52

(1) The AIFM managing a contractual PAIF, respectively the board of directors/directorship of a self-managed investment companies PAIF shall draw up, submit to the FSA and make available

to investors the prospectus or the offering document, as the case may be, and the updated fund's rules/articles of association, as the case may be, as well as annual reports on the status of assets and liabilities, including the detailed situation of investments related to the reporting periods, having the content and form provided by art. 21-23 of Law no. 74/2015, as subsequently amended and supplemented, art. 103-111 of Regulation (EU) no. 231/2013 and FSA regulations.

(2) The provisions of art. 38 paragraph (4) shall apply accordingly.

(3) Disclosure to the public of any document or advertising material by the PAIF shall be supplemented by a written warning that the investments in units issued by these entities are addressed exclusively to professional investors who possess high level of knowledge in the financial field. The documents of incorporation shall properly contain the warnings mentioned in art. 8 paragraph (4).

SECTION 5: Specific requirements applicable to different types of AIFs addressed to professional investors

SUBSECTION 5[1]: Private equity AIFs

Art. 53

(1) Private equity AIFs, hereinafter referred to as private equity AIFs, shall mean those AIFs authorized by the FSA and set up as contractual AIFs or as investment companies AIFs whose scope is investing in high-risk assets.

(2) For the purposes of the provisions of paragraph (1), in case of investment companies private equity AIFs, the high-risk asset shall be represented by the contribution/direct or indirect participation of the AIF in the incorporation of a company regulated by Law no. 31/1990, republished, as subsequently amended and supplemented, its development or its admission on a trading venue in Romania, by contributing to the share capital of that company.

(3) The minimum nominal value of the share issued by the investment companies private equity AIF shall be Lei 10,000.

(4) For the purposes of the provisions of paragraph (1), in case of contractual private equity AIF, the high-risk asset shall be represented by the assets eligible for investment, defined in the fund's rules.

(5) The minimum initial value of the fund unit issued by a contractual private equity AIF shall be Lei 10,000.

(6) Private equity AIFs shall use in their name the term alternative investment company with private equity or alternative investment fund with private equity, as the case may be.

Art. 54

(1) The subscribed share capital of the investment companies private equity AIF cannot be less than the equivalent in Lei of EUR 1,000,000, amount to be paid in maximum 12 months from the

incorporation of that private equity AIF. By exception from the provisions of art. 17 paragraph (2), the paid-up share capital cannot be less than 30% of the subscribed one.

(2) At least 50% of the value of the subscribed share capital of the investment companies private equity AIF shall represented by the contribution in cash, and the in-kind contribution can be represented by tangible assets, excluding plots of lands.

(3) Valuation of the private equity AIF's assets shall be performed by using the valuation methods in accordance with the principle of fair value set out in the incorporation documents, in compliance with the provisions of Regulation (EU) no. 231/2013, and shall be carried out at least annually, as well as when transactions with the private equity AIF's assets are registered, but also prior to each investor's redemption request of the private equity AIF's assets.

Art. 55

(1) Tangible assets such as buildings are evaluated by an independent appraiser, and such real estate assets cannot be bought or sold without having been previously evaluated, unless the operation concerned is carried out within a period of 6 months from the date of a previous valuation, and provided that during this period did not occur any event that could cause a significant change in the value of that building.

(2) The purchase of real estate assets on behalf of a private equity AIF cannot be performed at a price exceeding with more than 10% the price set by an independent appraiser.

(3) The sale of real estate assets on behalf of a private equity AIF cannot be performed at a price that is more than 10% lower than the price set by an independent appraiser.

(4) The provisions of paragraphs (2) and (3) shall not apply in exceptional cases, which must be specified in the fund's rules or in the articles of association of the private equity AIF, as the case may be.

(5) In case of registering a purchase or sale under the conditions stipulated in paragraphs (2) or (3), this situation must be detailed in the annual report of that private equity AIF, specifying the precise grounds for carrying out that transaction, the transaction date, the counterparty of the transaction, as well as the contract price.

Art. 56

(1) The incorporation and functioning of a private equity AIF shall be performed in compliance with the provisions of this law and the FSA regulations.

(2) In applying the provisions of art. 51 and 52, regarding the transparency and reporting obligations of the private equity AIF, the provisions of annex no. IV to Regulation (EU) no. 231/2013 shall be considered.

(3) In the course of its business, a private equity AIF shall ensure that its exposure, calculated according to the commitment method based on art. 8 of Regulation (EU) no. 231/2013, does not exceed three times its net asset value provided in art. 111 paragraph (1) of that regulation.

(4) The units issued by the private equity AIF can also be marketed to retail investors, subject to the following conditions:

a) the private equity AIF must invest at least 50% of its assets in companies not admitted to trading on a trading venue or traded on a stock exchange in a third country;

b) the advertising documents provided to retail investors contain clear, precise and complete information on the types of risks specific to the investment, as well as its interim horizon;

c) the private equity AIF's investment policy set out in the incorporation documents falls within the scope of the provisions of art. 35, except for the investment limits set in paragraph (2) letters n) and o) from the same article;

d) valuation of assets in the portfolio of the private equity AIF is carried out in accordance with the provisions of art. 37;

e) the private equity AIF fully complies with the transparency rules set out in art. 36 and 38.

SUBSECTION 5^2: Speculative AIFs

Art. 57

(1) Speculative AIFs, hereinafter referred to as speculative AIFs, shall mean those PAIFs set up as contractual AIFs or as investments companies AIFs authorized by the FSA which invest mainly in derivative financial instruments and/or use investment strategies and operations that involve the significant use of the leverage ratio, defined in art. 3 point 16 of Law no. 74/2015, as subsequently amended and supplemented, in order to achieve positive returns regardless of the conditions and fluctuations of the financial markets.

