SUPPORT FOR THE IMPLEMENTATION OF AGREEMENTS BETWEEN THE REPUBLIC OF MOLDOVA AND THE EUROPEAN UNION

COMPLIANCE ANALYSIS OF THE DRAFT LAW ON CAPITAL MARKETS IN THE REPUBLIC OF MOLDOVA

Version 30.06.2010  Dr. Fred Reinertz
Any opinions expressed in this report remain those of the Contractor and are not to be understood as in any way reflecting an official opinion of EUROPEAID, the European Union or any of its constituent or connected organizations.

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TABLE OF CONTENTS</td>
<td>3</td>
</tr>
<tr>
<td>Acronyms</td>
<td>4</td>
</tr>
<tr>
<td>1 – INTRODUCTION AND EXECUTIVE SUMMARY</td>
<td>5</td>
</tr>
<tr>
<td>1.1. INTRODUCTION</td>
<td>5</td>
</tr>
<tr>
<td>1.2. EXECUTIVE SUMMARY</td>
<td>7</td>
</tr>
<tr>
<td>2 – ASSIGNMENT AND MAIN FINDINGS</td>
<td>9</td>
</tr>
<tr>
<td>TABLE OF COMPATIBILITY</td>
<td>10</td>
</tr>
<tr>
<td>3. CONCLUSIONS, RECOMMENDATIONS</td>
<td>252</td>
</tr>
<tr>
<td>3.1. CONCLUSIONS</td>
<td>252</td>
</tr>
<tr>
<td>3.2. RECOMMENDATIONS</td>
<td>254</td>
</tr>
<tr>
<td>ANNEXES</td>
<td>256</td>
</tr>
<tr>
<td>ANNEX I</td>
<td>257</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
ACRONYMS

CLA  Centre for Legal Approximation
EC   European Commission
ENAP European Neighbourhood action Plan
EU   European Union
NCFM National Commission for Financial Markets
OECD Organization for Economic Co-operation and Development
PCA  Partnership and Cooperation Agreement
PM   Prime Minister
RIA  Regulatory Impact Analysis
1 – INTRODUCTION AND EXECUTIVE SUMMARY

1.1. INTRODUCTION

The EU funded Project “Support for the Implementation of Agreements between the Republic of Moldova and the European Union” commenced work in Chisinau in August 2008 and will operate until end-2010. The Project is being implemented by an international Consortium headed by IBF International Consulting. The overall objective of the Project is to assist the Moldovan authorities in implementing the priorities set out in the Partnership & Cooperation Agreement (PCA) of 1998 and the European Neighbourhood Action Plan (ENAP) of 2005.

The Project is operationally divided into three Components with the following specific objectives:

1: To support and monitor the implementation of the measures established in the current as well as possible future bilateral agreements between the EU and the Republic of Moldova within the framework of the European Neighbourhood Policy (Component 1) – mostly in the form of high level policy advice and institutional strengthening at the Prime Minister’s Office.

2: To support the legal approximation process in the Republic of Moldova in the sectors agreed between Moldova and the EU within the framework of the agreed bilateral documents as well as its effective implementation (Component 2) – mostly in the form of policy and legal advice and training to approximation sectors, the enhancement of Moldovan law approximation capacity and institutional building support to the Centre for Legal Approximation.

3: To increase promotion, visibility and effectiveness of coordination of EU aid assistance by Moldovan authorities as well as the coordination of EU-funded initiatives with the ones of other donors, in particular EU Member States (Component 3); mostly in the development of aid coordination capacity and the promotion of TWINNING assistance.

In accordance with the approved planning for the Project, the work of the Project is based on the resultant three Components. This assignment concerns Component 2 – Support for Law approximation. More specifically, this assignment focuses to advise on, and assess compliance, of the draft version of the Law on Capital Markets in the Republic of Moldova with the in the EU prevailing legal frame. This is done by providing this analysis of compliance with EU legislation in the agreed form of a duly elaborated table of compliance for the intended capital market draft law. This report must be read together with the assessment report on the draft law on capital markets in the Republic of Moldova as elaborated for perusal and consideration of the NCFM.

Accordingly, this report takes in the core, the form of a formal table of compatibility, to highlight the contents of the draft law on capital markets in the Republic of Moldova. This draft law is deemed to approximate the actually prevailing EU laws and regulations in matters of capital markets. It is based on standards as defined in by the projects’ elaborated “Guidelines for drafting tables of concordance” report.
The present report does not prejudice the conclusions as expressed in the assessment report in matters legal approximation that tends to recommend, in matters of the projects sustainability, to use an immediate TAIEX, (Technical Assistance and Information Exchange) follow-up project, as done recently in Romania and Bulgaria. Also a, Twinning project could be usefully recommended as follow-up then as successfully done in Ukraine in the context with the introduction of a similar capital market EU approximation legislation.

This assessment has been prepared by the Project’s senior international short term expert, Dr. Fred Reinertz, assigned expert in matters of compatibility assessment of the draft law on capital markets and training on approximation to EU law for the Centre for Legal Approximation as well as ancillary for the National Commission for Financial Markets.
1.2. EXECUTIVE SUMMARY

Based on this assessment report it can be concluded that the draft law on capital markets in the Republic of Moldova as such, is a unique in its characteristics type of frame law, although it is compliant in a broad sense with most of the in the EU prevailing rules in matters capital markets although there are shortcomings as outlined below under heading 3 in the final compatibility opinion.

It is a sui generis frame, as it includes some items that are more often found in the EU's secondary capital markets legislation framework and then the usual more general implementation rules and procedures as prevailing in the EU. In many aspects this framework is nevertheless similar to the legislation and/or practices of some later accession member States, or States seeking compliance with EU laws, in terms of the regulation of the subject matter and approach.

The actual draft law contains provisions regarding the issuing of securities; it is reflecting the requirements as addressed in the major EU's Lamfalussy type of directives: such as the Markets in Financial Instruments directive, Prospectus directive, Take-over bids directive, Transparency directive, and Market abuse directive, just to mention the most important core directives in relation with capital markets issues in general.

It also broaches issues as addressed in the EU directives in relation with investor compensation schemes, the capital adequacy directive as far as applicable to investment firms, and contains some elements from the EC’s settlement finality directive in matters of payment and securities settlement systems.

It does not retain some elements of the more recent EU directives such as Directive 2006/73 on implementing the directive 2004/39 MiFID, and the subsequent compulsory Regulation No 1287/2006 implementing 2004/39; the level two Lamfalussy directives that are the sine qua non foundations of a fully EU compatible capital market frame.

In accordance with the Financial Services Action Plan the EU has issued these Directives and Regulations designed to strengthen the Community legislative framework for investment services and regulated markets with a view to furthering two major objectives:

- to protect investors and safeguard market integrity by establishing harmonized requirements governing the activities of authorized intermediaries;
- to promote fair, transparent, efficient and integrated financial markets.

The new Directive 2009/65 UCITS IV, as well as the less important directive 2007/44 regarding procedural rules and evaluation criteria for prudential assessment of acquisition and increase of holdings in the financial sector (it has some relevance with the EU capital markets legislation) are not fully reflected in the draft capital market law proposal. See Annex II with the list of all the relevant EC directives in matters of stock exchanges and securities as issued up to day June 1, 2010.
In Annex I the expert gives the example of a more standard structure for drafting and elaborating a capital market law; it is based on draft law proposal elaborated by the expert in the context of the project “Support for the improvement of the investment and export climate EuropAid/126666/C/SER/AZ” in Azerbaijan, when assigned there as a senior international short term expert on architecture for the capital markets, in the Republic of Azerbaijan.

In the EU the regulatory capital market frame results from the recommendations made by the Committee of Wise Men on the Regulation of European Securities Markets. In its final report (the so called Lamfalussy procedure), the Committee of Wise Men proposed the introduction of new legislative techniques based on a four-level approach, namely 1-framework principles, 2-implementing measures, 3-cooperation and 4-enforcement.

Level 1, the EU Directives, should confine themselves to broad general "framework" principles while Level 2 should contain technical implementing measures to be adopted by the Commission with the assistance of a Securities Committee. So in Moldova when aiming to seek compliance with the EU directives, the national domestic capital market law does reach the EU level 1. It remains then for NCFM to cope with the requirements of level 2, once the amended draft law will be adopted in Parliament, as the EU directives approximation process in Moldova will also require specifically subsequent legislative acts to be able to enforce the requirements. Stemming from the EU’s issued capital markets directives frame.

At a later level therefore a new assessment using the tool of the compatibility table should be undertaken again to ascertain EU compliance and adhesion of the in Moldova enacted legislation.
2 – ASSIGNMENT AND MAIN FINDINGS
### TABLE OF COMPATIBILITY

1. **Title of Community legislation act, area of regulation and purpose of the act**
   - Directive 2004/109/EC on harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (*Transparency Directive - TD*)

Nota Bene: The Federation of European Securities Exchanges (FESE), the European Association of Central Counterparty Clearing Houses (EACH), and the European Central Securities Depositories Association (ECSDA) adopted a European Code of Conduct for Clearing and Settlement on November 7, 2006; this document was not taken into account for the assessment. This mentioned principles and rules are nevertheless avowed to underlie all the above mentioned EU directives, so compliance with EU directives entails indirect compatibility with these principles. The assessment of the Legal and Regulatory framework for securities settlement is not part of the Table, as that item is not addressed in the draft capital market law under review.

The Directive 2006/73/EC regarding **organisational requirements and operating conditions for investment firms** was duly retained partially in the analysis, as deemed useful in this context. It is “de facto” and “de jure” the MiFID directive’s (2004/39) follow-up
implementation directive for investment firms, regulated markets and credit institutions (when providing investment services/investment activities); together with the compulsory enacted Regulation No 1287/2006 implementing the directive 2004/39 MiFID.

2. Title of the national normative act, subject of regulation and its purpose:

**DRAFT LAW ON CAPITAL MARKET;**

Intends to provide a legal and regulatory framework for the capital markets in Moldova.

3. The level of compatibility:

   fully compatible, partially compatible, not compatible

4. Requirements and the provisions of the EU directive (article, paragraph)

5. Provisions of the draft law

6. Differences

7. Reasons explaining why the draft is not Compatible

8. Institutions in charge

9. any additional comments, if any

---

**TITLUL I. GENERAL PROVISIONS**

**Articolul 1. The area of regulation**
**Directive 2004/39/EC on markets in financial instruments, MiFID Article 1**

(1) This Law is regulating the investment firms’ activity, public offers, takeover bids, infrastructure of capital market, and inclusively regulated market disclosure of information with a view to maintaining high standards of activity on the capital market, and creating the optimal conditions for financial investments.

(2) Any activities carried out on securities market must be in accordance with the provisions of this law, other relevant laws and decisions of the National Commission of Financial Market, hereinafter referred to as the *National Commission*.

(3) The National Commission is the competent authority that enforces this law in accordance with the powers vested in it by the Law on National Commission of Financial Market.

(4) With the purpose to enforce this Law the National Commission adopts regulations and individual decisions and issues the explanatory and recommendations notes and letters.

**Articolul 2. Subjects of the present law**

(1) This law applies to domestic and foreign organizations and persons participating in the capital market of Moldova.

(2) This law applies to licensed banks which are carrying out investment services and activities except as otherwise provided in this law.

(3) Investment activities and services of licensed banks are

| Fully compatible |  |  |  |

---

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
provided in accordance with provisions of this law and regulations on licensed banks’ activities.

4) The provisions of this law do not apply to clearing and settlement of transactions with money market instruments and State securities which are carried out outside regulated market and/or multilateral trading facility, and to system authorized by National Bank and which are referred to the licensed banks.

(5) The provisions established in Section 1 and 2 of Chapter VI shall apply to issuers whose financial instruments comply at least with one of the following conditions:
   a) are admitted to a regulated market and/or a multilateral trading facility;
   b) was the object of a public offer, except for those provided in par. (6).

(6) If the securities were the object of a public offer, the provisions established in Section 1 and Section 2 of Chapter VI shall not affect the issuers of such securities if the following conditions are met:
   a) securities are owned exclusively by qualified investors; or
   b) securities are owned by less than 100 natural or legal persons, other than qualified investors; or
   c) each holder of these securities holds securities in an amount of at least 900 thousand lei; or
   d) the nominal or placing value of such securities is less than 1,8 million lei.
### Articolul 3. Exceptions

This law does not apply to:

a) money market instruments that are regulated by the National Bank of Moldova namely certificates of the National Bank of Moldova, bank certificates of deposit and other instruments and to government securities issued by the Ministry of Finance or local public authorities, in case these instruments are not traded on a regulated market and/or in a multilateral trading facility;
b) public debt management where the National Bank of Moldova or other national entities performing similar functions in Member States of the European Union are involved, Ministry of Finance and other public authorities;
c) persons which provide investment services exclusively for their parent undertakings, for their subsidiaries or for other subsidiaries of their dominant undertakings;
d) persons who do not provide any investment services or activities other than dealing on own account unless they are market makers;
e) persons providing investment advice in the course of providing another professional activity not covered by this Law, provided that the provision of such advice is not specifically remunerated;
f) persons whose main business consists of dealing on own account in commodities and/or commodities derivatives.

### Articolul 4. Categories of financial instruments

| Fully compatible |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
| Annex I section C | (1) The investment services and activities regulated by this Law shall apply to the following financial instruments:  
| Financial instruments | a) securities;  
b) units in collective investment undertakings;  
c) money-market instruments;  
d) options, futures, swaps, forward rate agreements and any other derivative instruments relating to securities, currencies, interest rates or yields, financial indexes or commodities;  
e) derivative instruments for the transfer of credit risk  
f) financial contracts for differences;  
g) any other financial instruments admitted to trading on a regulated market and/or multilateral trading facility.  
3  
(2) This law regulates the securities and the units in collective investment undertakings. The financial instruments indicated at par. (1) letters c)-f) are regulated by the present law only if they are traded on regulated markets or in a multi-lateral trading facility (MTF).  
(3) Pursuant this law, securities include the following financial instruments:  
a) shares and other securities equivalent to shares, and depositary receipts in respect of shares;  
b) bonds or other type of debt securities, including depositary receipts in respect of such securities;  
c) any other securities which can be converted or giving the right to acquire or sell any securities laid down in the letters a) and b). |

| Fully compatibility |  |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 15
Articolul 5 Regulatory Objectives

The regulatory objectives of the National Commission in respect with capital market are:

- a) to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness on the capital market;
- b) to promote understanding by the public of the capital market, financial instruments and investment services and activities;
- c) to protect the rights and interests of members of the public investing in and/or for persons which are beneficiate of the investment services;
- d) preventing the crime and misconduct on the capital market;
- e) to reduce systemic risks on the capital market;
- f) to assist in maintaining the financial stability of Moldova by taking appropriate steps in relation to the capital market.
### Articolul 6. Definitions

(1) In this law the terms and expressions below shall have the following meanings:

- "financial analyst" means a relevant person who produces the substance of investment research;
- "firm commitment basis" means the commitment of the investment firm to subscribe the unsubscribed financial instruments;
- "squeeze-out" means the right of the person who holds securities representing not less than 90% of the capital carrying voting rights to require all the holders of the remaining securities to sell him/her those securities;

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>organ. operat. requirements Art 2 p 4</td>
<td>(1) In this law the terms and expressions below shall have the following meanings: “financial analyst” means a relevant person who produces the substance of investment research; “firm commitment basis” means the commitment of the investment firm to subscribe the unsubscribed financial instruments; “squeeze-out” means the right of the person who holds securities representing not less than 90% of the capital carrying voting rights to require all the holders of the remaining securities to sell him/her those securities;</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Article 15 right to squeeze out</td>
<td></td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Directive 98/26/EC settlement finality in payment and securities settlement systems, Article 2, point e</td>
<td>“clearing” shall mean the conversion into one net claim or one net obligation of claims and obligations resulting from transfer orders which a participant or participants either issue to, or receive from, one or more other participants with the result that only a net claim can be demanded or a net obligation be owed;</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Directive 2004/39/EC MiFID directive Article 4 Definitions 2. Point 10,11, 12</td>
<td>“client” means any natural or legal person to whom an investment firm provides investment and/or ancillary services; “retail client” means a client who is not a professional client; “professional client” means a client meeting the criteria laid down in the Article 136 paragraph (1);</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Directive 2009/65/EC UCITS IV chapter V Art 27</td>
<td>“investment company”– means a collective investment undertaking, with legal personality as a joint stock company, which issues and repurchases shares on the shareholder’s requirement, in accordance with provisions of Law regarding joint stock companies,;</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Directive 2004/39/EC MiFID</td>
<td>“investment advice” means the provision of personal recommendation to a client of the investment firm, based on the particularities of that person, in respect of one or more transactions relating to financial instruments and referring to: a) to buy, sell, subscribe for, exchange, redeem, hold or</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Article 4 Definitions point 4</td>
<td>underwrite a particular financial instrument;</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) to exercise or not to exercise any right conferred by a particular financial instrument to buy, sell, subscribe for, exchange, or redeem a financial instrument;</td>
<td></td>
</tr>
</tbody>
</table>

“control position” means situation when a natural or legal person comply at least with one of the following conditions:

a) holds alone or together with the persons acting in concert a majority of the shareholders’ or members’ voting rights in another undertaking;
b) holds alone or together with the persons acting in concert a number of voting rights which allow him/she to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking (a subsidiary undertaking);
c) has the right to exercise a dominant influence over an undertaking (a subsidiary undertaking) of which it is a shareholder or member, pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association, where the law governing that subsidiary undertaking permits its being subject to such contracts or

<table>
<thead>
<tr>
<th>Fully compatible</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Directive 2009/65/EC UCITS IV Art 2 p 1 a</td>
<td>provisions; d) is a shareholder in or member of an undertaking, and: i. has appointed independently, as a result of holding at least 20% of the voting rights, designating this way a majority of the members of the administrative, management or supervisory bodies of that undertaking (a subsidiary undertaking) who have held office during the financial year, during the preceding financial year and up to the time when the consolidated accounts are drawn up, have been appointed solely as a result of the exercise of its voting rights; or ii. controls alone, pursuant to an agreement with other shareholders in or members of that undertaking (a subsidiary undertaking), a majority of shareholders' or members' voting rights in that undertaking.</td>
</tr>
<tr>
<td>Directive 2004/39/EC MiFID directive, Article 4 Definitions,</td>
<td>“depositary” means a licensed bank holding license of the National Bank of Moldova for financial activities and the license for financial activities as a depositary on capital market, issued by the National Commission;</td>
</tr>
<tr>
<td>“qualifying holding” means any direct or indirect holding in an investment firm which represents 10% or more of the equity capital;</td>
<td></td>
</tr>
<tr>
<td>point 27</td>
<td>Directive 2004/39/EC MiFID directive Article 4 Definitions, point 5</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Directive 2006/73 organ. operat. requirements investment firms Article 2 Definitions, point 6</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Directive 85/611/CE UCITS I / directive 2009/65/EC</td>
<td>“open-end investment fund” means collective securities investment scheme with no legal personality, whose units are subject to ongoing issuing and repurchasing activities in accordance with provisions of this Law and normative acts of the National Commission;</td>
</tr>
<tr>
<td>Column 1</td>
<td>Column 2</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
<table>
<thead>
<tr>
<th>Directive 2006/73/EC MiFID implementation directive Art 2 p7</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>“family relationship” – refers to persons who are in one of the following situations: a) spouse of a person; b) a natural or stepchild depending on a person; c) any person who lives with this person in the same house for at least one year.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directive 2003/6, MAD Art.1</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>“insider” means a person who holds confidential information; “licensed bank means a bank licensed for financial activities by National Bank of Moldova; in accordance with the Law on financial institutions nr.5550-XIII as 21 July 1995.</td>
<td></td>
</tr>
</tbody>
</table>

| “money-market instruments” means those classes of instruments which are normally dealt in on the money market including securities issued for a period up to one year, | Fully compatible |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
<table>
<thead>
<tr>
<th>Directive 2004/39/EC</th>
<th>certificates of deposit and other similar instruments excluding instruments of payment;</th>
</tr>
</thead>
<tbody>
<tr>
<td>MiFID directive</td>
<td>“qualified investors” means persons laid down in the Article 139 paragraph (1);</td>
</tr>
<tr>
<td>Article 4, point 19</td>
<td></td>
</tr>
<tr>
<td>Directive 2003/71/EC</td>
<td></td>
</tr>
<tr>
<td>Prospectus EC</td>
<td></td>
</tr>
<tr>
<td>Article 2, Definitions, point e</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Support for the Implementation of Agreements between the Republic of Moldova and the European Union
<table>
<thead>
<tr>
<th>Directive 2004/39/EC MiFID directive Article 4, Point 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>“close links” means a situation in which two or more natural or legal persons are linked by a) participation which means the ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking; b) control of a natural or legal person on an undertaking;</td>
</tr>
<tr>
<td>“portfolio management” means managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments;</td>
</tr>
<tr>
<td>“market maker” means a person who holds himself out on the capital markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments</td>
</tr>
<tr>
<td>Fully compatible</td>
</tr>
<tr>
<td>Fully compatible</td>
</tr>
<tr>
<td>Fully compatible</td>
</tr>
<tr>
<td>Article 4, point 9</td>
</tr>
<tr>
<td>Article 4, point 8</td>
</tr>
<tr>
<td>Directive 2003/71/CE Prospectus Article 2, Definitions, point d</td>
</tr>
<tr>
<td>Directive 2004/25/EC on take over Bids Article 2 Definitions</td>
</tr>
<tr>
<td>Directive 2004/25/EC on take over Bids Article 2 Definitions, point c</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 29
<table>
<thead>
<tr>
<th>Directive 2009/65/ED UCITS IV Art 1</th>
<th>invest them in accordance with the provisions of Article 108, (1) paragraph of this law;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directive 2004/25/EC on take over Bids, Article 2, Definitions points b, c, d</td>
<td>“persons acting in concert” means natural or legal persons who cooperate with the offeror or the offeree company on the basis of an agreement, either express or tacit, either oral or written, aimed either at acquiring control of the offeree company or at frustrating the successful outcome of a bid</td>
</tr>
<tr>
<td>Directive 2004/39/EC MiFID directive Article 9, Persons</td>
<td>“person who effectively direct the business” means a natural person who holds a managing positions within the investment firm and can influence the decisions of the investment firm; persons who effectively direct the business investment firm (not a licensed bank) are members of administrative, management or supervisory bodies by means of individual employment contract and whose administrative powers are set by internal regulations of investment firm; persons who effectively direct the business investment firm (a licensed bank) are members of administrative, management or supervisory bodies and the heads of specialized divisions by means of individual employment contract and whose administrative powers are set by internal regulations of investment firm;</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 30
<table>
<thead>
<tr>
<th>who effectively Direct the business</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>“relevant person” includes the following category of persons: administrative, management or supervisory body and employees of the investment firm; delegated agent by natural person of the investment firm; administrative, management or supervisory body and employees of the delegated agent legal person of the investment firm; shareholder of the investment firm; any other natural person or delegated agent who is directly involved in the provision by the firm of investment services and activities; a natural person who is directly involved in the provision of services to the investment firm under an outsourcing arrangement for the purpose of the provision by the firm of investment services and activities or a delegated agent.</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Directive 2004/39/EC MiFID directive Article 4, Definitions, point 14</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>“regulated market” means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments - in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of this law;</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>“offering programme” means a plan which would permit the issuance of non-equity securities, in a continuous or repeated manner during a specified issuing period;</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Directive 2003/71/CE Prospectus Article 2, Definitions 1, point k</td>
<td>“eligible counterparties” includes the categories of professional clients laid down in the Article 138 paragraph (2) letters a) and b);</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Directive 2007/44/EC criteria acquisitions/increase holdings in the financial sector, Article 15b Article 19a</td>
<td>“proposed acquirer” means any natural or legal person or such persons acting in concert who intends to dispose, directly or indirectly, of a qualifying holding in an investment firm; “project of acquisition” means the intention of the proposed acquirer to dispose a share in an investment firm;</td>
</tr>
<tr>
<td></td>
<td>“Moldovan depository receipt” is a security issued on a share or bond issued by a foreign issuer and certifying the right to receive the dividends and other payments paid by foreign issuer and other additional rights set by issuer of receipt;</td>
</tr>
<tr>
<td></td>
<td>“multilateral trading facility herein called MTF means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Directive 2004/39/EC MiFID directive Article 4, point 15</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>&quot;trust management company&quot; means an investment company that holds a B or C category licensed professional participant on capital market, a company, the regular business of which is the management of assets of a collective placement body UCITS in the form of common funds or of investment companies, on contract basis, in accordance with provisions of this Law and other normative and legislative acts of the National Commission;</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directive 2009/65/CE UCITS IV Art 2 p1 b</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;investment firm&quot; means any legal person whose business is the provision of investment services to third parties and/or the performance investment activities on a professional basis;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directive 2004/39/EC MiFID directive Article 4, Definitions 1, point 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;investment research&quot; means research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public, and in relation to which the following conditions are met: i) it is labeled or described as investment research or in similar terms, or is otherwise presented as an objective or independent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
</tr>
<tr>
<td>Fully compatible</td>
</tr>
<tr>
<td>Directive 2003/71/EC</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Prospectus directive PD Article 2 Definitions 1 b</td>
</tr>
</tbody>
</table>

"equity securities" means shares and other transferable securities equivalent to shares in companies, as well as any other type of securities which can be converted in shares or giving the right to acquire the share of the said issuer;

| Fully compatible | |
|------------------|
“personal transaction” means a trade in a financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria is met:

a) that relevant person is acting outside the scope of the activities he carries out in that capacity or a delegated agent;
b) the trade is carried out for the account of any of the following persons:
   i. this relevant person;
   ii. any person with whom a family relationship or closed tie;
   iii. a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade;

“dealing on own account” means trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments;

“fund units” means financial titles of dematerialized participation, issued by an investment fund, conferring to their holders equal rights and their acquisition representing only way to invest in an investment fund;
<table>
<thead>
<tr>
<th>Prospectus Art2 Definitions 1 p o, p</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>“securities issued in a continuous or repeated manner” means issues on tap or at least two separate issues of securities of a similar type and/or class over a period of 12 months.</td>
<td></td>
</tr>
<tr>
<td>“non-equity securities” means all bonds and other types of debt securities and any other type of securities which can be converted or giving the right to acquire bonds or other types of debt securities of the said issuer;</td>
<td></td>
</tr>
<tr>
<td>(2) The National Commission has the right at its own discretion or at the request of an interested party:</td>
<td></td>
</tr>
<tr>
<td>a) to issue decision of which include opinions related to the appreciation and qualification of any person, institution, situation, operation, legal acts or financial instruments as regards to their inclusion or exclusion from the scope or the meaning of terms and expressions laid dawn in paragraph (1); the decision will contain the motivation of the appreciations and qualifications.</td>
<td></td>
</tr>
<tr>
<td>(3) To the extent of which they are not set out by this law, the terms and expressions applied on capital market will be laid down by National Commission in its decisions, having regard to terms and expressions from applicable European Union Directives.</td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 37
<table>
<thead>
<tr>
<th>TITLUL II. SECURITIES</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No specific EU directives in these areas issued,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
1) Only joint stock companies can issue shares and any other securities which can be converted or giving the right to acquire or sell shares.

2) Only joint stock companies and local public administration authorities can issue bonds and any other securities which can be converted or giving the right to acquire or sell bonds.

3) Only investment firms with license of category C can issue Moldovan depository receipts.

4) Issuance of securities can be carried out by means of:
   a. public offering;
   b. closed offering.

5) Securities which will be the object of a public offer and/or admitted to trading on a regulated market or MTF except State securities should be registered to the National Commission, in accordance with procedures and period set out by National Commission.

6) The public offer of securities is prohibited before the registration of the securities to the National Commission according to the paragraph (5).

7) Securities are issued only in dematerialized nominative form, representing the entries in personal accounts of registered persons, in the register of securities holders.

8) The Securities regulated by present chapter can be issued only in the national currency.

9) The issuance of securities is carried out in accordance with provisions of this Law, Civil Code of the Republic of Moldova, Law on joint stock companies and regulations of the National Commission.
Articolul 8. Particularities of Issuances of Bonds

(1) The issuers set out in Art 7 paragraph (2) have the right to issue:
   a) covered bonds – bonds covered by pledge issuer’s own assets and/or assets of third persons, and/or bank guarantee, and/or by fidejussion, and/or by insurance policy for securities;
   b) uncovered bonds – bonds which are not covered by forms laid down in the letter a).

(2) Uncovered bonds can be issued if it offers to the holders of bonds the right to be converted into shares or if issuer meets simultaneously the following conditions:
   a) the value of own capital is more than 1 million lei;
   b) carries out the activity at least 3 years, and the last 2 years acquired a net profit; in the case of licensed banks – carrying out the activity at least one year and the last year acquired a net profit;
   c) within the last three years of issuance decision adoption, the issuer was not sanctioned for inobservance of the legislation regarding the disclosure of information and securities holders rights;
   d) issuer has no cases of non-execution or non-observance of execution terms of its obligations to bonds holders previously placed.

(3) The amount of bonds issuance, interests and other expenses of the issuer related to the redemption of the bonds shall not exceed:
a. 90 percent of the pledged assets of the issuer and/or of the third persons – for the bonds covered by pledge;
b. the value of bank guarantee, fidejussion, and/or insurance policy for securities– for the bonds covered by bank guarantee, fidejussion, and/or insurance policy for securities;
c. 90 percent of the own capital of the issuer – for the uncovered bonds.

(4) The insured bonds confers to its holder all rights came out from this insurance. The transfer of property right, upon insured bonds by the new holder as result of its circulation on secondary market, has as effect the transfer of all property rights arise from this insurance.

(5) The bank guarantee, conferred in the purpose of rights insurance afferent the bonds, cannot be withdrawn or canceled. The bank guarantee shall be valid until the issuer will honor its obligations of all debts afferent the bonds repurchase. If the bank which offered the respective guarantee becomes insolvable, the issuer shall be liable, within 15 working days from the day of insolvency declaration, to make measures in order to reimburse the guarantee of financial loan.

(6) Fidejussor shall be a legal person whose own capital is higher than amount of bonds issuance and interests on the whole execution period of the fidejussion agreement, complies with the requirements.

(7) Fidejussion agreement shall include information on fidejussor’ complying with the requirements stipulated in this paragraph and its engagement not to alienate the patrimony that is owned by him until the issuer will honor its obligations, in accordance with the loan conditions.

(8) The National Commission is entitled to require from the issuer a conclusion of another fidejussion agreement, if the initial fidejussor does not meet any more requirements of this
<table>
<thead>
<tr>
<th>Law, or that the issuer shall insure the loan in another manner envisioned by legislation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9) The market value of the pledged assets for the assurance of the issuer’s liabilities execution with regard to the bonds holders shall be determined by an independent evaluation company.</td>
</tr>
<tr>
<td>(10) During the whole period of the bonds circulation, the formed pledge shall not be erased from the registry of pledge.</td>
</tr>
<tr>
<td>(11) In the event of non-payment or incomplete payment, from issuer’s fault, of interest afferent to bonds or the nominal value on its redemption, the issuer is obliged to discharge to the bonds holder the amount of the debt and the penalty for each day of delay, calculated beginning from the base rate of the National Bank of Moldova on the execution date of the financial liability.</td>
</tr>
<tr>
<td>(12) The bonds redemption shall be carried out through their repurchase by the issuer. The issuer is not entitled to reject the bonds holder request on the bonds repurchase if it acts in compliance with the conditions stipulated in the public offering prospectus and/or decision of issuance.</td>
</tr>
<tr>
<td>(13) Once with the term expiration of bonds circulation, as it is provided in the bonds issuance decision and in the public offering prospectus of bonds, their circulation is suspended.</td>
</tr>
<tr>
<td>(14) The amounts afferent to the bonds redemption which were not received by the bonds holders are maintained on separate bank account of the issuer for the fulfillment of the legal requirements of the bonds holder. The funds from this account cannot be used by issuer in other purposes.</td>
</tr>
<tr>
<td>(15) The right to submit a request of forced execution of liabilities by issuer to bonds holder arises if the issuer did not respect its payment liabilities to bonds holder within the period set out by the public offering prospectus and/or decision of issuance.</td>
</tr>
</tbody>
</table>
| (16) The forced execution of issuer’s liabilities in the event
The Moldovan depository receipts can be issued only on shares and bonds issued by foreign issuers and which were subject to registration by the competent foreign authority. (1) (2) Foreign securities, being subject to public offer conducted in Moldova can only have the form of Moldovan depository receipts. (3) The amount of Moldovan depository receipts issuance shall not exceed the market value of the shares and bonds issued by foreign issuers at the moment of the issuance. (4) The issuer of the Moldovan depository receipts is obligated: a. to transfer the dividends and any other payments in respect of shares and bonds to the holders of Moldovan depository receipts; b. to repurchase the Moldovan depository receipts at the request of their holders; c. to public disclose and/or to submit to Moldovan depository receipts holders the financial reports and any other information disclosed by foreign issuers. (5) The issuer of the Moldovan depository receipts is not entitled: a. to issue the Moldovan depository receipts for a longer maturity than term of shares and bonds issued by the foreign issuers; b. to sell the shares and bonds issued by foreign issuer, before the term of maturity of Moldovan depository receipts. (6) The issuer of the Moldovan depository receipts is entitled to ask the payments for the activities laid down in the paragraph mentioned in the paragraph (15), shall be carried out for all bonds holders pursuant to their list drawn up by registrar on the date of term expiry of bonds circulation.
(4) letters a) and b). The payments shall be set out in the decision of issuance of the Moldovan depository receipts and not be changed before the maturity of the Moldovan depository receipts.

(7) In case of the insolvency of the issuer of Moldovan depository receipts, shares and bonds of foreign issuers as well as dividends and any other payments in respect with these shares and bonds will not be included in the debtor mass and will be used to repurchase the Moldovan depository receipts from their holders.