(2) In order to be classified as speculative AIFs, the incorporation documents of the AIF shall provide that, in order to achieve the investment objective, the global exposure of that AIF, calculated according to the commitment method according to art. 8 of Regulation (EU) no. 231/2013, exceeds three times its net asset value provided in said regulation, this exceeding having occurred by using some of the methods provided in annex no. I to Regulation (EU) no. 231/2013, respectively by using one or several of the specific strategies stipulated in annex no. IV to the same regulation, in compliance with the provisions of art. 24 paragraph (3) of Law no. 74/2015, as subsequently amended and supplemented.

(3) Notwithstanding the provisions of paragraph (2), the incorporation documents of the speculative AIF may allow to reduce its global exposure under the three times its net asset value limit, but not more than 120 calendar days each year.

Art. 58

(1) In order for an individual to become a shareholder of an investment companies speculative AIF, the minimum individual investment shall be the equivalent in Lei of the amount of EUR 125,000, representing the minimum value of a speculative unit, established at the NBR rate on the subscription date.

(2) In case of a legal entity or contractual entity without legal personality, the minimum individual investment referred to in paragraph (1) shall be the equivalent in Lei of the amount of EUR 1,250,000, representing the minimum value of the share capital, respectively of the speculative AIF's net assets, established at the NBR rate on the subscription date.

(3) In case of contractual speculative AIF, the minimum individual investment of an individual or contractual entity without legal personality shall be the equivalent in Lei of the amount of EUR 125,000, established at the NBR rate on the subscription date.

Art. 59

(1) The offering document and the rules/articles of association of a speculative AIF must contain in addition to the warnings referred to in art. 8 paragraph (4), a warning that, in general, this type of AIF can perform in periods of decline or instability/volatility of the financial markets.

(2) The provisions of art. 54 paragraph (3), art. 55 and art. 56 paragraphs (1) and (2) shall also apply accordingly to speculative AIFs.

(3) Speculative AIFs subject of this law shall use in their name the term alternative investment company or alternative investment hedge fund, as the case may be.

SUBSECTION 5^3: AIFs specialized in investments in assets and commodities

Art. 60

(1) AIFs specialized in investments in assets and commodities, hereinafter referred to as AIFs specialized in investments in assets and commodities, shall mean those PAIFs set up as contractual AIFs or as investment companies AIFs authorised by the FSA whose scope is the direct investment in physical assets from the scope of work or economic sector provided in the incorporation documents of the PAIF, including art objects, precious metals, agricultural lands and forests.

(2) The initial value of the net assets, respectively of the share capital of the AIF specialized in investments in assets and commodities cannot be less than the equivalent in Lei of the amount of EUR 1,000,000, the value of its units being at least the equivalent in Lei of EUR 10,000.

(3) The provisions of art. 54 paragraph (3) and art. 56 paragraphs (1) and (2) shall also apply accordingly to AIFs specialized in investments in assets and commodities; furthermore, the provisions of art. 55 shall also apply accordingly to AIFs specialized in investments in assets and commodities, except for those AIFs specialized in investments in assets and commodities targeting investments in art objects.

(4) In case of AIFs specialized in investments in assets and commodities targeting investments in art objects, the investments shall be made in the works of art set out in Law no. 227/2015 on the Fiscal Code, as subsequently amended and supplemented.

(5) The provisions of art. 61-63 applicable to real estate AIFs shall also apply accordingly to AIFs specialized in investments in works of art, the references to real estate investments, real

estate asset(s), respectively real estate companies and the area of expertise valuation of real estate properties being considered to be made to investments in works of art, works of art, respectively economic operators certified by the Ministry of Culture specialized in the trading of works of art and specialized in valuation of movable assets - works of art.

(6) Certification of the existence and content of the work of art can be made based on the following documents:

a) the sale certificate referred to in art. 8^1 of the Norms regarding movable cultural goods trade approved by Government Decision no. 1420/2003, as subsequently amended and supplemented, supplemented by the purchase invoice if the work of art is acquired from an economic operator certified by the Ministry of Culture; or

b) the sale-purchase agreement if the work of art is acquired from a collector natural or legal person.

(7) In the course of its business, an AIF specialized in investments in assets and commodities shall ensure that its exposure, calculated according to the commitment method based on art. 8 of Regulation (EU) no. 231/2013, does not exceed three times its net asset value provided in art. 111 paragraph (1) of that regulation.

(8) AIFs specialized in investments in assets and commodities subject of this law shall use in their name the term alternative investment company in assets and commodities or alternative investment fund in assets and commodities, as the case may be.

SUBSECTION 5^4: AIFs specialized in real estate investments

Art. 61

(1) An AIF addressed to professional investors specialized in real estate investments, hereinafter referred to as real estate PAIFs, shall be authorized by the FSA and invest at least 75% of its assets in real estate assets, for the purposes of this law, or in shares not admitted to trading on a trading venue of real estate companies, respectively shares of real estate companies whose financial statements are audited at least once per year, as well as whenever transactions with assets in their investment portfolio occur. For the purpose of prudential supervision, the FSA can request that the assets valuation process, respectively, that the financial statements audit of the real estate companies in which the assets of the real estate PAIFs are invested to be performed on a more frequent basis than the annual one.

(2) A real estate PAIF cannot invest more than 50% of the value of its assets in a single real estate asset or in shares not admitted to trading on a regulated market or on an alternative trading system of a single real estate company/shares of a single real estate company.

(3) In order to calculate the limit provided in paragraph (2), real estates that have an interconnected economic purpose shall be deemed as a single real estate asset. Real estates that have an interconnected economic purpose shall mean the real estates within the same real estate project.