Section 2. The Right on Securities

Articolul 10. Records of rights on securities

(1) The issuer of the securities shall ensure the records of rights on securities from the moment of the securities placement.

The records of rights on securities are carried out through personal accounts opened on the name of securities holders in the register in the manner set out in regulations of the National Commission of Financial Market.

Articolul 11. Transfer of the Property Rights on Securities

(1) Within the clearing-settlement system, the transfer of the property rights on securities, other than securities set out in the Article 4 paragraph (3) letter c), takes place at the settlement
day, according to the transfer order and based on the delivery versus payment principle.

(2) Outside the clearing and settlement system, the transfer of the property rights on securities, other than derivatives, takes place according the civil legislation and shall be registered in the tracking system-not more than within three days.

(3) The ownership right on securities appears from person registration data in the register of securities holders.

Article 12. Encumbering Securities with Liabilities

(1) The encumbering securities with liabilities consists in blocking securities in the account of the securities holder to a definite or indefinite period of time, and in setting out the interdiction to alienate these securities or to make other transactions or operations which will result by transfer of the property rights on securities to other persons.

(2) The encumbering securities with liabilities are registered in the account of the securities holder from the register of securities holders.

(3) The encumbering securities with liabilities are carried out on the basis of the pledge agreement, the decision of the National Commission the judgment of a court or other competent public authorities.

(4) The encumbering securities with liabilities in favor of the creditor do not result in obtaining of administration rights or other rights on securities.

(5) The creditor is entitled to use the rights laid down by the legislation on pledge if the debtor does not carry out its
obligations which are guaranteed by pledge.

### Section 3. Public Offers of Securities

**Articolul 13. General Provisions on Public Offers**

(1) A public offer cannot be carried out without a preliminary publication of a prospectus.
(2) The obligation to publish a prospectus shall not apply to the following offers categories:
   a. an offer of securities addressed solely to qualified investors; and/or
   b. an offer of securities addressed to fewer than 100 natural or legal persons per Member State, other than qualified investors; and/or
   c. the offer addressed to investors who acquire securities for a total consideration of at least 900,000 lei per investor, and/or
   d. the nominal value of a security within the offer is at least 900 thousand Lei
   e. the total value of this offer is less than 1,800,000 lei, this limit being calculated for a period of 12 months..

(3) The following persons, hereinafter referred to as the offeror, shall be entitled to carry out a public offer of securities:
   i. an issuer – at the issuance of the securities in conditions provided by par.(2);
   ii. a person who is asking for the admission of the securities to trading on a regulated market;
   iii. a person who is reselling the securities in the conditions set
<table>
<thead>
<tr>
<th>Directive 2003/71/CE</th>
<th>out in paragraph (4) and (5).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prospectus Art 2</td>
<td>(4) Any subsequent resale of securities which were previously the subject of a public offer is regarded as a separate offer and the conditions set out in paragraph (-21) shall apply for the purpose of deciding whether that resale is a public offer of securities.</td>
</tr>
<tr>
<td>Definitions p i</td>
<td>(5) A person who resells securities is obligated to comply with the provisions on a public offer set out in this law and decisions of the National Commission, if a resale of securities shall be regarded as a public offer following the paragraph (4).</td>
</tr>
<tr>
<td></td>
<td>(6) The Public offers can be carried out through investment firms which provide the services on underwriting and/or placing of securities, including the case where the offer involves a subsequent reselling of securities or admission to trading on a regulated market.</td>
</tr>
<tr>
<td>Directive 2003/71</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Articol 14. The Prospectus of public offer</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>1) The prospectus of public offer shall contain:</td>
<td></td>
</tr>
<tr>
<td><strong>Prospectus PD directive; Article 3, point 1</strong></td>
<td>a) The information concerning the issuer and the securities to be offered to public or to be admitted to trading on a regulated market;</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Article 5, the prospectus, point 1</strong></td>
<td>b) all information which, according to the particular nature of the issuer and of securities offered to the public or admitted to trading on a regulated market, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the issuer and of any guarantor, and of the rights attaching to such securities;</td>
</tr>
<tr>
<td><strong>Idem, point 2 a, b and d</strong></td>
<td>c) a summary of prospectus in accordance with the provisions of paragraph (2). (2) The summary shall, in a brief manner and in nontechnical language, convey the essential characteristics and risks associated with the issuer, the guarantor (if any) and the securities, as well as shall also contain a warning that: (a) it should be read as an introduction to the prospectus; (b) any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor; (c) civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.</td>
</tr>
<tr>
<td><strong>Article 8, point 1b</strong></td>
<td>(3) The prospectus shall contain the names and functions of responsible persons, and in the case of legal persons – their name and registered office, as well as their declarations that the information contained in the prospectus is in accordance with the facts and that prospectus makes no omission likely to affect</td>
</tr>
</tbody>
</table>
Article 9, point 14

(4) The model, form and categories of minimal information that the prospectus shall contain are set forth in the National Commission normative acts, taking into consideration that the model, form and categories of minimal information shall be set forth depending on:
a) the type of securities which are the object of the public offer;
b) the type of the public offer (placement of securities, admission to trading on a regulated market, reselling);
c) the type of activity and the dimension of the issuer whose securities are the object of the public offer.

(5) If the final offer’s price and amount of securities which will be offered to the public cannot be included in the prospectus at the moment of its adoption, the prospectus will mandatory contain one of the following categories of information:
a) the criteria, and/or conditions in accordance with which the above elements will be determined or, in the case of price, the maximum price, are disclosed in the prospectus;
or
b) the acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the final offer price of securities which will be offered to the public have been submitted to National Commission and published in accordance with Article 16 paragraph (2).

(6) In case laid down in the paragraph (5) the final offer’s price and amount of securities will be submitted to National Commission and published in the same mode the prospectus.
was published, in accordance with Article 16 paragraph (2). (10) The prospectus shall be valid for 1 year after its publication, being able for offers of securities of the same class to the public or admissions to trading on a regulated market, provided that the prospectus is completed by any supplements required pursuant to Article 20.

<table>
<thead>
<tr>
<th>Article 13, approval of Prospectus</th>
<th>Articolul 15. Approval of the prospectus</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A public offer of securities is carried out after the approval of the prospectus by the National Commission.</td>
<td>Fully compatible</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Idem, point 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) The approval of the prospectus is not a confirmation that the information from the prospectus reflects the financial and economic situation of the issuer of public securities offered, as well it does not guaranty the obligation of offeror or issuer and/or is not an evaluation of the investment capacities of the issuer and of public offered securities, but a finding that the public offer prospectus is complete and meets the requirements to its structure and composition.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 19, point 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) The National Commission approves or refuses the approval of prospectus within 10 working days of the submission of the request approval of public offer prospectus and any related</td>
</tr>
<tr>
<td>Article 13, point 2</td>
</tr>
<tr>
<td>Idem, point 4</td>
</tr>
<tr>
<td>Directive 2003/71 Prospectus PD directive</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
<table>
<thead>
<tr>
<th>Article 14 publication of prospectus, point 1</th>
<th>the offer’s beginning.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idem, point 2,a,b,c,d and e</td>
<td>(3) The prospectus shall be deemed published when published either: a) in one or more national daily newspapers – in this case the prospectus is published in complete version or in form of the announcement indicating the location of the complete version of the prospectus; and/or b) in a printed form, free of charge, available to the public at the offices of the regulated market where the securities are being admitted to trading, or at the registered office of the offeror and at the offices of the investment firm placing and/or selling the securities; and/or c) in an electronic form on the offeror’s website and, if applicable, on the website of the investment firm placing or selling the securities; and/or d) in an electronic form on the website of the regulated market where the admission to trading is sought.</td>
</tr>
<tr>
<td>Article 4, point 1, a, b, c, d, e.</td>
<td>(3) At publication of the prospectus as set out in the paragraph (2) the National Commission shall publish the prospectus of the public offer on its website over a period of 1 year.</td>
</tr>
<tr>
<td></td>
<td>(4) Where the prospectus is published in electronic form, a paper copy must nevertheless be delivered to the investor, upon his request and free of charge, by the person who has</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
initiated the offer or the investment firm placing or selling the securities.

(5) The public offer prospectus shall not be drawn if offeror made public a document containing information equivalent to information of public offer prospectus, in case where:
   a) shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase in the issued capital;
   b) securities offered, allotted or to be allotted in connection with a merger, provided that a document is available containing information equivalent to that of the prospectus of public offer;
   c) shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document is made available by issuer containing information on the number and nature of the shares and the reasons for and details of the offer;
   d) securities offered, allotted or to be allotted to existing or former directors (member of supervisory board, managing directors) or employees by their employer which has securities already admitted to trading on a regulated market or by an affiliated undertaking, provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer;

Fully compatible
<table>
<thead>
<tr>
<th>Article 25, Sanctions, point1</th>
<th>e) for the specific types of securities set forth by the normative acts of the National Commission in case of admission to trading of such types of securities.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(7) The public offer which is carried out without approval of the prospectus by the National Commission and/or without publishing the prospectus pursuant the requests set out by this article is null and incurs responsibility in accordance with the provisions of this law and other legislative acts.</td>
</tr>
<tr>
<td>Article 15, Advertisements, point1</td>
<td>Articolul 17. Advertisement of the public offer</td>
</tr>
<tr>
<td></td>
<td>(1) Any type of advertisements concerning the public offer shall state clearly:</td>
</tr>
<tr>
<td></td>
<td>a) that the prospectus has been or will be published;</td>
</tr>
<tr>
<td></td>
<td>b) the places where investors or potential investors are or will be able to obtain it.</td>
</tr>
<tr>
<td></td>
<td>(2) At the advertisements of the public offer: in accordance with provisions of Law on advertisement:</td>
</tr>
<tr>
<td></td>
<td>a) the information contained in an advertisement shall not be inaccurate, or misleading;</td>
</tr>
<tr>
<td></td>
<td>b) the information contained in an advertisement shall be consistent with the information contained in the prospectus.</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 54
<table>
<thead>
<tr>
<th>Idem, point 4</th>
<th>(3) All information concerning the public offer disclosed in an oral or written form, even if not for advertising purposes, shall be consistent with that contained in the prospectus.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idem, point 6</td>
<td>(4) The National Commission is entitled to supervise if advertisements and promotional information correspond with the provisions of this law and to make responsible persons liable.</td>
</tr>
</tbody>
</table>
| Article 16, Supplement to prospectus, point 1 | **Articolul 18. Supplements to the public offer prospectus**  
(1) Every significant new factor, material mistake or inaccuracy relating to the information included in the prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, shall be mentioned by offeror in a supplement to the prospectus.  
(2) The supplement shall be approved by National Commission in a maximum of 7 working days after such request has been submitted by applicant.  
(3) The supplement shall be published in a maximum of 3 working days in accordance with at least the same arrangements as were applied when the original prospectus was published.  
(4) A person who has agreed to purchase or subscribe for securities until supplement publication is entitled to refuse their purchasing or subscribing at least two days from supplement publication. |

| Fully compatible |
| Fully compatible |
| Fully compatible |
| Fully compatible |
Article 19. The competencies and responsibilities of the National Commission concerning public offers

(1) At the prospectus approval and supervision of the public offer, the National Commission is entitled to:

a) require the offeror to include in the prospectus an additional information, if it is necessary for investor protection;
b) require the offeror and, in case of legal persons, the shareholders that control them or are controlled by them, to provide additional information and documents;
c) require auditors and director of offeror, and investment firm placing and/or selling the securities to provide information;
d) suspend a public offer or admission to trading for a maximum of 10 consecutive working days on any single occasion if it has reasonable grounds for suspecting that the provisions of the legislation have been infringed;
e) prohibit or suspend advertisements for a maximum of 10 consecutive working days on any single occasion if the National Commission has reasonable grounds for believing that the provisions of the legislation concerning the public offer have been infringed;
f) prohibit a public offer if the National Commission finds that the provisions of the legislation concerning the public offer have been infringed or if it has reasonable grounds for suspecting that they would be infringed;
g) suspend or ask the regulated market to suspend trading on a

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 56
<table>
<thead>
<tr>
<th>Item</th>
<th>Text</th>
</tr>
</thead>
</table>
| Article 22, professional secrecy, point 1 | a) require the issuer to disclose all material information which may have an effect on the assessment of the securities admitted to trading on regulated markets in order to ensure investor protection or the good operation of the market;  
b) suspend or ask the relevant regulated market to suspend the securities from trading if, in the opinion of the National Commission; the issuer's situation is such that trading its securities would be detrimental to investors' interests.  

(3) At the examination of the prospectus and carrying out inspections concerning the public offer, the National Commission, including members of the Administrative Council and its workers:  
a) are obligated to ensure and keep the confidential information;  
b) are not entitled to disclose confidential information to any other person or authority except cases set out in the provisions of the legislative acts.  

<table>
<thead>
<tr>
<th>Item</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idem, point 2</td>
<td>(4) Pursuant bilateral or multilateral memorandums, the National Commission is entitled to offer the information concerning public offers and offeror to the authorities regulation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Text</th>
</tr>
</thead>
</table>
| Idem point 4, a and b | regulated market for a maximum of 10 consecutive working days on any single occasion if there is reasonable grounds for believing that the provisions of the legislation concerning the public offer have been infringed;  
h) prohibit trading on a regulated market if it finds that the provisions of the legislation concerning the public offer have been infringed;  
i) make public the fact that an issuer is failing to comply with its obligations on respect of investors.  

(2) If securities are admitted to a regulated market, the National Commission is entitled to:  
a) require the issuer to disclose all material information which may have an effect on the assessment of the securities admitted to trading on regulated markets in order to ensure investor protection or the good operation of the market;  
b) suspend or ask the relevant regulated market to suspend the securities from trading if, in the opinion of the National Commission; the issuer's situation is such that trading its securities would be detrimental to investors' interests.  

<table>
<thead>
<tr>
<th>Item</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fully compatible</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
Section 4. Takeover bids

Articolul 20. General provisions on takeover bids

(1) The takeover bids can be:
   a) voluntary – in case where the offeror, not being obligated, make a takeover bid to acquire some of voting securities which follows or has as its objective the acquisition of more than 50% of such securities of the offeree company;
   b) mandatory – in case set out in the Article 21 paragraph (1).

(2) The takeover bid may be carried out in respect of securities admitted to a regulated market and/or a MTF or were the object of a public offer.

(3) The takeover bid may not be carried out by issuer in respect of its own securities.

(4) The takeover bid may not be carried out in respect of shares and fund units issued by UTCIS.

(5) The takeover bid may be carried out by shareholders of the offeree company and by persons who are not shareholders of

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 2, definitions, point 1</td>
<td>(1) The takeover bids can be:</td>
</tr>
<tr>
<td>Article 5 mandatory bid</td>
<td>a) voluntary – in case where the offeror, not</td>
</tr>
<tr>
<td>Article 2, definitions 1. point b</td>
<td>being obligated, make a takeover bid to</td>
</tr>
<tr>
<td>Article 1, scope, point 2</td>
<td>acquire some of voting securities which</td>
</tr>
<tr>
<td>Article 2, definitions,1. point f</td>
<td>follows or has as its objective the</td>
</tr>
<tr>
<td></td>
<td>acquisition of more than 50% of such</td>
</tr>
<tr>
<td></td>
<td>securities of the offeree company;</td>
</tr>
<tr>
<td></td>
<td>b) mandatory – in case set out in the</td>
</tr>
<tr>
<td></td>
<td>Article 21 paragraph (1).</td>
</tr>
<tr>
<td></td>
<td>(2) The takeover bid may be carried out in</td>
</tr>
<tr>
<td></td>
<td>respect of securities admitted to a</td>
</tr>
<tr>
<td></td>
<td>regulated market and/or a MTF or were the</td>
</tr>
<tr>
<td></td>
<td>object of a public offer.</td>
</tr>
<tr>
<td></td>
<td>(3) The takeover bid may not be carried out</td>
</tr>
<tr>
<td></td>
<td>by issuer in respect of its own securities.</td>
</tr>
<tr>
<td></td>
<td>(4) The takeover bid may not be carried out</td>
</tr>
<tr>
<td></td>
<td>in respect of shares and fund units issued by</td>
</tr>
<tr>
<td></td>
<td>UTCIS.</td>
</tr>
<tr>
<td></td>
<td>(5) The takeover bid may be carried out by</td>
</tr>
<tr>
<td></td>
<td>shareholders of the offeree company and by</td>
</tr>
<tr>
<td></td>
<td>persons who are not shareholders of</td>
</tr>
</tbody>
</table>

Fully compatible

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
<table>
<thead>
<tr>
<th>Article 3, General principles, point 1, a</th>
<th>this company.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) Conditions of the takeover bid shall be equal for all holders of securities which are the object of the bid.</td>
<td></td>
</tr>
<tr>
<td>(7) The term of the takeover bid may not be less than 2 weeks and more than 10 weeks.</td>
<td></td>
</tr>
<tr>
<td>(8) The takeover bid may be carried out by offeror through one or more investment firms.</td>
<td></td>
</tr>
<tr>
<td>(9) The takeover bids, including the requirements for prospectus and the manner of purchasing and withdrawal of securities held by minority shareholders are made in accordance with provisions of this Law and regulations of the National Commission.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fully compatible</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>Article 5, point 1</td>
<td>Articolul 21. Mandatory takeover bid</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Articolul 21. Mandatory takeover bid</td>
<td></td>
</tr>
<tr>
<td>(1) Where a natural or legal person holds alone or together with the persons acting in concert more than 50% of the voting securities of a joint stock company or securities which, such a person is required to make a takeover bid concerning the acquisition of all securities of the same class at the equitable price.</td>
<td></td>
</tr>
<tr>
<td>Articolul 21. Mandatory takeover bid</td>
<td></td>
</tr>
<tr>
<td>(1) Where a natural or legal person holds alone or together with the persons acting in concert more than 50% of the voting securities of a joint stock company or securities which, such a person is required to make a takeover bid concerning the acquisition of all securities of the same class at the equitable price.</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>Idem</td>
<td></td>
</tr>
<tr>
<td>(2) The mandatory takeover bid shall be addressed by offeror as soon as possible, but not later than 3 months from the acquisition of securities by person set out in the paragraph (1) or by persons acting in concert with him/her.</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>Idem, point 4</td>
<td></td>
</tr>
<tr>
<td>(3) If, after the bid has been made public and before the offer closes for acceptance, the offeror or any person acting in concert with him/her purchases securities at a price higher than the offer price, the offeror shall increase his/her offer so that it is not less than the highest price paid for the securities so acquired.</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>Articolul 22. Competitive takeover bid</td>
<td></td>
</tr>
<tr>
<td>(1) Any person, except issuer may announce a competitive takeover at the voluntary takeover bid having as object the same securities in the following conditions: a) the competitive takeover bid is subject to at least the same number of securities and/or if its scope is to reach the same rate in the social capital; and</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 60
b) the proposed price is higher than price offered in the first offer.
(2) If, after recording the takeover bid at the National Commission, are submitted and other bids meeting the competitive takeover bid criteria, than the offer price shall be made through the auction.
(3) The competitive takeover bid shall be submitted for registration to the National Commission within 10 working days after publication in the Official Monitor of the Republic of Moldova the decision of the National Commission concerning the first offer registration.
(4) If more bidders offer the same price, the tender period will be the same for all bids and will not exceed 10 weeks after first bid announcement.