(4) In order to ensure liquidity, a real estate PAIF can invest in the assets referred to in art. 35 paragraph (1) letters a), b), d), e) and g) and in derivative financial instruments admitted to trading on a trading venue and can hold current and cash accounts in Lei and foreign currency, in compliance with the following limits:

a) the value of bank deposits set up with the same credit institution cannot represent more than 20% of the AIF's assets. The value of current accounts and cash held in Lei and in foreign currency should not exceed 10% of its assets;

b) the securities and money market instruments provided in art. 35 paragraph (1) letter a) and b) issued by a single issuer, held by a real estate AIF, cannot represent more than 10% of its assets.

(5) An AIFM, on behalf of a real estate PAIF, may hold shares in the share capital of a limited liability company or a joint-stock company registered with the trade register office, and such shares shall not be considered as part of the AIFM's estate and shall not be subject to any claim from the AIFM's creditors, including in case of bankruptcy or administrative liquidation of that AIFM.

(6) In the course of its business, a real estate PAIF shall ensure that its exposure, calculated according to the commitment method based on art. 8 of Regulation (EU) no. 231/2013, does not exceed three times its net asset value provided in art. 111 paragraph (1) of that regulation.

(8) Real estate PAIFs subject of this law shall use in their name the term real estate alternative investment company or real estate alternative investment fund, as the case may be.

Art. 62

The valuation of real estate assets shall be carried out by an independent appraiser, registered in the FSA Public Registry, in compliance with the regulations issued by FSA. The depositary shall certify the calculation method of the net asset, considering in its calculation the value of the real estate assets recorded in the valuation report drawn up by the independent appraiser, liable for the valuation.

Art. 63

(1) The valuation method of real estate assets shall be kept by the real estate PAIF for a period of at least 3 years and shall be provided in the rules or in the articles of association, as the case may be.

(2) The reassessment of real estate assets shall be carried out at least once per year, as well as whenever transactions with assets in its investment portfolio occur or at the FSA's request and shall be consistent with the real estate PAIF's issuance and redemption policy. The expenses with the real estate assets valuation shall be borne by the AIF.

(3) A real estate PAIF cannot purchase or sell real estate assets without having been previously evaluated under the conditions provided in art. 62.

(4) The purchase or sale of real estate assets cannot be performed at a price that is by more than 10% higher, in case of purchase, and by more than 10% lower, in case of sale, than the price set by an independent appraiser.

(5) The provisions of paragraph (4) shall not apply in exceptional cases, which must be specified in the real estate PAIF's rules or articles of association, as the case may be.

(6) The exceptional cases referred to in paragraph (5) shall be detailed in the annual report of that real estate PAIF, specifying the precise grounds for carrying out that transaction, the transaction date, the counterparty of the transaction, as well as the contract price.

(7) The details provided in paragraph (6) shall be the subject of an information notice that shall be sent to investors within maximum 30 days from transaction date.

Art. 64

(1) The certification of the existence of real estate assets, according to the type of the asset, shall be made based on land book excerpt for information no older than 30 days, as well as of the ownership deed.

(2) Real estate PAIFs shall not invest directly in unfinished real estates that do not fall within the definition of real estate assets from art. 2 letter b).

(3) The frequency of redemption of the units issued by the real estate PAIF shall be consistent with the investment profile and the investment portfolio liquidity risk management policy of the real estate PAIF under normal or exceptional liquidity conditions, in accordance with the provisions of art. 47 of Regulation (EU) no. 231/2013.

SUBSECTION 5^5: Venture capital AIFs

Art. 65

Venture capital AIFs, hereinafter referred to as venture capital AIFs, authorized by the FSA, set up as CAIFs or ICAIFs, shall operate in accordance with the provisions of Regulation (EU) no. 345/2013 and the implementing measures adopted by the European Commission.

Art. 66

In order to be marketed in other Member States, venture capital AIFs, subject of this law, will use in their name the acronym EuVECA, according to art. 4 of Regulation (EU) no. 345/2013, the cross-border notification of the marketing being carried out in compliance with the Commission Implementing Regulation (EU) no. 593/2014 of 3 June 2014 laying down implementing technical standards with regard to the format of the notification according to Article 16 (1) of Regulation (EU) no. 345/2013 of the European Parliament and of the Council on European venture capital funds.

Art. 67

(1) Authorization of the venture capital AIF by the FSA shall be carried out in accordance with the provisions of this law.

(2) If Regulation (EU) no. 345/2013 does not stipulate, the obligations incumbent on the directors of the venture capital AIF shall be those provided by the provisions of Law no. 74/2015, as subsequently amended and supplemented, and of the FSA regulations applicable to the AIFM registered with the FSA, observing the provisions of art. 2 paragraph (2) of Regulation (EU) no. 345/2013.

(3) In the course of its business, a venture capital AIF shall ensure that its exposure, calculated according to the commitment method based on art. 8 of Regulation (EU) no. 231/2013, does not exceed three times its net asset value provided in art. 111 paragraph (1) of that regulation.

SUBSECTION 5^6: Social entrepreneurship AIFs

Art. 68

Social entrepreneurship AIFs, hereinafter referred to as social entrepreneurship AIFs, authorized by the FSA, set up as contractual AIFs or investment companies AIFs, shall operate in accordance with the provisions of Regulation (EU) no. 345/2013 and the implementing measures adopted by the European Commission.

Art. 69

In order to be marketed in other Member States, social entrepreneurship AIFs, subject of this law, will use in their name the acronym EuSEF, according to art. 4 of Regulation (EU) no. 346/2013, the cross-border notification of the marketing being carried out in compliance with the Commission Implementing Regulation (EU) no. 594/2014 of 3 June 2014 laying down implementing technical standards with regard to the format of the notification according to Article 17 (1) of Regulation (EU) no. 346/2013 of the European Parliament and of the Council on European social entrepreneurship funds.

Art. 70

(1) Authorization of the social entrepreneurship AIF by the FSA shall be carried out in accordance with the provisions of this law.

(2) If Regulation (EU) no. 346/2013 does not stipulate, the obligations incumbent on the directors of the social entrepreneurship AIF shall be those provided by the provisions of Law no. 74/2015, as subsequently amended and supplemented, and of the FSA regulations applicable to the AIFM registered with the FSA, observing the provisions of art. 2 paragraph (2) of Regulation (EU) no. 346/2013.

(3) In the course of its business, a social entrepreneurship AIF shall ensure that its exposure, calculated according to the commitment method based on art. 8 of Regulation (EU) no. 231/2013, does not exceed three times its net asset value provided in art. 111 paragraph (1) of that regulation.

TITLE II: AIF's merger, division and liquidation

Art. 71

AIF's merger shall be carried out in accordance with the provisions of Title I, chap. IV, section 7 of the Government Emergency Ordinance no. 32/2012, applicable to UCITS and in compliance with the legal provisions applicable thereto.

Art. 72

AIF's division and liquidation shall be carried out, depending on their legal form, in accordance with the legal provisions applicable thereto and with the FSA regulations.

TITLE III: Penalties and administrative measures

Art. 73

(1) Breach of the provisions of this law and of the regulations adopted in its implementation shall incur civil and criminal liability, under the law.

(2) The following deeds committed by AIFMs managing AIFs regulated by this law, self-managed AIFs, depositaries of AIFs and/or by the members of the board of directors or supervisory board of AIFMs or self-managed AIFs, directors or members of the directorship of AIFMs or self-managed AIFs, and by the natural persons holding managerial positions or pursuing professional activities covered by this law, depending on their job duties, shall be deemed minor offences under this law:

a) breach of the requirements based on which the authorisation/license was given and the operating conditions set out in art. 4, art. 6 paragraph (4), art. 11 paragraph (1), art. 12 paragraph (4) and art. 64 paragraph (3);

b) breach of the provisions of art. 37, art. 50, art. 54 paragraph (3), art. 55 paragraph (1), art. 60 paragraph (5), art. 62 and art. 63 on AIF's assets valuation;

c) breach of the transparency and reporting obligations referred to in art. 8 paragraph (4), art. 9 paragraphs (3) and (4), art. 11 paragraphs (2) and (4), art. 38 paragraphs (1) - (4) and (6), art. 40, art. 47 paragraphs (4) and (5), art. 57 paragraph (2) and art. 59 paragraph (1);

d) breach of the prudential rules referred to in art. 5 paragraphs (1) - (3), art. 8 paragraphs (4), (6) and (8) and art. 29;

e) breach of the terms referred to in art. 11 paragraphs (5) and (6), art. 28 paragraph (3), art. 34, art. 35 paragraph (3), art. 36, art. 41 paragraph (2), art. 47 paragraphs (2), (4) and (5), art. 49 and art. 51 paragraph (1);

f) breach of the obligation to notify registrations to the trade register offices referred to herein;

g) breach of the conditions imposed upon amending the documents under which the authorization was granted, without notifying or requesting, as the case may be, the amendment of the operating license;

h) breach of the provisions of the funds' rules, issuance prospectuses, offering documents, articles of association of AIFs authorized under this law, including those regarding the investment strategy, the types of eligible assets, the investment limits applicable to that category of AIFs;

i) breach of the measures established by the authorization, supervisory, regulatory and control deeds or under them;

j) unauthorized use of the terms related to the AIFs' categories set out by this law;

k) unlawful preventing the exercise of the rights conferred by law to the FSA, such as the unjustified refusal to comply with the requests of the FSA in the exercise of its powers in accordance with the legal provisions;

l) breach of the regulations in force, issued by the FSA in the implementation of this law, in accordance with the conditions provided by those regulations;

m) breach of the provisions of art. 14 paragraph (2), art. 15, art. 27 paragraph (3), art. 30 paragraph (1) and art. 38 paragraph (5) regarding the observance of the legal regime applicable to the securities issuers.

Art. 74

(1) Committing the minor offences referred to in art. 73 paragraph (2) letters a) - l) shall be punishable as follows:

a) by warning or fine ranging between RON 1,000 and RON 50,000, for natural persons;

b) by warning or fine ranging between 0.1% and 5% of the net turnover obtained in the financial year prior to sanctioning, depending on the seriousness of the perpetrated deed, for legal persons.

(2) Committing the minor offences referred to in art. 73 paragraph (2) letter m) shall be punished according to art. 127 paragraph (1) letter c) point 2 or point 3, as the case may be, of Law no. 24/2017.

(3) If the turnover achieved in the financial year prior to sanctioning is not available upon sanctioning, the net turnover related to the financial year in which the legal person obtained the

turnover, which year is immediately prior to the reference year, shall be taken into account. Reference year shall mean the year prior to sanctioning.

(4) Notwithstanding the provisions of art. 8 paragraph (2) of Government Ordinance no. 2/2001 on the legal framework of minor offences, approved as amended and supplemented by Law no. 180/2002, as subsequently amended and supplemented, hereinafter referred to as Government Ordinance no. 2/2001, the newly-established legal person which did not obtain turnover in the year prior to sanctioning shall be punished by fine ranging between RON 10,000 and RON 1,000,000.

(5) Depending on the seriousness of the perpetrated deed, for committing the minor offences referred to in art. 73 paragraph (2), the FSA may also apply any of the following supplementary penalties:

a) suspension of the authorisation;

b) withdrawal of the authorisation;

c) prohibition for a period comprised between 90 days and 5 years of the right to hold a position, to carry out an activity or to supply a service for which the authorisation of the FSA is required under this law.