Idem, point 4

**Articolul 23. The equitable price**

(1) The fair price is the price that is at least equal with the highest price paid by bidder or persons acting in concert during 12 months prior bid.
(2) If provision set out in (1) paragraph cannot be applied, the price shall be determined in accordance with regulations of the National Commission, taking into consideration the following

| Fully compatible |  |  |  |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
criteria:
  a) The weighed trading price for the last 12 months preceding bid ongoing;
  b) The net asset value of the company, according to the latest hearing financial situation;
  c) The shares value results from expertise, conducted by an independent valuer in accordance with international valuation standards.

(3) The equitable price shall be mandatory applied in the following cases:
  a) takeover bids;
  b) squeeze-out, pursuant Article 30;
  c) sell-out, pursuant Article 31.
(4) The National Commission is entitled to ask, pursuant its normative acts, a new price if the equitable price was set out: provisions of the paragraphs (1) and (2) are not respected;
  b) as result of manipulations.
(5) The volume of transactions for fair price, in cases set out in (1) and (2), a), paragraphs shall be at least 5 % of total shares of concerned class.

<table>
<thead>
<tr>
<th>Article 6, point 1 and 2</th>
<th>Articolul 24. Information concerning takeover bids and approval of the prospectus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Within three working days from taking the decision to make a takeover bid, the offeror shall make public in one or more national daily newspapers and shall submit to the issuer whose securities are subject to the bid, regulated market and MTF where these securities are admitted to trading and to the</td>
<td>Fully compatible</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
| Article 8, point 2 | National Commission a notice about the intention to make the takeover bid, indicating that the conditions of the bid will be laid down in the prospectus.  
2) After publication of the notice by the offeror, the issuer whose securities are the object of the takeover bid will inform its employees about the takeover bids made by offeror. Offeror shall inform its employees about the takeover bids if it is a legal person. | Fully compatible |
| Article 4, point 1 | 3) Within 2 months after publication of the notice pursuant to paragraph (1), without exceeding the period set out by the Article 23 paragraph (2) for mandatory takeover bid, offeror shall submit a request to National Commission concerning the approval of the prospectus of the takeover bid and attach the draft prospectus and the documents confirming the bid’s financing capacity. | Fully compatible |
| Article 6, point 3 | 4) The prospectus of takeover bid shall contain the following information:  
a) the terms of the bid;  
b) the identity of the offeror and, where the offeror is a company, the type, name and registered office of that company;  
c) the securities for which the bid is made; or, if it is applicable, the class or classes of securities constituting the bid;  
d) the price offered for a security and its establishing way, and if a mandatory takeover bid – and method of determining price, including payment manners;  
e) the compensation offered for rights which may be excluded | Fully compatible |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 63
under Article 29, including payment manner and its determination;
f) the maximum and minimum percentages or quantities of securities which the offeror undertakes to acquire;
g) details on any existing holdings of the offeror, and persons acting in concert with him/her, in the offeree company;
h) all conditions to which the bid is subject, where the holders of securities shall submit them counteroffers;
i) the offeror’s intentions with regard to the future business of the offeree company and, in so far as it is affected by the bid, the offeror company and with regard to the safeguarding of the jobs of their employees and management, including any material change in the conditions of employment, and in particular the offeror’s strategic plans for two companies and the likely repercussions on employment and the locations of the companies’ places of business;
j) the period of the bid;
k) if the bidder will make payments in the securities form information concerning those securities
l) Information relating bid financing
m) the identity of persons acting in concert with the offeror or with the offeree company and, in the case of companies, their types, names, registered offices and relationships with the offeror and, where possible, with the offeree company;
n) the national law which will govern contracts concluded between the offeror and holders of the offeree company’s securities as a result of the bid and the competent courts;

(5) National Commission approves or refuses the prospectus within 7 working days after its submission by offeror.
(6) National Commission shall refuse the approval of the
<table>
<thead>
<tr>
<th>Article 6, point 1 and 2</th>
<th>Articolul 25. Publication of the prospectus and advertisement of the takeover bids</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Once approved by National Commission, the prospectus shall be published by the offeror at the latest at the deliverance and beginning of the offer. The prospectus publication is carried out in accordance with provisions of Article 16, paragraph (2).</td>
</tr>
<tr>
<td></td>
<td>(3) At the publication of the prospectus as is set out in the paragraph (2) National Commission shall publish the prospectus of the takeover bid on its website over a period of takeover bid.</td>
</tr>
<tr>
<td></td>
<td>(4) Within 7 working days after the period of the offer expires, offeror shall publish a notice concerning the results of the takeover bid in the same way that published the prospectus of the takeover bid. The notice shall contain detailed information concerning number of securities of the same class owned by the offeror and/or persons acting in concert with him/her after the takeover bid.</td>
</tr>
<tr>
<td></td>
<td>(5) The provisions laid down in the Article 17 paragraph (1)-(3) and (4) shall apply according to the advertisement of takeover bids.</td>
</tr>
</tbody>
</table>
### Article 6, protection of minority shareholders, etc. point 6

<table>
<thead>
<tr>
<th>Articolul 26. Revision of takeover bids</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The offeror is entitled to review the conditions of the takeover bids through a supplement to the prospectus to takeover bid.</td>
</tr>
<tr>
<td>2) The supplement to the prospectus of the takeover bid shall be approved by National Commission within 7 working days after submission of request by offeror.</td>
</tr>
<tr>
<td>3) Within 3 working days after approval by the National Commission, the offeror shall publish the supplement to the prospectus at least in the same way that published the prospectus.</td>
</tr>
<tr>
<td>4) The offeror is entitled to review the following conditions concerning the takeover bid:</td>
</tr>
<tr>
<td>a) the price offered for each security;</td>
</tr>
<tr>
<td>b) the form of financing and the methods of payments to holders of securities accepted the bid;</td>
</tr>
<tr>
<td>c) information concerning holdings of the offeror, and of persons acting in concert with him/her, in the offeree company;</td>
</tr>
<tr>
<td>d) the place where the holders of securities shall submit them counteroffers;</td>
</tr>
<tr>
<td>e) the period of the bid;</td>
</tr>
</tbody>
</table>

**Fully compatible**
| Article 7, time allowed for acceptance, point 1 |  |  |  |
|------------------------------------------------|----------------------------------------------------------|
| f) the identity of persons acting in concert with the offeror or with the offeree company and, in the case of companies, their types, names, registered offices and relationships with the offeror and, where possible, with the offeree company; g) information concerning the investment firm which intermediates the takeover bid. |  |  |  |
| 5) The changes of the conditions of the takeover bids are carried out by offeror in the following conditions: a) the period of the bid shall not exceed the maximal period set out in the Article 22 paragraph (7); b) the period of the takeover bid cannot be decreased; c) the price offered for each security cannot be decreased; d) the publication of the changes to the bid cannot be carried out later than 2 weeks before the final closing of the bid. | Fully compatible |  |  |
| 6) The offeror is entitled to cancel the voluntary takeover bids if the number of securities proposed for sale is less than the number requested by offeror under prospectus |  |  |  |

| Article 13 |  |  |  |
| Articolul 27. Revocability of take-over bids |  |  |  |
| 1) The holders of securities who have submitted a proposal for sale of securities is entitled to revoke its proposal during the takeover bid. | Fully compatible |  |  |
| 2) If within the period of the takeover bid there were made counteroffers to sell a number of securities which is equal to or exceeds the number indicated in the bid, the offeror shall buy up these securities in the amount no less than the one specified in the bid by satisfying all these counteroffers in full or on a pro rata basis. |  |  |  |
| 3) If within the period of the takeover bid there were made... |  |  |  |
counteroffers to sell a lower number of securities than it was specified in the bid, the offeror is entitled either to refuse to fulfill his liabilities on the bid, or to purchase these shares by satisfying all the counteroffers.

4) The offeror is not entitled to refuse the execution of obligations in respect of the takeover bids, including that the holders of securities have submitted lower number of securities than it was specified in the bid.

<table>
<thead>
<tr>
<th>Point 5</th>
<th>Article 28. Responsibilities of the issuer in respect of takeover bids</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1) At the starting of the takeover bid, the board of the offeree company is obligated to:</td>
</tr>
<tr>
<td></td>
<td>a) inform the employees concerning the takeover bids in accordance with the Article 24 paragraph (2);</td>
</tr>
<tr>
<td></td>
<td>b) provide to holder of securities which are the object of the takeover bid, at their requests, a notice concerning the eventual effects on the working places, employments, locations of the company’s places of business;</td>
</tr>
<tr>
<td></td>
<td>c) call the general meeting of shareholders and to obtain the authorization of the general meeting of shareholders – in case if board will take decisions which may result in the frustration of the bid.</td>
</tr>
<tr>
<td></td>
<td>2) After the publication of the prospectus by offeror, the board of the offeree company shall draw up and make public a document setting out its opinion of the bid and the reasons on which it is based, including its views on the effects of implementation of the bid on all the company’s interests and specifically employment, and on the offeror’s strategic plans for the offeree company and their likely repercussions on employment and the locations of the company’s places of business based on the provisions of the prospectus concerning</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
the information set out in the Article 25 paragraph (4) letter h).

(3) Where the board of the offeree company receives a separate opinion from the representatives of its employees on effects of the bid on employment, that opinion shall be appended to the document issued by the board.

(4) The issuer shall communicate in writing that opinion set out in (2) paragraph to the representatives of its employees or, where there are no such representatives, to the employees themselves.

(5) The issuer may require approval of general meeting of shareholders in any cases.

<table>
<thead>
<tr>
<th>Article 11, Breakthrough, point 2</th>
<th>Articolul 29. Nullity of the restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Any restrictions on the transfer of securities shall not apply vis-à-vis the offeror during the period of the takeover bid. Such restrictions can be provided for in the following documents:</td>
<td></td>
</tr>
<tr>
<td>a) statute of the issuer whose securities are the object of the takeover bid;</td>
<td></td>
</tr>
<tr>
<td>b) agreements between issuer of the securities and holders of such securities.</td>
<td></td>
</tr>
<tr>
<td>2) Restrictions on voting rights shall not have effect the general meeting of shareholders which decides on any defensive measures in accordance with Article 29 paragraph (1) letter c). Such restrictions can be provided for in the following documents:</td>
<td></td>
</tr>
<tr>
<td>a) the statute and articles of association of the issuer whose securities are the object of the takeover bid;</td>
<td></td>
</tr>
<tr>
<td>b) agreements between issuer of the securities and holders of</td>
<td>Fully compatible</td>
</tr>
</tbody>
</table>
Directive 2004/24/EC
Takeover bids Art. 11 p 4

such securities or between holders of its securities.

(3) If after a takeover bid, the bidder holds 75% of securities that were subject to the offer, will not apply restrictions on transfer the ownership on these securities, restrictions on exercising voting rights and special rights of shareholders concerning the appointment and withdrawal of board and executive members.

(4) If the mentioned restrictions become invalid, under (1)-(3) paragraphs, the bidder will pay an equitable compensation for losses caused to holders of those rights. The calculation conditions of compensations and the payment ways are established by the National Commission,

(5) The (2) and (3) paragraphs does not apply to securities were voting rights restrictions are compensated by specific pecuniary advantages, as provided by the National Commission.

Article 15 the right to squeeze-out
Articolul 30. The right of squeeze-out

(1) The securities holders, representing the capital carrying voting rights of the company’s offeree, are required to sell at a fair price their securities at the request of offeror, where, following a takeover bid, offeror holds alone or together with the persons acting in concert with him/her not less than 90 % of such securities.

(2) The provision of par.(1)shall not apply to licensed banks and insurance companies.

(3) The offeror is entitled to exercise the right of squeeze-out within three months of the end of the time allowed for acceptance of the takeover bid. After the specified three
months, the right of squeeze-out expires till the carrying out a new takeover bid by the offeror.

(4) The exercise of the right of squeeze-out shall be published in the same way that the prospectus of the takeover bid was published. The publication on squeeze-out shall contain the following information:
   a) securities which are the object of the right of squeeze-out;
   b) the offeror’s identity and, where the offeror is a company, the type, name and registered office of that company, and existing holdings of the offeror, and of persons acting in concert with him/her, in the offeree company;
   c) the express reference to the fact that offeror uses its right of squeeze-out, based on which all shareholders are obliged to sell offeror the securities of the same class;
   d) the terms of securities acquisition, including the price offered for each security and the method employed in determining;
   e) information concerning the financing for the bid, the form of financing and the methods of payments to holders of securities who have accepted the bid;
   f) the way and place where the holders of securities shall submit their counteroffers;
   g) the period of squeeze-out.

(5) The period of the squeeze-out shall be not less than 4 weeks and cannot exceed 8 weeks.

(6) Not later than 2 weeks following the end of the period of squeeze-out, application of obligatory, where the shareholders did not sell their securities, the offeror is entitled to request registrar who keep the register of such securities to erase the securities from the accounts of the shareholders and to transfer these securities in the account of the offeror.

(7) In case laid down in the paragraph (6):
   a) the offeror is required, before the request to registrar, to open an open-ended bank account on behalf of the shareholder and
<table>
<thead>
<tr>
<th>Article 16 the right to sell-out</th>
<th>Articolul 31. The right of sell-out</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The offeror is required to buy at a fair price the securities of the same class from other shareholders, where, following a mandatory or voluntary takeover bid, offeror holds alone or together with the persons acting in concert with him/her not less than 90% of securities which were the object of the takeover bid.</td>
<td>(1) The offeror is required to buy at a fair price the securities of the same class from other shareholders, where, following a mandatory or voluntary takeover bid, offeror holds alone or together with the persons acting in concert with him/her not less than 90% of securities which were the object of the takeover bid.</td>
<td></td>
</tr>
</tbody>
</table>
same class are entitled to request offeror to buy their securities;  
b) the period within other holders of the securities of the same  
class are entitled to request offeror to buy their securities,  
pursuant paragraph (2);  
c) the price offered for each security at the exercise of the right  
of sell-out;  
d) the place where the holders of securities shall submit their  
requests;  
e) the form of financing and the methods of payments for  
aquisition of the securities.  
(4) The offeror shall acquire securities of other holders within 2  
weeks from the request to sell-out the securities.