(6) The FSA shall be entitled to suspend the members of the board of directors/supervisory board/directorship, the managers, the persons responsible for managing the risks and/or the compliance officers of the AIFM or to request the inclusion on the GMS agenda of the proposal to revoke the members of the board of directors/supervisory board/directorship of the internally managed AIF and the appointment of other persons in their place, as the case may be, if it is acknowledged that these persons prejudice the management of the AIFs authorized by the FSA, by the influence exerted in the management of these entities as a result of having a qualifying holding in the AIFM, defined in art. 3 point 32 of Law no. 74/2015, as subsequently amended and supplemented.

(7) Depending on the nature and seriousness of the deed, in case of committing the minor offences referred to in art. 73 paragraph (2), the FSA may apply administrative measures, such as:

a) a public statement indicating the person responsible for the breach and the nature of the breach of the legal provisions;

b) a decision requesting the person responsible for the breach to stop such behaviour and to refrain from repeating it;

c) other warning measures and/or with the purpose of preventing or remedying the cases of breach of the legal provisions, according to the FSA regulations.

(8) The main penalties for minor offences referred to in paragraph (1) or (2) can be cumulatively applied with one or several supplementary penalties for minor offences referred to in paragraph (5).

(9) The administrative measures referred to in paragraph (7) can be applied in conjunction with the main or supplementary penalties referred to in paragraphs (1), (2) and (5).

(10) In case it is acknowledged that two or several minor offences have been committed, the fine set out for the most serious offence shall be applied, by derogation from the provisions of art. 10 paragraph (2) of Government Ordinance no. 2/2001.

(11) The FSA shall disclose to the public on its own website any administrative measure or penalty that will be imposed for infringement of the provisions of this law and of the regulations adopted in its implementation. The personal data disclosed shall be kept on the FSA website in compliance with the legal regulations regarding the protection of personal data, for a period established by the FSA regulations, in compliance with the provisions of Regulation (EU) no. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), hereinafter referred to as Regulation (EU) no. 679/2016, as well as of other legal provisions in force in the field of personal data protection.

(12) By exception from the provisions of paragraph (11), if the disclosure of the identity of the legal persons or of the personal data of the natural persons is considered by the FSA as disproportionate, as a result of a case-by-case assessment of the proportionality of publishing such information, or if the disclosure seriously jeopardizes the stability of financial markets or an ongoing investigation, the FSA can adopt at least one of the following administrative measures:

a) defer the publication of the decision to impose the penalty or the administrative measure until the reasons for the non-publication cease to exist;

b) publish the decision to impose the penalty or the administrative measure without disclosing the identity of the legal persons or the personal data of the natural persons, by pseudonymisation, provided that this publication ensures effective protection of the personal data concerned;

c) not publish the decision to impose a penalty or administrative measures in the event that the options laid down in letter a) and b) are considered to be insufficient to ensure:

1. that the stability of the financial markets would not be put in jeopardy;

2. the proportionality of the publication of such decision with regard to measures which are deemed to be of a minor nature.

(13) In the case of a decision to publish the penalty or administrative measure without disclosing the identity of the legal persons or the personal data of the natural persons, the FSA can postpone the publication of the relevant data for a reasonable period of time if it is envisaged that within that period the reasons for anonymous publication shall cease to exist.

(14) The FSA shall inform ESMA on the administrative penalties and measures applied according to the provisions of this law, if the reporting is a legal requirement established by Law no. 74/2015, as subsequently amended and supplemented.

(15) Committing the minor offences referred to in art. 73 paragraph (2) shall be acknowledged by the FSA through its specialized staff authorized to exercise supervisory, investigative and control duties of compliance with the legal provisions and regulations applicable to the capital market.

(16) Upon receipt of the verification documents resulting from the authorization, supervisory or control activity, and acknowledging the perpetration of one of the minor offences referred to in art. 73 paragraph (2), the FSA shall order, through the issuance of individual acts, the application of the penalties referred to in this article.

(17) To the extent that this law does not provide otherwise, the provisions of Government Ordinance no. 2/2001 shall apply to the minor offences provided by this law.

18) The provisions of art. 5 paragraph (6) and art. 21 paragraph (3) of Government Ordinance no. 2/2001, as well as the personal and real circumstances of the deed and the behaviour of the offender shall be considered upon the individualisation of the penalty, depending on:

a) the severity and duration of the breach;

b) the degree of guilt of the offender;

c) the financial standing of the offender, as indicated by the total turnover of the legal person or the annual income of the responsible natural person, insofar as it can be identified, or by other relevant indicators;

d) the value of the gains or losses avoided by the offender by that operation, the damages suffered by other persons and, as the case may be, the damages brought to the functioning of the financial market or the economy as a whole, insofar as they can be determined;

e) the degree of cooperation of the offender with the FSA;

f) previous breaches committed by the offender;

g) any measures taken by the offender, after committing the deed, to limit the damages, to cover the damage or to stop committing the deed.

(19) Notwithstanding the provisions of art. 13 of Government Ordinance no. 2/2001, the statute of limitations for the application of the penalty for minor offences shall be 6 months from the date the deed was acknowledged, but not later than 3 years after the perpetration of the deed.

(20) The acts issued by the FSA whereby administrative penalties are imposed under this law can be challenged at the Bucharest Court of Appeal, as provided by Law no. 554/2004 on administrative litigations, as subsequently amended and supplemented.

Art. 75

Pursuing without an authorisation any business or operation for which this law requires an authorisation shall be deemed a criminal offence and shall be punished pursuant to art. 348 of Law no. 286/2009 on the Criminal Code, as subsequently amended and supplemented.

Art. 76

The FSA shall be entitled to withdraw the permit given to the financial auditor performing audit procedures for the AIF in case of breach of the provisions of art. 21 paragraphs (3) - (5), under the conditions provided by the regulations issued by the FSA.

Art. 77

(1) In applying the provisions of art. 33 of Regulation (EU) no. 760/2015, the breach of the provisions of this regulation, as well as of the regulations issued by FSA in its implementation shall be deemed a minor offence, shall be acknowledged and sanctioned by the FSA, as a national competent authority, and shall incur civil liability according to the provisions of art. 74.

(2) In applying the provisions of art. 40 and 41 of Regulation (EU) no. 1131/2017, the breach of the provisions of said regulation and of the regulations adopted in its implementation shall be deemed a minor offence, shall be acknowledged and sanctioned by the FSA, as a national competent authority, and shall incur civil liability according to the provisions of art. 74.

TITLE IV: Transitional and final provisions

Art. 78

(1) By way of exception from the provisions of art. 17 paragraph (2), the obligation to pay in full at the time of subscription shall not apply to shares subscribed by the Romanian State with certain ICAIFs set up as companies, based on other normative acts.

(2) Considering the provisions of art. 1 paragraph (4) and, respectively, of art. 63 paragraph (1) of Law no. 74/2015, as subsequently amended and supplemented, the category of AIFs in Romania referred to in art. 1 paragraph (2) of this law shall comprise:

a) the collective investment undertakings, other than undertakings for collective investment in transferable securities, hereinafter referred to as NON-UCITS, incorporated in Romania, which prior to the entry into force of Law no. 74/2015, as subsequently amended and supplemented, were bound to request registration with the FSA, according to the provisions of art. 114 paragraph (2) and art. 115 paragraph (1) of Capital Market Law no. 297/2004, as subsequently amended and supplemented, including financial investment companies, incorporated in accordance with the provisions of Law no. 133/1996 on the transformation of the Private Property Funds into financial investment companies, as subsequently amended, hereinafter referred to as Law no. 133/1996, respectively the Company “Fondul Proprietatea” - SA incorporated in accordance with the provisions of Law no. 247/2005 on the reform in the fields of ownership and justice, as well as certain adjacent measures, as subsequently amended and supplemented, hereinafter referred to as Law no. 247/2005;

b) NON-UCITS incorporated in Romania which, in accordance with the provisions of art. 115 paragraph (2) of Law no. 297/2004, as subsequently amended and supplemented, were not subject to the provisions of said law, not being bound to register with the FSA prior to the entry into force of Law no. 74/2015, as subsequently amended and supplemented.

(3) The provisions of this law shall be supplemented accordingly with the provisions of Law no. 74/2015, as subsequently amended and supplemented, and of Law no. 31/1990, republished, subsequently amended and supplemented, insofar as they do not conflict with the provisions of this law.

Art. 79

(1) NON-UCITS authorized by the FSA at the date of entry into force of this law and NON-UCITS referred to in art. 78 paragraph (2) letter b), except for money-market RAIFs referred to in art. 44 paragraph (1), within 6 months from the date of its entry into force, must:

a) amend their incorporation and functioning documents and their activity according to the provisions of this law;

b) apply for the authorization of the amendments of the documents referred to in letter a) and submit the applications and documentation in this regard.

(2) In case of NON-UCITS referred to in paragraph (1) and which do not comply with the obligations provided in this article, within 6 months from the date of entry into force of this law, the operating license is withdrawn.

(3) In applying the provisions of paragraph (1), NON-UCITS registered with the FSA prior to the entry into force of this law, shall apply for authorization by the FSA in order to be classified in one of the categories of AIFs provided by this law, as follows:

a) NON-UCITS raising funds from public investors shall apply for one of the categories of AIFs addressed to retail investors;

b) NON-UCITS raising funds from private investors shall apply for one of the categories of AIFs addressed to professional investors or retail investors, as the case may be. In case the investors of that NON-UCITS are not classified in the category of professional investors, the AIFM managing the assets of the NON-UCITS shall:

1. request the FSA to authorize that NON-UCITS as AIF addressed to retail investors; or

2. initiates the necessary procedures within 3 months from the date of entry into force of this law in order to liquidate the NON-UCITS, in accordance with the provisions set out by the regulations issued by the FSA, observing the content of the NON-UCITS' prospectus.

(4) In the case of NON-UCITS registered with the FSA whose securities are traded on a trading venue, they shall request to be classified in the category of AIFs addressed to for retail investors.

(5) As a result of amending the incorporation documents of closed-ended investment funds NON-UCITS registered with the FSA prior to the entry into force of this law, in order to comply with its provisions and FSA regulations regarding the transformation into CAIF, the provisions of art. 11 paragraph (4) regarding the withdrawal of investors shall not apply.

(6) Applications for authorization of NON-UCITS pending settlement at the date of entry into force of this law will be withdrawn and drawn up in accordance with the provisions of this law.

Art. 80

(1) Financial investment companies, hereinafter referred to as SIFs, set up in accordance with the provisions of Law no. 133/1996, as subsequently amended, as well as investment company "Fondul Proprietatea" - SA, incorporated under Law no. 247/2005, as subsequently amended and supplemented, shall be classified in the category of AIFs addressed to retail investors and cannot request withdrawal from trading on the regulated spot market managed by the Bucharest Stock Exchange - SA, except under the conditions of withdrawal of the AIF's authorization by the FSA.

(2) In case of issuance by SIF of several categories of shares, these categories of shares shall be traded in different sections on the regulated spot market managed by the Bucharest Stock Exchange - SA.

(3) By derogation from the provisions of art. 134 of Law no. 31/1990, republished, as subsequently amended and supplemented, amendment of the articles of incorporation of SIFs in order to modify the scope of activity in accordance with the provisions of Law no. 74/2015, as subsequently amended and supplemented, shall be made without granting the shareholders the right to withdraw from the company and shall be registered with the trade register office of the county where the registered office is declared, based on the board of directors or AIFM's decision, as the case may be, thereafter obtaining the prior authorization issued by the FSA.