<table>
<thead>
<tr>
<th>Article 3, point e</th>
<th>Articolul 32. Payments</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The offeror is obliged to have necessary funds to finance takeover bid, before the carrying out the bid.</td>
<td>(1) The offeror is obliged to have necessary funds to finance takeover bid, before the carrying out the bid.</td>
<td></td>
</tr>
</tbody>
</table>
| (2) With the purpose to assure the availability of necessary funds to finance takeover bid, offeror is entitled to use separately or in combination:  
a) own funds (money) of the offeror;  
b) the funds (money) of the fidejussor;  
c) the bank guarantee;  
d) the insurance policy of guarantees;  
e) securities of other issuers owned by offeror. | (2) With the purpose to assure the availability of necessary funds to finance takeover bid, offeror is entitled to use separately or in combination:  
a) own funds (money) of the offeror;  
b) the funds (money) of the fidejussor;  
c) the bank guarantee;  
d) the insurance policy of guarantees;  
e) securities of other issuers owned by offeror. | |
| (3) Within a takeover bid, as means of payment shall be used the money means. | (3) Within a takeover bid, as means of payment shall be used the money means. | |
| (4) The offeror shall use funds (money) as means of payment within squeeze-out and sell-out. | (4) The offeror shall use funds (money) as means of payment within squeeze-out and sell-out. | |
| (5) Securities can be used within takeover bids if persons to whom the bid is addressed accept securities as mean of payment. The offeror shall use funds (money) as mean of payment if persons to whom the bid is addressed do not accept | (5) Securities can be used within takeover bids if persons to whom the bid is addressed accept securities as mean of payment. The offeror shall use funds (money) as mean of payment if persons to whom the bid is addressed do not accept | |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
(6) The payment of the traded securities within takeover bids shall be carried out within 2 weeks from the end of the period of takeover bid.

(7) The payment of the traded securities within the exercise of the right of squeeze-out pursuant Article 30 shall be carried out within 2 weeks from the end of the period of squeeze-out.

(8) The payment of the traded securities within the exercise of the right of sell-out pursuant Article 32 shall be carried out within 2 weeks from the request of holders of securities addressed to offeror concerning the acquisition of securities.

(9) Any payment related to the transfer of funds for the acquisition of securities and other expenses related to preparing and carrying out the takeover bids, squeeze-out and sell-out shall be covered by the offeror from its own account.

<table>
<thead>
<tr>
<th>Directive 2004/39 MIFID</th>
<th>TITLUL III. INVESTMENT FIRMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitolul II. General provisions on Investment services and activities</td>
<td></td>
</tr>
<tr>
<td>Articolul 33. Types of the investment services and activities</td>
<td></td>
</tr>
<tr>
<td>1) Investment firms are entitled to carry out the following investment services and activities:</td>
<td></td>
</tr>
<tr>
<td>a) reception and transmission of orders in relation to one or more financial instruments;</td>
<td></td>
</tr>
<tr>
<td>b) execution of orders on behalf of clients;</td>
<td></td>
</tr>
<tr>
<td>c) dealing on own account;</td>
<td></td>
</tr>
<tr>
<td>d) portfolio management;</td>
<td></td>
</tr>
<tr>
<td>e) investment advice;</td>
<td></td>
</tr>
<tr>
<td>f) underwriting of financial instruments and/or placing of</td>
<td></td>
</tr>
</tbody>
</table>

Fully compatible
### Idem section B

| | financial instruments on a firm commitment basis;  
g) placing of financial instruments without a firm commitment basis;  
h) operation of MTF. |
|---|---|
| 2) Supplementary to the services and activities laid down in the paragraph (1), investment firms are entitled to carry out the following ancillary services:  
a. safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;  
b. granting credits or loans to an investor to allow him to carry out a trans-action in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;  
c. advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;  
d. foreign exchange operations where these are connected to the provision of investment services;  
e. investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;  
f. services related to underwriting. |
| 3) Investment services and activities concerning financial instrument, with the exception set out in the paragraph (4), can be carried out by:  
a) investment firms based on the license issued by the National Commission; |

**Fully compatible**

---

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 75
b) approved persons, based on the approval of the National Commission.

4) The services and activities lay down in the paragraph (2) letters c) and e) can be carried out by natural and legal persons without the license of the National Commission, if such services and activities are not carried out together with other activities set out in the paragraphs (1) and (2).

5) Investment activities and services are carried exclusively only by investment firms excepting licensed banks.

6) Foreign exchange operations mentioned n the paragraph (2) letter d) from this article will be conducted by an investment firm in compliance with provisions of the Law nr. 62- XVI of 21 March 2008 regarding regulation of foreign exchanges, including provisions on foreign exchange authorisation of the National Bank of Republic of Moldova.

Articolul 34. Regulation of the investment services and activities.

Other requirements concerning regulations of the investment services and activities are established by the regulations of the National Commission.

---

### Directive 2004/39 MiFID Article 6 scope of authorisation

**Section 2. Requests concerning carrying out the activity**

**Articolul 35. The license of investment firm**

1) There are 3 categories of the licenses of investment firm:

a) category A license authorizes investment firms to carrying

**Fully compatible**
<table>
<thead>
<tr>
<th><strong>Article 5 Requirements for authorisation</strong></th>
<th><strong>Fully compatible</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>out the activities and services laid down in the Article 33 paragraph (1) letters a), b) and d) and paragraph (2) letters c) and e). Category A license prohibits investment firms to deal in any financial instruments for their own account, to underwrite issues of financial instruments on a firm commitment basis and/or to hold clients' money and/or securities;</td>
<td></td>
</tr>
<tr>
<td>b) category B license authorizes investment firms to carrying out the activities and services laid down in the Article 33 paragraph (1) letters a), b) and d) and paragraph (2) letters a), c), d) and e). Category B license permits to hold clients' money and/or securities, but prohibits investment firms to deal in any financial instruments for their own account or to underwrite issues of financial instruments on a firm commitment basis;</td>
<td></td>
</tr>
<tr>
<td>c) category C license authorizes investment firms to carrying out all activities and services laid down in the Article 33 paragraphs (1) and (2).</td>
<td></td>
</tr>
<tr>
<td>(2) In order to obtain a license of an investment society the applicant shall address to National Commission a request for this purpose and attach the documents confirming that the applicant cumulatively meets the following conditions:</td>
<td></td>
</tr>
<tr>
<td>a) applicant has a legal form of joint stock company legally founded and registered in the Republic of Moldova;</td>
<td></td>
</tr>
<tr>
<td>b) applicant meets the requirements of capital adequacy, in the capital</td>
<td></td>
</tr>
<tr>
<td>c) applicant has a program of operations, approved by the competent body of the applicant, setting out the organizational structure, the types of activities and services envisaged, decision making process, internal organizational rules and rules on providing services, estimation of the financial results for the</td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 77
next three years and other aspects related to the planned activities;

d) persons who effectively direct the business of the applicant complies with the requests set out by the Article 39;

e) shareholders with qualifying holdings in the capital of the applicant are approved by the National Commission in accordance with the Article 40 paragraph (19);

f) the applicant declares its commitment to become the member of the Investor Compensation Fond within 30 days from the day license has been granted.

(3) The license shall expressly state investment services and activities and ancillary services which investment firm shall carry out.

(4) Investment firms which hold the category B license may hold financial instruments for their own account if the following conditions are met:

a) such positions arise only as a result of the firm's failure to match investors' orders.

b) the total market value of all such positions is subject to a ceiling of 15 % of the firm's initial capital;

c) the firm meets the requirements concerning the capital adequacy laid down in this law and normative acts of the National Commission;

d) such positions have an incidental and provisional and are strictly limited to the time required to carry out the transaction in question.

<table>
<thead>
<tr>
<th>NO EU directive</th>
<th>Articolul 36. Approved persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)Foreign legal persons which hold the authorization for carrying out investment services and activities granted by and supervised by competent authorities of the European Union member States are considered to be approved persons and do</td>
<td></td>
</tr>
</tbody>
</table>
not need the license of investment firm, based on the agreements between such authorities and National Commission.

(2) The approved persons carry out their activities in Republic of Moldova through branches registered in Republic of Moldova.

(3) Foreign legal persons who hold the authorization for carrying out investment services and activities granted by competent authorities of the member states of the European Union obtain the quality of approved person after approval of the National Commission.

(4) For the obtaining of the quality of approved person applicant shall address to National Commission a request for this purpose and attach the documents confirming that the applicant holds the relevant authorizations issued by competent authorities of the member states of the European Union.

(5) Before granting the approval of approved person, the National Commission is entitled to interpellate the competent authority of the member state of the European Union with a view to ask for a notice, confirmation or information concerning the applicant who has requested the quality of approved person.

(6) The National Commission shall approve the quality of approved person within three months after the request of applicant.

(7) At the approval of the quality of approved person, the National Commission shall include this information into the Register of approved persons, maintained by the National Commission.

(8) The decision on approval the quality of approved person shall expressly contain the investment services and activities which can be carried out by this approved person.
(9) The approved persons are entitled to carry out only the investment services and activities set out in the authorization issued by the competent authority of the member state of the European Union.
(10) The provisions laid down in the Article 139 paragraphs (6)-(14) shall apply corresponding to approved persons regarding the approval and withdrawal of the status of being approved person.
(10) The National Commission may withdraw or suspend for a period of 90 days for remedial the quality of approved person where such a person:
 a) did not began to perform investment services indicated in the decision of the National Commission within 1 year from adoption of this decision or not provided any of the activities indicated in the decision within a period of six months;
 b) did not pay the license fee laid down in the Article 139 paragraph (10);
 c) Hasn't become a member of the Investor Compensation Fund in terms established by this law within the period set out by this law;
 d) expressly require from the National Commission to withdraw the quality of approved person;
 e) has been obtained the quality of approved person by providing false information, or other illegal activities;
 f) seriously and systematically infringed the provisions of this Law and decisions of the National Commission on the investment firms and investment activities and services;
 g) the authorization granted by competent authorities of the member states of the European Union was withdraw or suspended.
(12) The National Commission shall inform the competent authority of the member state of the European Union concerning the approval, suspension or withdrawal of the
quality of approved person.  

(13) The National Commission exercises its regulatory, supervision and control powers in respect of approved persons with a view to assure the conformation of their activity with the legislation.  

(14) The National Commission is not entitled to set forth discriminatory requests for approved persons in respect with investment firms licensed in accordance with the Article 35.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Delegated agent is a natural or a legal person acting on behalf and/ or interest of a single investment firm, promoting to clients or potential clients the investment firm services, receiving and transmitting instructions or orders from clients concerning financial instruments or investment services, placing financial instruments and providing to the clients or potential clients consulting services on these instruments or services.</td>
<td></td>
</tr>
<tr>
<td>(2) To obtain the position of delegated agent, the applicant shall submit to the National Commission a request and a recommendation from an investment firm on whose behalf /or on its interest will activate.</td>
<td></td>
</tr>
<tr>
<td>(3) The National Commission approve by decision the position of delegated agent to a person no later than 15 days after application</td>
<td></td>
</tr>
<tr>
<td>(4) The fee for obtaining the position of delegated agent is 1000 lei, which flow in the budget of the National Commission by delegated agent no later than 10 days from the date of approving the decision of offering the position of delegated agent.</td>
<td></td>
</tr>
<tr>
<td>(5) After approving the position of delegated agent, the National Commission will include this information in the Register of</td>
<td></td>
</tr>
</tbody>
</table>

Fully compatible
<table>
<thead>
<tr>
<th><strong>Directive MiFID, Article 12 capital endowment</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>delegated agents, held by the National Commission. (6) The National Commission denies the approval of quality of delegated agent if person meets at least one of the following conditions: a) In the last 5 years to this person has been withdrawn the position of delegated agent as result of violation the provisions set out in this Law and decisions of the National Commission. 5) The recommendation presented by applicant is issued by an investment firm, which in the last 5 years has issued similar recommendations to three persons who subsequently have been withdrawn the position of delegated agent as result of violation the provisions set out in this Law and decisions of the National Commission. (7) The quality of delegated agent is approved for an unlimited period. (8) The quality of delegated agent is withdrawn by decision of the National Commission in the following cases: a) The delegated agent violates the provisions of this Law and decision of the National Commission; b) The person has not activated as delegated agent during more than 12 consecutive months; c) At request of the economic agent or economic company that has contracted the concerned delegated agent.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Articolul 38. The capital adequacy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) The initial capital of an investment firm shall be equal to at least: a) for the category A license: 450,000 lei after a year from the date when this law enters into force, 600,000 lei after three years from the date when this law enters into force; 750,000 lei after three years from the date when this law enters into force.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fully compatible**

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
force; 900,000 lei after three years from the date when this law enters into force;
b) for the category B license: 1,000,000 lei after a year from the date when this law enters into force, 1,400,000 lei after three years from the date when this law enters into force; 1,850,000 lei after three years from the date when this law enters into force; 2,250,000 lei after three years from the date when this law enters into force;
c) for the category C license: 7,500,000 lei after a year from the date when this law enters into force, 9,000,000 lei after three years from the date when this law enters into force; 10,500,000 lei after three years from the date when this law enters into force; 12,500,000 lei after three years from the date when this law enters into force.

**Article 9, persons who effectively direct the business, point 1,2,3, and 4**

**Articolul 39. Requirements to the persons who effectively direct the activity of the investment firm**

1) The persons who effectively conduct the investment firm’s activity must have a good reputation and experience to ensure stable and efficient management of the investment firm.
2) The management of investment firm is undertaken by at least two persons, who correspond to requirements set out in paragraph 1.
3) At the submission of the request for the license obtaining the applicant shall submit National Commission the documents which confirm that at least two persons meeting the requirements laid down in paragraph 1.
4) The investment firm shall notify the National Commission of any changes to its management and new persons who effectively direct the activity of the investment firm and shall attach the information confirming that new persons meet the

**Fully compatible**
If there are objective and demonstrable grounds for believing that the persons in management of the investment firm pose a threat to its sound and prudent management, the National Commission shall apply one of the following measures:

- refuse the request for issuing a license of an investment firm; if in the period set by the National Commission, were not applied measures for compliance;
- suspend the license of an investment firm issued previously, if the period set by the National Commission, were not applied measures for compliance.

(6) The persons who effectively directs the activity of the investment firm must assure and supervise the observance of provisions of this law, being obliged to:

- verify and evaluate, on a periodical basis, the observance of prudential requirements laid down in the Section 3, Chapter III;
- adopt the relevant measures for conforming the activity of investment firm with the provisions of this law;
- receive the annual reports from the persons laid down in the Section 3, Chapter III and to implement relevant measures derived from such reports;
- submit the board of investment firm written reports concerning the activity of the investment firm and implementation of prudential requirements laid down in the Section3, Chapter III.

### Article 40. Requirements to the shareholders with qualifying holdings

1) A proposed acquirer shall notify in writing the National Commission, before the acquisition of shares in the equity capital of an investment firm, if he/she intends to:

- obtain a qualifying holding;

---

**Support for the Implementation of Agreements between the Republic of Moldova and the European Union**

- Page 84
Point 3 to 6

b) increase his/her holding at a level exceed 20%, 30% or 50% of equity capital.

(2) Any natural or legal person or such persons acting in concert who have taken a decision either to sell, directly or indirectly, a qualifying holding in an investment firm or to further decrease, directly or indirectly, such a qualifying holding in the equity capital of an investment firm shall notify in writing the National Commission, before the selling of shares in the equity capital of an investment firm, if he/she intends to:
   a) sell a qualifying holding;
   b) reduce his/her holding at a level less than 20%, 30% or 50% of equity capital.

(3) The written notification of the potential acquirer to the National Commission, pursuant paragraph (1), shall contain:
   a) the name in case of a natural person and, in the case of companies, its full name and its legal address of proposed acquirer and
   b) the information concerning holdings of proposed acquirer in the equity capital of investment firm of this person and persons acting in concert with him/her at the moment of notification;
   c) the quota which is intended to be acquired by the given person;
   d) acts which confirm the identity of potential acquirer;
   e) the financial statement for the last 3 years – in the case of legal persons;
   f) intentions of the proposed acquirer concerning the types of activities and services which the investment firm will carry out;
   g) intentions of the proposed acquirer concerning the changes of internal prudential and organization requirements and internal audit;
   h) intentions of the proposed acquirer concerning persons who effectively direct the activity of the investment firm;
   i) the information concerning the repute and experience of

| Fully compatible |   |   |
persons who effectively direct the activity of the investment firm – where the proposed acquirer is going to change the persons who effectively direct the activity of the investment firm.

(4) The notification sent to the National Commission according to the paragraph (2) by the potential seller shall contain the information laid down in the paragraph (3) letters a)-d) and the name/name of the firm of the potential acquirer.

(5) The National Commission shall, within two working days following receipt of the notification required under the paragraph (1), acknowledge receipt thereof to the potential acquirer.

(6) The National Commission shall, in maximum of sixty working days as from the date of the written acknowledgement of receipt of the notification (hereinafter referred to as the assessment period), to carry out the assessment of the potential acquirer according to the criteria laid down in the paragraph (19).

(7) The acknowledgement of receipt of the notification shall state the date of the expiry of the assessment period.

(8) The National Commission may, during the assessment period, if it is necessary, and no later than on the 50th working day of the assessment period, may request in written any further documents information that is necessary to complete the assessment, if submitted documents contain false or incomplete information.

(9) For the period between the date of request for information by the National Commission pursuant paragraph (8) and the receipt of a response thereto by the proposed acquirer, the assessment period shall be interrupted.

(10) Upon completion of the assessment, the National Commission is entitled to adopt a decision in the form of notice on refuse of an acquisition project; the decision shall provide the reasons and legal bases for the refuse.
(11) The notice on refuse of an acquisition project shall be communicated to the proposed acquirer in written form in the day of taking such decision.
(12) The notice on refuse of an acquisition project shall be published in the Official Monitor only at the request of proposed acquirer.
(13) If the National Commission does not oppose the proposed acquisition within the assessment period in written form, it shall be deemed to be approved.
(14) If the proposed acquirer does not acquire, pursuant the project of acquisition, a qualified holding or a holding of 20%, 30% or 50% in the equity capital of the investment firm within 6 months following the approval of the project of acquisition, the proposed acquirer shall again notify the National Commission about the intention to acquire above-mentioned holdings.
(15) If person did not notify National Commission pursuant paragraphs (1) and (2), that National Commission is entitled to suspend the voting rights of the shares in the equity capital of the investment firm of this person in the sum of the quota which exceeds the limit necessary for notification of the National Commission.
(16) The person who has not notified in advance the National Commission is obliged, within three months, to notify the National Commission, in compliance with provisions established by this article, or to sell his shares without notifying the National Commission. After this period has expired, if the shares were not sold or the National Commission has issued a notice regarding the refusal of the acquisition, investment firm who has issued these shares is obliged to cancel those shares, and to issue new shares with the same number and to sell them, transferring collected means from this sale, after deduction of incurred expenses, to the owner of cancelled shares.
(17) Where two or more proposals to acquire or increase qualifying holdings in the same investment firm have been notified to the National Commission, the latter shall treat the proposed acquirers in a non-discriminatory manner.

(18) If there are objective and demonstrable grounds for believing that the management of the investment firm pose a threat to its sound and prudent management, taking into considerations the criterions laid down in the paragraph (17), the National Commission shall apply one of the following measures:
   a) refuse the request for issuing the license of investment firm;
   b) suspend the license of investment firm.
   c) issue a notice on refuse of the acquisition project.

(19) The National Commission shall evaluate the conformity of the persons with qualified holdings based on the following all criterions:
   a) the reputation of the proposed acquirer;
   b) the reputation and experience of any person who will direct the activity of the investment;
   c) the financial soundness of the proposed acquirer, in particular in relation to the type of business pursued and envisaged in the investment firm in which the acquisition is proposed;
   d) the capacity of investment firm to comply and continue to comply with prudential requirements pursuant the provisions of this law;
   e) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorist financing is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof.

(20) The provisions of this article shall not apply to acquisition of the holdings in the equity capital of the licensed bank which
<table>
<thead>
<tr>
<th><strong>Hold the license of investment firm or submit a request for this purpose.</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amendment/recommendations/change/redraft proposals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Directive 2004/39 MiFID; Article 13, organisational requirements Point 1, 2, 3</strong></td>
<td><strong>Section 3. Organizational and functional requirements of the investment firm</strong></td>
<td><strong>Articolul 41. Prudential administration</strong></td>
<td><strong>Fully compatible with Directive 2004/39/EC MiFID</strong></td>
</tr>
</tbody>
</table>
| 1) The investment firm shall establish and apply adequate internal policies and procedures which ensure correct and prudential administration of the investment firm and compliance of the investment firm’s activity with this law and normative acts of the National Commission.  
2) In view to implement the provisions of the paragraph (1), investment firm shall establish and implement:  
a) internal structure and procedures concerning the decision process, which will clearly establish managing bodies of the... |  |  | **Directive2006/73 which is not retained in this context would require:**  
in Article 5 (replaces old Article 13(2) to (8) of Directive 2004/39/EC, General organisational requirements)  
1. Member States shall require investment firms to comply with the following requirements:  
(a) to establish, implement and maintain decision-making procedures and an organisational structure which clearly and in documented manner specifies reporting lines... |
**investment firm and functions and responsibilities of employees;**
b) **policies which will allow to identify conflicts of interest;**
c) **policies which will ensure continuity and regularity in the performance of investment services and activities;**
d) **policies on internal audit;**
e) **policies on risk management;**
f) **policies on security, integrity and confidentiality of the internal information;**
g) **policies which will ensure adequate, clear and detailed evidence and records of the operations carried out by the investment firm and the clients;**
h) **policies which will ensure adequate, clear and detailed evidence of the assets held for the clients;**
i) **policies on carrying out the personal transactions;**
j) **policies on internal reporting and communication of information at the relevant levels;**
k) **policies on best execution;**
l) **policies which will enroll employees with a high qualification and experience, necessary to carry out the responsibilities, and will ensure a good knowledge of the internal norms and policies by employees;**
m) **policies on prevention of money laundering and terrorist financing.**

(3) Policies set out in the paragraph (2) letter c) shall ensure, in case of an interruption to their ordinary systems and procedures of activity:
a) **the preservation of essential data and functions, and the maintenance of investment services and activities;** or;
b) **where the implementation of the provisions set out in the letter a) are not possible – the timely recovery of such data and functions and the timely resumption of their investment services and activities.**

(4) Policies set out in the paragraph (2) letters h) and j) shall be

and allocates functions and responsibilities;

(b) to ensure that their relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities;
(c) to establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the investment firm;
(d) to employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them;
(e) to establish, implement and maintain effective internal reporting and communication of information at all relevant levels of the investment firm;
(f) to maintain adequate and orderly records of their business and internal organisation;
(g) to ensure that the performance of multiple functions by their relevant persons does not and is not likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

Member States shall ensure that, for those purposes, investment firms take into account the nature, scale and complexity of the business of the firm, and the nature and range of investment services and activities undertaken in the course of that business.

2. Member States shall require investment firms to establish, implement and maintain...
| Fully compatible | implemented in such way that enable investment firms, at the request of competent authority, to deliver in a timely manner the financial reports which reflect a true and fair view of their financial position and which comply with applicable accounting standards and rules in force. | systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.  
3. Member States shall require investment firms to establish, implement and maintain an adequate business continuity policy aimed at ensuring, in the case of an interruption to their systems and procedures, the preservation of essential data and functions, and the maintenance of investment services and activities, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of their investment services and activities.  
4. Member States shall require investment firms to establish, implement and maintain accounting policies and procedures that enable them, at the request of the competent authority, to deliver in a timely manner to the competent authority financial reports which reflect a true and fair view of their financial position and which comply with all applicable accounting standards and rules.  
5. Member States shall require investment firms to monitor and, on a regular basis, to evaluate the adequacy and effectiveness of their systems, internal control mechanisms and arrangements established in accordance with paragraphs 1 to 4, and to take appropriate measures to address any deficiencies. |

**Articolul 42. Monitoring and assessment of compliance**

1) The investment firm shall monitor and assess on a periodical basis the compliance of the internal activity and applied policies with the provisions of this law, and where it is necessary shall put in place adequate measures designed to ensure a high
level of efficiency and to exclude the risk of deficiencies.

2) In view to implement the paragraph (1), the investment firm shall establish a permanent function which operates independently and which has the following responsibilities:
   a) to monitor and, on a regular basis, to assess the adequacy and effectiveness of the internal measures and procedures;
   b) to submit reports concerning monitoring and assessment of compliance to the persons who effectively direct the activity of the investment firm;
   c) to advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the investment firm's obligations set out by this law in respect with investment firms.

Article 6

(Article 13(2) of Directive 2004/39/EC) Compliance

1. Member States shall ensure that investment firms establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the firm to comply with its obligations under Directive 2004/39/EC, as well as the associated risks, and put in place adequate measures and procedures designed to minimise such risk and to enable the competent authorities to exercise their powers effectively under that Directive. Member States shall ensure that, for those purposes, investment firms take into account the nature, scale and complexity of the business of the firm, and the nature and range of investment services and activities undertaken in the course of that business.

2. Member States shall require investment
### Articolul 43. Risk management

(1) With the view to implement the measures laid down in the Article 4 paragraph (2) letter e), the investment firm shall:
- a) implement adequate risk management policies and procedures which identify the risks relating to the firm's activities;
- b) set the level of risk tolerated by the firm;
- c) adopt effective arrangements, processes and mechanisms to manage the risks relating to the firm's activities, processes and systems, in light of that level of risk tolerance;

(2) The investment firm shall ensure the permanent monitoring of the investment firm's risk management policies and procedures concerning:
- a) the adequacy and effectiveness of the investment firm's risk management policies and procedures;
- b) the level of compliance by the investment firm and its relevant persons with the procedures of risk management;

(3) The investment firm may set up a compliance function which operates independently and which has the following responsibilities:
- a) to monitor and, on a regular basis, to assess the adequacy and effectiveness of the measures and procedures put in place in accordance with the first subparagraph of paragraph 1, and the actions taken to address any deficiencies in the firm's compliance with its obligations;
- b) to advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the firm's obligations under Directive 2004/39/EC.

3. In order to enable the compliance function to discharge its responsibilities properly and independently, Member States shall require investment firms to ensure that the following conditions are satisfied:
- a) the compliance function must have the necessary authority, resources, expertise and access to all relevant information;
- b) a compliance officer must be appointed and must be responsible for the compliance function and for any reporting as to compliance required by Article 9(2);
- c) the relevant persons involved in the compliance function must not be involved in the performance of services or activities they monitor;
- d) the method of determining the remuneration of the relevant persons involved firms to establish and maintain a permanent and effective compliance function which operates independently and which has the following responsibilities:
in the compliance function must not compromise their objectivity and must not be likely to do so. However, an investment firm shall not be required to comply with point (c) or point (d) if it is able to demonstrate that in view of the nature, scale and complexity of its business, and the nature and range of investment services and activities, the requirement under that point is not proportionate and that its compliance function continues to be effective. Article 7 (second subparagraph of Article 13(5) of Directive 2004/39/EC) Risk management
1. Member States shall require investment firms to take the following actions:
(a) to establish, implement and maintain adequate risk management policies and procedures which identify the risks relating to the firm's activities, processes and systems, and where appropriate, set the level of risk tolerated by the firm;
(b) to adopt effective arrangements, processes and mechanisms to manage the risks relating to the firm's activities, processes and systems, in light of that level of risk tolerance;
(c) to monitor the following:
(i) the adequacy and effectiveness of the investment firm's risk management policies and procedures;
audit function which is separate and independent from the other functions and activities of the investment firm and which has the following tasks:

a) to establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the investment firm's systems, internal control mechanisms and arrangements;

b) to make the control of audit and to issue recommendations based on the result of controls;

c) to verify compliance with those recommendations issued before) to draft and provide reports on internal audit to senior management.

(2) The financial and economic exercise of investment firm is audited by an external audit at least once per year, in accordance with the Article 142.

(ii) the level of compliance by the investment firm and its relevant persons with the arrangements, processes and mechanisms adopted in accordance with point (b);

(iii) the adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

2. Member States shall require investment firms, where appropriate and proportionate in view of the nature, scale and complexity of their business and the nature and range of the investment services and activities undertaken in the course of that business, to establish and maintain a risk management function that operates independently and carries out the following tasks:

(a) implementation of the policy and procedures referred to in paragraph 1;

(b) provision of reports and advice to senior management in accordance with Article 9(2).

Where an investment firm is not required under the first sub-paragraph to establish and maintain a risk management function that functions independently, it must nevertheless be able to demonstrate that the policies and procedures which it is has adopted in accordance with paragraph 1 satisfy the requirements of that paragraph and are consistently effective.
Article 8
(second subparagraph of Article 13(5) of Directive 2004/39/EC) \textbf{Internal audit}

Member States shall require investment firms, where appropriate and proportionate in view of the nature, scale and complexity of their business and the nature and range of investment services and activities undertaken in the course of that business, to establish and maintain an internal audit function which is separate and independent from the other functions and activities of the investment firm and which has the following responsibilities:

(a) to establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the investment firm's systems, internal control mechanisms and arrangements;
(b) to issue recommendations based on the result of work carried out in accordance with point (a);
(c) to verify compliance with those recommendations;
(d) to report in relation to internal audit matters in accordance with Article 9(2).

Article 9
(Article 13(2) of Directive 2004/39/EC) **Responsibility of senior management**

1. Member States shall require investment firms, when allocating functions internally, to ensure that senior management, and, where appropriate, the supervisory function, are responsible for ensuring that the firm complies with its obligations under Directive 2004/39/EC.

In particular, senior management and, where appropriate, the supervisory function shall be required to assess and periodically to review the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations under Directive 2004/39/EC and to take appropriate measures to address any deficiencies.

2. Member States shall require investment firms to ensure that their senior management receive on a frequent basis, and at least annually, written reports on the matters covered by Articles 6, 7 and 8 indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies.

3. Member States shall require investment firms to ensure that the supervisory function, if any, receives on a regular basis written reports on the same matters.
<table>
<thead>
<tr>
<th>Directive 2004/39 MiFID; Article 13; Fully compatible</th>
<th>Articolul 45. Restrictions concerning personal transactions</th>
</tr>
</thead>
</table>
| (1) Relevant persons shall inform investment firm about their intention to carry out a personal transaction.  
(2) A personal transaction may be carried out by relevant person after the preliminary approval of the specialized internal commission created for this purpose by the investment firm. | |

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Member States shall require investment firms to establish, implement and maintain adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or who has access to inside information within the meaning of Article 1(1) of Directive 2003/6/EC or to other confidential information relating to</td>
</tr>
</tbody>
</table>

4. For the purposes of this Article, "supervisory function" means the function within an investment firm responsible for the supervision of its senior management.

 Article 10  
(Article 13(2) of Directive 2004/39/EC) **Complaints handling**  
Member States shall require investment firms to establish, implement and maintain effective and transparent procedures for the reasonable and prompt handling of complaints received from retail clients or potential retail clients, and to keep a record of each complaint and the measures taken for its resolution.
<table>
<thead>
<tr>
<th>Fully compatible</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) The relevant person is prohibited to carry out a personal transaction which meets at least one of the following criteria: a) the transaction infringes the requests set out in Section 2 from Chapter VI; b) the transaction involves the misuse or improper disclosure of that confidential information; c) the transaction conflicts or is likely to conflict with an obligation of the investment firm in respect with its clients.</td>
<td></td>
</tr>
<tr>
<td>(4) The relevant person is prohibited to offer, other than in the proper course of his employment or contract for services, advising concerning the trading of a financial instrument, within a personal transaction or delegated agent, if: a) the conditions of the paragraph (3) are met; b) transaction would be covered by the Article 46 paragraph (7) letters a) and b); c) transaction implies the misuse information relating to pending orders of clients of investment firm.</td>
<td></td>
</tr>
<tr>
<td>clients or transactions with or for clients by virtue of an activity carried out by him on behalf of the firm: (a) entering into a personal transaction which meets at least one of the following criteria: (i) that person is prohibited from entering into it under Directive 2003/6/EC; (ii) it involves the misuse or improper disclosure of that confidential information; (iii) it conflicts or is likely to conflict with an obligation of the investment firm under Directive 2004/39/EC; (b) advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) or Article 25(2)(a) or (b) or Article 47(3); (c) without prejudice to Article 3(a) of Directive 2003/6/EC, disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:</td>
<td></td>
</tr>
</tbody>
</table>
(5) The relevant person is prohibited to disclose, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
   a) to enter into a transaction meets the conditions set out by the Article 46 paragraph (6) letters a) and b);
   b) to enter into a transaction implies the misuse information relating to pending orders of clients of investment firm;
   c) to advise or procure another person to enter into such a transaction.

(6) The investment firm is obliged to establish and implement measures which will:
   a) prevent and exclude the carrying out of the personal transactions by the relevant persons pursuant the paragraphs (3)-(5);
   (i) to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) or Article 25(2)(a) or (b) or Article 47(3);
   (ii) to advise or procure another person to enter into such a transaction.

2. The arrangements required under paragraph 1 must in particular be designed to ensure that:
   (a) each relevant person covered by paragraph 1 is aware of the restrictions on personal transactions, and of the measures established by the investment firm in connection with personal transactions and disclosure, in accordance with paragraph 1;
   (b) the firm is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the firm to identify such transactions;
   In the case of outsourcing arrangements the investment firm must ensure that the firm to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to the investment firm promptly on
<table>
<thead>
<tr>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) ensure the informing on restrictions concerning the carrying out personal transactions by relevant persons;</td>
</tr>
<tr>
<td>c) ensure the activity of the specialized internal commission which examines the intention of the relevant person to carry out a personal transaction;</td>
</tr>
<tr>
<td>d) ensure the records of the personal transactions carried out by the relevant person and the records of the decision of the specialized internal commission which examine the intention of the relevant person to carry out a personal transaction.</td>
</tr>
</tbody>
</table>

(7) Paragraphs (1)-(6) shall not apply to the following kinds of personal transaction:
- a) personal transactions effected under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or other person for whose account the transaction is executed;
- b) personal transactions in UCITS that comply with the conditions that the relevant person and any other person for whose account the transactions are effected are not involved in the management of that UCITS.

N.B. the outsourcing issue is not so much addressed in Directive 2004/39, but in Directive 2006/73 we have a whole section 2 in Chapter II: organisational requirements, that deals with out-sourcing.