Art. 81

(1) This law shall enter into force 30 days from the date of its publication in the Official Gazette of Romania, Part I.

(2) Within 3 months from the entry into force of this law, the FSA shall issue regulations in its implementation.

(3) At the end of the term of 6 months referred to in art. 79 paragraph (1), the following shall be repealed:

a) Law no. 133/1996 on the transformation of the Private Property Funds into financial investment companies, published in the Official Gazette of Romania, Part I, no. 273 of November 1, 1996, as subsequently amended;

b) art. 114-120, art. 122, art. 123, art. 272 paragraph (1) letter i), art. 286, 286^1 and 286^3 of Capital Market Law no. 297/2004, published in the Official Gazette of Romania, Part I, no. 571 of June 29, 2004, as subsequently amended and supplemented;

c) art. 6 paragraph (1), art. 7, art. 7^1, art. 9, art. 9^1, art. 9^2 paragraphs (8) - (10), art. 12 paragraphs (3), (4), (4^1), (5) and paragraph (9) and art. 20^1 of Title VII of Law no. 247/2005 on the reform in the fields of ownership and justice, as well as certain adjacent measures, as subsequently amended and supplemented, published in the Official Gazette of Romania, Part I, no. 653 of July 22, 2005, as subsequently amended and supplemented.

(4) Personal data processing within the FSA shall be performed exclusively for the purpose of fulfilling the authorization, supervisory, investigative, cooperation with other public authorities and investors' protection duties, in compliance with the provisions of this law, of Regulation (EU) no. 679/2016, as well as other legal provisions in force in the field of personal data protection.

(5) At the date of entry into force of this law, the provisions of Title VIII "Financial audit" of Capital Market Law no. 297/2004, published in the Official Gazette of Romania, Part I, no. 571 of June 29, 2004, as subsequently amended and supplemented, shall be repealed.

Art. 82

At the date of entry into force of this law, any term/reference to "NON-UCITS" used in Government Emergency Ordinance no. 32/2012 shall be read/considered to be made at "AIF".

Art. 83

At the date of entry into force of this law, Government Emergency Ordinance no. 32/2012 regarding undertakings for collective investment in transferable securities and investment management companies, as well as amending and supplementing Capital Market Law no. 297/2004, published in the Official Gazette of Romania, Part I, no. 435 of June 30, 2012, approved as amended and supplemented by Law no. 10/2015, as subsequently amended and supplemented, shall be amended and supplemented as follows:

1. In article 4, after paragraph 4, a new paragraph, paragraph 5 shall be inserted, with the following content:

"(5) The provisions of Title IX "Financial audit" of Law No. 126/2018 on financial instruments markets, shall be applied accordingly by SAI and UCITS".

2. Article 13 shall be amended and shall have the following content:

"Art. 13

(1) The provisions of art. 34-45 and art. 272 of Law no. 126/2018 on financial instruments markets, as well as the FSA regulations regarding the rules of procedure and the criteria applicable to the prudential assessment of the purchases and increases of the investments in a financial investment services company shall apply accordingly to qualifying holdings in a SAI.

(2) For the purpose of this emergency ordinance, the term "SSIF" in the content of the art. 34-45 of Law no. 126/2018 will read "SAI", and the term "regulated entity" in the content of art. 272 of the same law will include "SAI"."

3. In article 193^2, after letter k), a new letter, letter l) shall be inserted, with the following content:

"l) to suspend the authorization to carry out certain activities or to exercise certain functions, if it is acknowledged or there are reasonable grounds to affect the interests of the investors or the good reputation of the SAI concerned, by continuing to carry out those activities or to exercise those functions."

4. In Article 196, after paragraph 6, four new paragraphs, paragraphs (6^1)-(6^4), shall be inserted, with the following content:

"(6^1) Depending on the nature and seriousness of the deed, in case of committing the minor offences referred to in art. 195, the FSA may apply the administrative measures referred to in paragraph (6), such as:

a) a public statement indicating the person responsible for the breach and the nature of the breach of the legal provisions;

b) a decision requesting the person responsible for the breach to stop such behaviour and to refrain from repeating it;

c) other warning measures and/or with the purpose of preventing or remedying the cases of breach of the legal provisions, according to the FSA regulations.

(6^2) The main penalties for minor offences can be cumulatively applied with one or several supplementary penalties for minor offences provided by this emergency ordinance.

(6^3) The administrative measures referred to in paragraph (6^1) can be applied separately or in conjunction with the main or supplementary penalties provided by this emergency ordinance.

(6^4) In case it is acknowledged that two or several minor offences have been committed, the fine set out for the most serious offence shall be applied, by derogation from the provisions of art. 10 paragraph (2) of Government Ordinance no. 2/2001."

5. Article 202 shall be repealed.

6. After article 202, a new article, article 202^1, shall be inserted, with the following content:

"Article 202^1

(1) Personal data processing within the FSA shall be performed exclusively for the purpose of fulfilling the authorization, supervisory, investigative, cooperation with other public authorities and investors' protection duties, in compliance with the provisions of this emergency ordinance, as well as in accordance with the provisions of Regulation (EU) 2016/679 of the European

Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

(2) Throughout this emergency ordinance, the term representative of the internal control department shall read the compliance officer."

Art. 84

At the date of entry into force of this law, Law no. 74/2015 on managers of alternative investment funds, published in the Official Gazette of Romania, Part I, no. 274 of April 23, 2015, as subsequently amended and supplemented, shall be amended and supplemented as follows:

1. In Article 7 paragraph (2) letter (a) shall be amended and shall have the following content:

"a) information on the members of the board of directors or supervisory board, as the case may be, as well as on the directors or members of the directorship, as the case may be, of the AIFM;"

2. In Article 10, paragraph (1) shall be amended and shall have the following content:

"Art. 10

(1) AIFMs shall apply for authorization by the FSA, before implementation, any changes to the material conditions for authorization, provided in art. 7 paragraph (2) letters a), b), e), f), h) and i). In case of amendment of the conditions referred to in art. 7 paragraph (2) letters c), d), g) and j), AIFMs shall notify the FSA in this respect within 14 days before such changes become effective."