3. Paragraphs 1 and 2 shall not apply to the following kinds of personal transaction:
- a) personal transactions effected under a discretionary portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or other person for whose account the transaction is executed;
- b) personal transactions in units in collective undertakings that comply with the conditions necessary to enjoy the rights conferred by Directive 85/611/EEC or are subject to supervision under the law of a Member State which requires an equivalent level of risk spreading in their assets, where the relevant person and any other person for whose account the transactions are effected are not involved in the management of that UCITS.

(7) a record is kept of the personal transaction notified to the firm or identified by it, including any authorisation or prohibition in connection with such a transaction.
<table>
<thead>
<tr>
<th>Partially compatible</th>
<th>Articolul 46. Conflicts of interest</th>
<th>Fully compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Conflicts of interest policy implemented by the investment firm shall ensure the identification conflicts of interest between employees of the investment firm and of delegated agent, as well as between employees of the investment firms on one side and firm’s clients on another side.</td>
<td>Conflicts of interest</td>
</tr>
<tr>
<td></td>
<td>(2) Policies on conflicts of interest must take into account the size and organization of the firm and the nature, scale and complexity of its activity shall include the following content: a) Policies shall identifies the circumstances which constitute or may give rise to a conflict of interest pursuant the paragraph b) Policies must specify procedures to be followed and measures to be adopted in order to manage such conflicts pursuant paragraph (4).</td>
<td>2. Where organisational or administrative arrangements made by the investment firm in accordance with Article 13(3) to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the investment firm shall clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business on its behalf.</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
(3) For the purposes of identifying the conflicts of interest, investment firms will take into account the situations where the investment firm, relevant persons and/or persons which hold the control under the meet at least one of the following conditions:

a) the firm or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
b) the firm or that person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
c) the firm or that person has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
d) the firm or that person carries on the same business as the client;
e) the firm or that person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

(4) At the establishing of the policies concerning conflicts of interest investment firms shall take the following actions:

a) effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest;
b) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing

3. In order to take account of technical developments on financial markets and to ensure uniform application of paragraphs 1 and 2, the Commission shall adopt, in accordance with the procedure referred to in Article 64(2), implementing measures to:

(a) define the steps that investment firms might reasonably be expected to take to identify, prevent, manage and/or disclose conflicts of interest when providing various investment and ancillary services and combinations thereof;

(b) establish appropriate criteria for determining the types of conflict of interest whose existence may damage the interests of
| services to, clients whose interests may conflict with the interests of the investment firm or of these persons; | the clients or potential clients of the investment firm. |
| c) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities; | |
| d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out activities within investment firm. | |
| e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest within investment firm. | |
| (5) Where the internal policies are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the investment firm shall clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business on its behalf. | |
| (6) Where an investment firm produces or disseminates investment research, such investment firm shall implement measures which will ensure that the following conditions are satisfied: | |
| a) financial analysts and other relevant persons implicated in the drafting and dissemination of the investment research do not have the right to undertake personal transactions or trade on behalf of any other person, in financial instruments to which investment research relates; restriction on trading on behalf of other person is not applied in the case when financial analyst and other relevant implicated persons are acting as market makers, acting in good faith and in the ordinary course of market making | |
b) in circumstances not covered by letter (a), financial analysts and any other relevant persons involved in the production of investment research must not undertake personal transactions in financial instruments to which the investment research relates, contrary to current recommendations;
c) the investment firms themselves, financial analysts, and other relevant persons involved in the production of the investment research must not accept inducements from those with a material interest in the subject-matter of the investment research;
d) the investment firms themselves, financial analysts, and other relevant persons involved in the production of the investment research must not promise issuers favorable research coverage;
e) recommendations, proposals and assessments from the investment research must not be preventively approved by the issuers, relevant persons and any other persons other than financial analysts.

(7) At the dissemination of an investment research investment firms is exempt from complying with paragraph (6) if the following criteria are met:

- a) the financial analyst is not a relevant person of the investment firm and of the legal persons which have close links with this investment firm;
- b) the investment firm does not alter the assessments, recommendations and proposals within the investment research;
- c) the investment firm does not present the investment research as having been produced by it.

<table>
<thead>
<tr>
<th>Directive 2004/39, Article 13, point 7 and 8</th>
<th>Articolul 47. The custody of client assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The custody of clients’ assets is carried out through depositing the clients’ financial instruments and funds on the</td>
<td></td>
</tr>
</tbody>
</table>

NB. It would be recommendable to use Directive 2006/73 as below, in its Article 16, 17, 18 and 19 it deals in more details with...
name of investment firm.

(2) Where the client assets are deposited on its name, investment firm shall open individual sub-accounts for each client to ensure the evidence of the assets of each separate client.

(3) Where an investment firm holds the clients assets, it shall establish internal procedures, pursuant this article, which will:
   a) ensure the integrity and the safeguarding of the clients assets;
   b) allow the records of the clients’ assets.

(4) The records of the clients assets shall be carried out by the investment firms in the following conditions:
   a) investment firms must keep such records and accounts as are necessary to enable them at any time and without delay to distinguish assets held for one client from assets held for any other client, and from their own assets;
   b) investment firms must maintain their records and accounts in a way that ensures their correspondence to the financial instruments and funds held for clients;
   c) investment firms must conduct, on a regular basis, reconciliations between their internal accounts and records and those of any third parties by whom those assets are held;
   d) investment firm must take the necessary measures to ensure that any client financial instruments deposited, in accordance with paragraph (5), are identifiable separately from the financial instruments belonging to the investment firm and from financial instruments belonging to that third party;
   e) investment firms must take the necessary measures to ensure that client funds deposited, in accordance with paragraph (6), in a specialized institution, are held in an account or accounts identified separately from any accounts used to hold funds belonging to the investment firm;

the custody of clients assets issues.

Article 16
(Article 13(7) and (8) of Directive 2004/39/EC)

Safeguarding of client financial instruments and funds

1. Member States shall require that, for the purposes of safeguarding clients’ rights in relation to financial instruments and funds belonging to them, investment firms comply with the following requirements:

   (a) they must keep such records and accounts as are necessary to enable them at any time and without delay to distinguish assets held for one client from assets held for any other client, and from their own assets;
   (b) they must maintain their records and accounts in a way that ensures their accuracy, and in particular their correspondence to the financial instruments and funds held for clients;
   (c) they must conduct, on a regular basis, reconciliations between their internal accounts and records and those of any third parties by whom those assets are held;
   (d) they must take the necessary steps to ensure that any client financial instruments deposited with a third party, in accordance with Article 17, are identifiable separately from the financial instruments belonging to the
f) investment firms must introduce adequate organizational arrangements to minimize the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

(5) Where the clients financial instruments are deposited into an account opened the depositary in the name of the client-investment firms shall exercise all due skill, care and diligence in the selection, appointment and periodic review of the third party and of the arrangements for the holding and safekeeping of those financial instruments.

(6) On receiving any client funds, investment firms shall promptly place those funds, complying with monetary legislation, into one or more accounts opened with any of the following specialized institutions:
   a) a licensed bank from Republic of Moldova or from a member state of the European Union;
   b) a qualifying money market fund from Republic of Moldova or from a member state of the European Union., which correspond to the requirements set by the National Commission

(7) Investment firms are entitled to use the clients financial instruments within a transaction where the following conditions are met:
   a) client has given his prior express consent to the use of the instruments on specified terms;
   b) the use of that client's financial instruments must be restricted to the specified terms to which the client consents.

(8) The clients assets held by investment firms cannot be sued for investment firm's obligations, including the case of insolvency of investment firms.

(9) The investment firm is entitled to carry out securities transactions using financial instruments held on behalf of client or utilize those instruments on own account or on behalf of investment firm and from financial instruments belonging to that third party, by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection;

(e) they must take the necessary steps to ensure that client funds deposited, in accordance with Article 18, in a central bank, a credit institution or a bank authorised in a third country or a qualifying money market fund are held in an account or accounts identified separately from any accounts used to hold funds belonging to the investment firm;

(f) they must introduce adequate organisational arrangements to minimise the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

2. If, for reasons of the applicable law, including in particular the law relating to property or insolvency, the arrangements made by investment firms in compliance with paragraph 1 to safeguard clients’ rights are not sufficient to satisfy the requirements of Article 13(7) and (8) of Directive 2004/39/EC, Member States shall prescribe the measures that investment firms must take in order to comply with those obligations.

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
another client only if are met cumulatively the following conditions:
The client has given prior the express consent on utilizing instruments under specific conditions, based on his signature or equivalent of acceptance;
Use the client’s financial instruments is limited to conditions set by client.

(10) The investment firm shall provide to issuer, offeror and/or organization that provides keeping the register of these securities holders the information concerning clients securities held by this investment firm for the following situations:
a) submission of financial statements by issuers of such securities;
b) submission of list of the persons who have the right to participate at the general meeting of shareholders;
c) carrying out takeover bids.

3. If the applicable law of the jurisdiction in which the client funds or financial instruments are held prevents investment firms from complying with points (d) or (e) of paragraph 1, Member States shall prescribe requirements which have an equivalent effect in terms of safeguarding clients’ rights.

Article 17

1. Member States shall permit investment firms to deposit financial instruments held by them on behalf of their clients into an account or accounts opened with a third party provided that the firms exercise all due skill, care and diligence in the selection, appointment and periodic review of the third party and of the arrangements for the holding and safekeeping of those financial instruments. In particular, Member States shall require investment firms to take into account the expertise and market reputation of the third party as well as any legal requirements or market practices related to the holding of those financial instruments that could adversely affect clients’ rights.

2. Member States shall ensure that, if the safekeeping of financial instruments for the
account of another person is subject to specific regulation and supervision in a jurisdiction where an investment firm proposes to deposit client financial instruments with a third party, the investment firm does not deposit those financial instruments in that jurisdiction with a third party which is not subject to such regulation and supervision.

3. Member States shall ensure that investment firms do not deposit financial instruments held on behalf of clients with a third party in a third country that does not regulate the holding and safekeeping of financial instruments for the account of another person unless one of the following conditions is met:

(a) the nature of the financial instruments or of the investment services connected with those instruments requires them to be deposited with a third party in that third country;

(b) where the financial instruments are held on behalf of a professional client, that client requests the firm in writing to deposit them with a third party in that third country.

Article 18

1. Member States shall require investment firms, on receiving any client funds, promptly to
place those funds into one or more accounts opened with any of the following:
(a) a central bank;
(b) a credit institution authorised in accordance with Directive 2000/12/EC;
(c) a bank authorised in a third country;
(d) a qualifying money market fund.

The first subparagraph shall not apply to a credit institution authorised under Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) [10] in relation to deposits within the meaning of that Directive held by that institution.

2. For the purposes of point (d) of paragraph 1, and of Article 16(1)(e), a "qualifying money market fund" means a collective investment undertaking authorised under Directive 85/611/EEC, or which is subject to supervision and, if applicable, authorised by an authority under the national law of a Member State, and which satisfies the following conditions:

(a) its primary investment objective must be to maintain the net asset value of the undertaking either constant at par (net of earnings), or at the value of the investors' initial capital plus earnings;
(b) it must, with a view to achieving that
primary investment objective, invest exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of 60 days. It may also achieve this objective by investing on an ancillary basis in deposits with credit institutions;

(c) it must provide liquidity through same day or next day settlement.

For the purposes of point (b), a money market instrument shall be considered to be of high quality if it has been awarded the highest available credit rating by each competent rating agency which has rated that instrument. An instrument that is not rated by any competent rating agency shall not be considered to be of high quality.

For the purposes of the second subparagraph, a rating agency shall be considered to be competent if it issues credit ratings in respect of money market funds regularly and on a professional basis and is an eligible ECAI within the meaning of Article 81(1) of Directive 2006/48/EC.

3. Member States shall require that, where investment firms do not deposit client funds with a central bank, they exercise all due skill,
care and diligence in the selection, appointment and periodic review of the credit institution, bank or money market fund where the funds are placed and the arrangements for the holding of those funds.

Member States shall ensure, in particular, that investment firms take into account the expertise and market reputation of such institutions or money market funds with a view to ensuring the protection of clients’ rights, as well as any legal or regulatory requirements or market practices related to the holding of client funds that could adversely affect clients’ rights. Member States shall ensure that clients have the right to oppose the placement of their funds in a qualifying money market fund.

Article 19

1. Member States shall not allow investment firms to enter into arrangements for securities financing transactions in respect of financial instruments held by them on behalf of a client, or otherwise use such financial instruments for their own account or the account of another client of the firm, unless the following conditions are met:

(a) the client must have given his prior express consent to the use of the instruments on
specified terms, as evidenced, in the case of a retail client, by his signature or equivalent alternative mechanism;

(b) the use of that client's financial instruments must be restricted to the specified terms to which the client consents.

2. Member States may not allow investment firms to enter into arrangements for securities financing transactions in respect of financial instruments which are held on behalf of a client in an omnibus account maintained by a third party, or otherwise use financial instruments held in such an account for their own account or for the account of another client unless, in addition to the conditions set out in paragraph 1, at least one of the following conditions is met:

(a) each client whose financial instruments are held together in an omnibus account must have given prior express consent in accordance with point (a) of paragraph 1;

(b) the investment firm must have in place systems and controls which ensure that only financial instruments belonging to clients who have given prior express consent in accordance with point (a) of paragraph 1 are so used.

The records of the investment firm shall include details of the client on whose
|--------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Fully compatible                     | (1) The persons appointed by investment firm pursuant Article 42 paragraph (2), Article 43 paragraph (3) and Article 44 paragraph (1) shall carry out their functions in an independent manner. (2) In order to enable the compliance functions, pursuant Article 42 paragraph (2), Article 43 paragraph (3) and Article 44 paragraph (1), to discharge its responsibilities properly and independently, investment firms shall ensure that the following conditions are satisfied: a) the respective persons must have the necessary authority, resources and experience; b) the respective persons must have access to all relevant information; c) the respective persons must not be involved in the performance of services or activities they monitor. | 1. Member States shall ensure that investment firms establish, implement and maintain adequate policies and procedures designed to detect any risk of failure by the firm to comply with its obligations under Directive 2004/39/EC, as well as the associated risks, and put in place adequate measures and procedures designed to minimise such risk and to enable the competent authorities to exercise their powers effectively under that Directive. Member States shall ensure that, for those purposes, investment firms take into account the nature, scale and complexity of the business of the firm, and the nature and range of investment services and activities undertaken in the course of that business. 2. Member States shall require investment firms to establish and maintain a permanent and effective compliance function which operates independently and which has the following responsibilities: (a) to monitor and, on a regular basis, to assess the adequacy and effectiveness of the
(3) The investment firm shall not be required to establish and maintain the respective functions pursuant Article 42 paragraph (2), Article 43 paragraph (3) and Article 44 paragraph (1) if the investment firm is able to demonstrate that in view of the nature, scale and complexity of its business, and the nature and range of investment services and activities, the requirement under that point is not proportionate and that its compliance function continues to be effective.

(4) Where an investment firm is not required under the paragraph (3) to establish and maintain the mentioned functions that functions independently, it must nevertheless be able to demonstrate, at the National Commission request, that the policies and procedures concerning the prudential administration of the investment firm satisfy the requirements of that chapter and are consistently effective.

(5) For the purposes of complaints handling, investment firms shall:
   a) establish and implement internal procedures for the handling of complaints received from retail clients or potential retail clients;
   b) ensure the transparency and accessibility to the procedures for the handling of complaints received from retail clients or potential retail clients;
   c) keep a record of each complaint and the measures taken for its resolution.

measures and procedures put in place in accordance with the first subparagraph of paragraph 1, and the actions taken to address any deficiencies in the firm's compliance with its obligations;

(b) to advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the firm's obligations under Directive 2004/39/EC.

3. In order to enable the compliance function to discharge its responsibilities properly and independently, Member States shall require investment firms to ensure that the following conditions are satisfied:
   (a) the compliance function must have the necessary authority, resources, expertise and access to all relevant information;
   (b) a compliance officer must be appointed and must be responsible for the compliance function and for any reporting as to compliance required by Article 9(2);
   (c) the relevant persons involved in the compliance function must not be involved in the performance of services or activities they monitor;
   (d) the method of determining the remuneration of the relevant persons involved in the compliance function must not compromise their objectivity and must not be likely to do so.