3. In Article 21, after paragraph (3), a new paragraph, paragraph (4) shall be inserted, with the following content:

"(4) The provisions of Title IX "Financial audit" of Law No. 126/2018 on financial instruments markets, shall be applied accordingly by the AIFM and the AIF."

4. In Article 50 paragraph (2), after letter l) a new letter, letter m), shall be inserted, with the following content:

"m) to suspend the authorization to carry out certain activities or to exercise certain functions, if it is acknowledged or there are reasonable grounds to affect the interests of the investors or the good reputation of the AIFM concerned, by continuing to carry out those activities or to exercise those functions."

5. In Article 52, paragraph (5) shall be amended and shall have the following content:

"(5) The FSA shall disclose to the public any penalty or administrative measure that will be imposed for infringement of the provisions of this law and of the regulations adopted in its implementation, unless this disclosure seriously jeopardizes the stability of financial markets,

damages the interests of the investors or brings a disproportionate damage to the parties concerned."

6. In Article 52, after paragraph (5), four new paragraphs, paragraphs (6)-(9), shall be inserted, with the following content:

"(6) Depending on the nature and seriousness of the deed, in case of committing the minor offences referred to in art. 51 or 51^1, the FSA may apply administrative measures, such as:

a) a public statement indicating the person responsible for the breach and the nature of the breach of the legal provisions;

b) a decision requesting the person responsible for the breach to stop such behaviour and to refrain from repeating it;

c) other warning measures and/or with the purpose of preventing or remedying the cases of breach of the legal provisions, according to the FSA regulations.

(7) The main penalties for minor offences can be cumulatively applied with one or several supplementary penalties for minor offences provided by this law.

(8) The administrative measures referred to in paragraph (6) can be applied separately or in conjunction with the main or supplementary penalties provided by this law.

(9) In case it is acknowledged that two or several minor offences have been committed, the fine set out for the most serious offence shall be applied, by derogation from the provisions of art. 10 paragraph (2) of Government Ordinance no. 2/2001, approved as amended and supplemented by Law no. 180/2002, as subsequently amended and supplemented."

7. After article 57, a new article, article 57^1, shall be inserted, with the following content:

"Art. 57^1

(1) Reporting to the FSA of possible or actual breaches of the provisions of this law and/or of Regulation (EU) no. 231/2013 shall be carried out in accordance with the regulations issued by the FSA.

(2) The FSA shall establish independent and autonomous communication channels, which are secure and ensure confidentiality, for receiving reports on breaches of the provisions of this law, hereinafter referred to as secure communication methods.

(3) The secure communication methods shall be deemed independent and autonomous, if the following criteria are cumulatively met:

a) are separated from the FSA's general communication channels, including those through which the FSA communicates internally and with third parties in the course of its ordinary business;

b) are designed, established and used in a way that guarantees the completeness, integrity and confidentiality of the information and prevents the access of the FSA's unauthorized employees;

c) allow the sustainable storage of information, in accordance with the regulations issued by the FSA, to allow further investigations. The FSA shall keep the records referred to in this letter in a confidential and secure database.

(4) Secure communication methods shall allow reporting of possible or actual breaches in at least the following ways:

a) written reporting of breaches, in electronic format or on paper;

b) oral reporting of breaches through telephone lines, whether registered or unregistered;

c) meeting with FSA's specialized employees, if required.

(5) The FSA shall ensure that a report on a breach received by other means than the secure communication methods provided in this article is transmitted immediately, without modification, to the FSA's specialized employees, by using the secure communication methods.

(6) The management process by the FSA of the reports transmitted by the persons reporting breaches of the provisions of this law shall be carried out according to the provisions of paragraphs (2)-(5) and of the regulations issued by the FSA, and ensuring:

a) the drafting of specific procedures for receiving reports on breaches and taking further measures;

b) an adequate level of protection of those employees of the AIFM or of the AIF's depositaries who report the breaches committed within those entities, at least regarding acts of revenge, discrimination and other types of unfair treatment;

c) the protection of personal data both regarding the person reporting breaches of this law and the natural person suspected of being guilty of an infringement, in accordance with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 27 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), hereinafter referred to as Regulation (EU) no. 679/2016, as well as with other legal provisions in force in the field of personal data protection;

d) the confidentiality of the person reporting a breach, unless the national law requires the disclosure of his or her identity, in the context of subsequent investigations or judicial proceedings.

(7) Reporting by the employees of the AIFM or of the AIF's depositaries, referred to in paragraphs (1)-(5), shall not be deemed a breach of any restriction regarding the disclosure of information imposed by contract or by any provision laid down by law or administrative act and shall not incur the liability of the person notifying in relation to that reporting."

8. After article 63, a new article, article 63^1, shall be inserted, with the following content:

"Art. 63^1

Personal data processing within the FSA shall be performed exclusively for the purpose of fulfilling the authorization, supervisory, investigative, cooperation with other public authorities and investors' protection duties, in compliance with the provisions of this law, as well as in accordance with the provisions of Regulation (EU) 679/2016."

This law has been approved by the Romanian Parliament, by observance of the provisions of articles 75 and 76 paragraph (1) of the Romanian Constitution, republished.

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PRESIDENT OF THE CHAMBER OF DEPUTIES

ION-MARCEL CIOLACU

PRESIDENT OF THE SENATE

TEODOR-VIOREL MELEŞCANU

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