However, an investment firm shall not be required to comply with point (c) or point (d) if it is able to demonstrate that in view of the
<table>
<thead>
<tr>
<th>Directive 2004/39/EC MiFID Art 19 Conduct of business obligations when providing investment services to clients</th>
<th>Articolul 49 Conduct of business</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>P 1</td>
<td>(1) The investment firm is obliged to provide investment services and/or ancillary services to clients in honestly, fairly and professionally manner, in accordance with interests of its clients.</td>
<td>Commission Regulation(EC) No 1287 2006 implementing directive 2004/39/EC not retained; The regulations do focus mainly on: Provisions relating to certain aspects of record-keeping, and to transaction reporting, transparency and commodity derivatives Directive 2006/73/EC implementing directive 2004/39/EC not retained This directive does specify concrete organisational requirements and procedures for investment firms performing such services or activities. In particular, rigorous procedures with regard to matters such as compliance, risk management, complaints handling, personal transactions, outsourcing and the identification, management and disclosure of conflicts of interest.</td>
</tr>
<tr>
<td>P 3</td>
<td>(2) In the event to ensure the compliance with (1) paragraph, up to carry out an activity in the interest of its clients, the investment firm is required to provide: a) any information regarding investment firm and its services; b) information on financial instruments and proposed investment strategies; this should include appropriate guidance on and warnings of the risks associated with investments in those instruments or in respect of particular investment strategies, c) information about conditions of execution venues, costs and associated charges. d) requirements set by law on foreign exchanges, including the part referring to foreign exchanges operations. (3) The provided information addressed by the investment to clients firm shall be fair, clear and not misleading.</td>
<td></td>
</tr>
</tbody>
</table>
(4) The information and measures of advertising of the investment firm shall be carried out in accordance with the provisions of the Law on advertisement.  
(5) When providing investment advice or portfolio management the investment firm shall obtain the necessary information regarding the client's or potential client's knowledge and experience in the investment field relevant to the specific type of product or service, his financial situation and his investment objectives so as to enable the firm to recommend to the client or potential client the investment services and financial instruments that are suitable for him.

(6) When providing investment services other than those referred to in paragraph (5), the investment firm is obliged to ask the client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service demanded by client.

(7) In case the investment firm considers, on the basis of the information received under the (6) paragraph, that the product or service is not appropriate to the client, the investment firm shall warn the client.

(8) In cases where the client does not provide the information referred to under (5) and (6) paragraph, or where he provides insufficient information the investment firm shall warn the client that such a decision will not allow the firm to determine whether the service or product envisaged is appropriate for him.

(9) When providing investment services set out in Article 33, (1) paragraph letter a) and b), with or without ancillary services, the investment firm has the right to not require information set out in paragraph (6), if all the following conditions:  
a) the order of the client relates to shares admitted to trading on a regulated market from Republic of Moldova or states members of the European Union, money market instruments, bonds or other forms of securitized debt, UCITS financial
b) the service is provided at the initiative of the client;
c) the client has been clearly informed that in the provision of this service the investment firm is not required to assess the suitability of the instrument or service provided or offered and that therefore he does not benefit from the corresponding protection of the relevant conduct of business rules;
d) the investment firm complies with requirements on conflicts of interest set out in the 46 Article.

(10) The investment firm shall establish a record that includes the document received from the client and legal acts concluded between the firm and the client.

(11) The investment firms are obliged to conclude a written contract with their clients that set out the rights and obligations of the parties, and the other terms on which the firm will provide services to the client. The rights and duties of the parties to the contract may be incorporated by reference to other documents or legal texts.

(12) In the period of service providing and/or at the end of its providing, the client must receive from the investment firm adequate reports on the services provided and costs associated to this service.

(13) The investment firm is obliged to classify its clients and apply in relation to clients the measures laid down in this Law.
<table>
<thead>
<tr>
<th>Directive 2004/39 MiFID, Articles 13 point 2 and point 5</th>
<th>Articolul 50. Outsourcing of important and critical operational functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td></td>
</tr>
<tr>
<td>(1) An operational function shall be regarded as critical and important if an unplanned failure of this function would considerably impair the continuing compliance of an investment firm.</td>
<td></td>
</tr>
<tr>
<td>(2) Shall not be considered as critical or important for the purposes of paragraph (1), the following functions:</td>
<td></td>
</tr>
<tr>
<td>a) the provision to the firm of advisory services, and other services which do not form part of the investment business of the firm, including the provision of legal advice to the firm, the training of personnel of the firm, billing services and the security of the firm's premises and personnel;</td>
<td></td>
</tr>
<tr>
<td>b) the purchase of standardized services, including market information services and provision of price feeds.</td>
<td></td>
</tr>
</tbody>
</table>
(3) The investment firm has the right to forward to another investment firm the execution of certain or all important and critical operational functions relating to investment services and activities, if considers that outsourcing will ensure the provision of investment services.

(4) Outsourcing of important critical operational functions will be carried out by investment firm in such a way that does not significantly harm the quality of internal control of the investment firm and does not create impediments to the National Commission in achievement of monitoring and control functions.

(5) Outsourcing of investment and ancillary services may be made only with expressly client's consent.

(6) In the event of investment and ancillary services, the investment firm sending services, shall present all information and instruction from clients, that firm which receive services, shall execute these functions, respecting clients' instructions and information.

(7) Investment firm that sent the execution of investment services to another investment firm, as a result of outsourcing, remains responsible for completeness and accuracy of the client information and instructions sent.

(8) Outsourcing of investment services does not absolve the responsibility of the investment firm in relation to the client those services are rendered.

(9) Outsourcing of important and critical operational functions shall be carried out by investment firm with the following
conditions:
(a) the outsourcing must not result in the delegation by senior management of its responsibility;
(b) will not be affected the relationship and obligations of the investment firm and its clients under the provisions of this law and provisions of the National Commission.

(10) The investment firms are obliged to exercise due skill, care and diligence when entering into, managing or terminating any arrangement for the outsourcing to a service provider of critical or important operational functions or of any investment services or activities. Investment firms shall in particular take the necessary steps to ensure that the following conditions are satisfied:
(a) the service provider must have the ability, capacity, and any authorization required by law to perform the outsourced functions, services or activities reliably and professionally;
(b) the service provider must carry out the outsourced services effectively, and to this end the firm must establish methods for assessing the standard of performance of the service provider;
(c) the service provider must properly supervise the carrying out of the outsourced functions, and adequately manage the risks associated with the outsourcing;
(d) appropriate action must be taken if it appears that the service provider may not be carrying out the functions effectively and in compliance with applicable laws and
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>regulatory requirements; (e) the investment firm must retain the necessary expertise to supervise the outsourced functions effectively and manage the risks associated with the outsourcing and must supervise those functions and manage those risks; (f) the service provider must disclose to the investment firm any development that may have a material impact on its ability to carry out the outsourced functions effectively and in compliance with applicable laws and regulatory requirements; (g) the investment firm must be able to terminate the arrangement for outsourcing where necessary without detriment to the continuity and quality of its provision of services to clients; (h) the service provider must cooperate with the competent authorities of the investment firm in connection with the outsourced activities; (i) the investment firm, its auditors and the relevant competent authorities must have effective access to data related to the outsourced activities, as well as to the business premises of the service provider; and the competent authorities must be able to exercise those rights of access; (j) the service provider must protect any confidential information relating to the investment firm and its clients; (k) the investment firm and the service provider must establish, implement and maintain a contingency plan for disaster recovery and periodic testing of backup facilities, where that is necessary having regard to the function, service or activity that has been outsourced.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(11) The respective rights and obligations of the investment firms and of the service provider are required to be clearly allocated and set out in a written agreement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(12) Where an investment firm outsources the investment service of portfolio management provided to retail clients to a service provider, it must ensure that regulatory requirements are met.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
service provider located in a third country, supplementary to provisions set out in paragraph (3)-(11), that the investment firm or licensed banks ensures that the following conditions are satisfied:

a) the service provider must be authorized or registered in its home country to provide that service and must be subject to prudential supervision;

b) there must be an appropriate cooperation agreement between the National Commission and the supervisory authority of the service provider.

(13) Where one or both of those conditions mentioned in paragraph 1 are not satisfied, an investment firm may outsource investment services to a service provider located in a third country only if the firm gives prior notification to the National Commission about the outsourcing arrangement and the Commission does not object to that arrangement within no later than 15 days of that notification.

(14)To carry out the provisions of paragraph (13), the National Commission:

a. shall publish and update the list of supervisor authorities from other states concluded cooperation agreements with the National Commission.

b. shall establish criteria that the National Commission will allow the outsourcing of important and critical operational functions of the investment firm.

---

**Directive 2004/39 MiFID, Article 19(1);21(1),**

**Articolul 51. Obligation to execute orders on terms most favorable to the client**

**Fully compatible**

**Directive 2006/73 in its Article 44 reformulates Articles 21(1) and 19(1) of Directive 2004/39/EC)Best execution criteria**

---

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
<table>
<thead>
<tr>
<th>1. Member States shall ensure that, when executing client orders, investment firms take into account the following criteria for determining the relative importance of the factors referred to in Article 21(1) of Directive 2004/39/EC:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) the characteristics of the client including the categorisation of the client as retail or professional;</td>
</tr>
<tr>
<td>(b) the characteristics of the client order;</td>
</tr>
<tr>
<td>(c) the characteristics of financial instruments that are the subject of that order;</td>
</tr>
<tr>
<td>(d) the characteristics of the execution venues to which that order can be directed.</td>
</tr>
<tr>
<td>For the purposes of this Article and Article 46, &quot;execution venue&quot; means a regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of</td>
</tr>
<tr>
<td>1. The investment firms take all reasonable steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration for execution of client orders.</td>
</tr>
<tr>
<td>(2) In order to carry out the provisions on (1) paragraph, the investment firm are required to apply corresponding policies and measures for execution of orders, which will allow them to obtain, for their clients orders, the best possible result.</td>
</tr>
<tr>
<td>3. The order execution policy shall include, in respect of each class of instruments, information on the different venues where the investment firm executes its client orders and the factors affecting the choice of execution venue. It shall at least include those venues that enable the investment firm to obtain on a consistent basis the best possible result for the execution of client orders.</td>
</tr>
<tr>
<td>(4) The investment firms are required to obtain the prior consent of their clients to the execution policy.</td>
</tr>
<tr>
<td>(5) Where the order execution policy provides for the possibility that client orders may be executed outside a regulated market</td>
</tr>
</tbody>
</table>
or an MTF, the investment firm shall, in particular, inform its clients about this possibility. The investment firms are required to obtain the prior express consent of their clients before proceeding to execute their orders outside a regulated market or an MTF. Investment firms may obtain this consent either in the form of a general agreement or in respect of individual transactions.

(6) Investment firms shall monitor the effectiveness of their order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. In particular, they shall assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether they need to make changes to their execution arrangements.

(7) Investment firms will be able to demonstrate to their clients, at their request, that they have executed their orders in accordance with the firm's execution policy.

(8) The investment firms authorized to execute orders on behalf of clients implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders, relative to other client orders or the trading interests of the investment firm.

(9) In the case of a client limit order in respect of shares admitted to trading on a regulated market which are not immediately executed under prevailing market conditions, investment firms are required, unless the client expressly instructs otherwise, to take measures to facilitate the earliest possible execution of that order by transferring this order to other regulated market or an MTF and/or inform other participants of the market about that order.

the foregoing.

2. An investment firm satisfies its obligation under Article 21(1) of Directive 2004/39/EC to take all reasonable steps to obtain the best possible result for a client to the extent that it executes an order or a specific aspect of an order following specific instructions from the client relating to the order or the specific aspect of the order.

3. Where an investment firm executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

For the purposes of delivering best execution where there is more than one competing venue to execute an order for a financial instrument, in order to assess and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in the firm's order execution policy that is capable of executing that order, the firm's own commissions and costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

4. Member States shall require that investment
firms do not structure or charge their commissions in such a way as to discriminate unfairly between execution venues.

5. Before 1 November 2008 the Commission shall present a report to the European Parliament and to the Council on the availability, comparability and consolidation of information concerning the quality of execution of various execution venues.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Contracting delegated agent, the investment firms:</td>
<td>Partly compatible</td>
<td>Delegated agent (tied agent in EC directive) public register of tied agent must be publicly available for consultation etc…</td>
</tr>
<tr>
<td>a) Will take the necessary measures that will ensure that delegated agent will notify the clients and potential clients that he activate as a delegated agent of the investment firm until offering the service or consulting.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Will supervise and control the activity of delegated agent to guarantee that the investment firm’s activity is undertaken in accordance with provisions of this law and decisions of the National Commission.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Will contract as delegated agents persons with good reputation and necessary knowledge to work in this position and properly communicate to clients or potential clients the information concerning accorded services or consulting.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Will apply the necessary measures to ensure that the delegated agent’s activities not subject to the regulation of this Law to affect its work as delegated agent.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) In case were contracts a delegated agent, investment firm remains fully and unconditionally responsible for activities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
carried out by delegated agent on own name or on behalf of investment firm.

(3) Investment firms will contract only delegated agents registered in the public Register of delegated agents, held by the National Commission.

(4) Investment firms shall submit to the National Commission the necessary information on delegated agents contracted.

<table>
<thead>
<tr>
<th>Directive 2004/39 MIFID, Art 24 (1,2,3,4, and 5)</th>
<th>Articolul 53. Transactions with eligible counterparties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td>(1) The investment firms, in accordance with its licenses, have the power to conduct activities and services set in Article 33 (1)</td>
</tr>
<tr>
<td>Directive 2004/39 MIFID, Art 31 (1,2,3,4,5 and 6)</td>
<td>Section 5. Rights of the investment firms</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Fully compatible</td>
<td>Articolul 52. Freedom to provide services and activities</td>
</tr>
<tr>
<td></td>
<td>(1) The investment firms have the right to conduct investment activities and provide investment services and ancillary services in accordance with their license.</td>
</tr>
<tr>
<td></td>
<td>(2) The investment firms have the right to conduct investment activities and investment and ancillary services by opening branches or directly throughout the Republic of Moldova and states of supervisory authorities concluded a cooperation agreement with the National Commission.</td>
</tr>
<tr>
<td></td>
<td>(3) In the event of opening subsidiaries or representative offices in Moldova, the investment firm will inform the National Commission within the latest 15 days before initiating activity of the branch or representatives.</td>
</tr>
</tbody>
</table>
(4) On the activity carried out in another country, directly or by opening a branch, the investment firm will notify the National Commission within a month from the date of initiation activity, presenting the following information:
   a. The country where the activity will be carried out;
   b. The modality of work (directly or through branches and, by case, the address of the branch);
   c. The planned program of operations in concerned country, including the types of activities and investment and ancillary services, planned to be rendered, the intention to contract the Delegated agents of concerned State and their identity.

(5) Within one month of receipt the information in accordance with paragraph (4), the National Commission will forward the information to the supervisory authority of the state where the investment firm will carry out its activities.

(6) In case where, after initiating the activities in another state, the investment firm change the conditions indicated in paragraph (4) b) and c), it will inform the National Commission about it at latest within one month before the date of achieving of those changes, the National Commission having responsibility to inform the supervisory authority of this state within more than a month.

(7) The National Commission will carry out the regulation, supervision and control functions and attributions on performed activity in another state by investment firm, without prejudice regulatory, supervision and control authority attributions of this state.

(8) In making its regulatory, supervision and control attributions on their activities in another state by an investment firm, the
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td>(1) The investment firms are obliged to become members of one or more regulated markets in the Republic of Moldova, based on decision od market or system operator.. (2) The investment firms have the right to become members of a regulated market outside the Republic of Moldova and will inform the National Commission about it no later the date of obtaining membership. (3) The approved persons, who carry out at least one of the activities, set out in Article 34, paragraph (1) b) and c) have the right to become a member of one or more of regulated markets in Moldova by following ways: a. being a member to branches opened in the Republic of Moldova. (4) The regulated markets are not entitled to establish discriminatory or non/proportional conditions for membership.</td>
<td></td>
</tr>
<tr>
<td>Fully compatible</td>
<td>(1) Investment firms and approved persons have the right of access to central depository and to its clearing-settlement systems. (2) Investment firms from Moldova have the right of access to central depository and clearing/settlement systems from</td>
<td></td>
</tr>
</tbody>
</table>
abroad, and will inform the National Commission about it no later than the date of obtaining the access.

(3) The central depository is not entitled to set discriminatory and non-proportional conditions for approved persons in relation to investment firms in Republic of Moldova.

(4) Investment firms and approved persons as members of regulated market are entitled to establish individually the settlement of transactions in financial instruments undertaken on these regulated markets, if:

a. this will ensure an efficient and economic settlement of transactions in question;

b. will be an agreement by the National Commission that the technical settlement conditions of concluded transactions on regulated market and by the settlement set by investment firm shall allow the orderly functioning of the market.

(5) Central depository and organizations which administer clearing and settlement systems have the right to refuse to the investment firms and to the approved persons, on commercial ground, rendering services and access envisaged by the paragraph (1)-(4).

---

**Directive 2004/39 MIFID, Art 25 (2)**

**Fully compatible**

**Section 6.  Requirements for transparency and market integrity provided by investment firms**

**Articolul 57. Record keeping**

(1) Investment firms will retain, for a period of 5 years, all information on transactions of financial instruments undertaken on its own account or on behalf of clients. In case of a transaction on behalf of clients will be kept all information regarding the client identity and adequate information laid down by legislation on preventing and combating the money laundering and financing the terrorism.

(2) Documents referred to the rights and obligations of the
investment firm and the client under an agreement to provide services or the terms on which the firm provides services to the client, shall be retained for at least the period of contractual relationship with the client.

(3) Keeping of other documents adequate to the activities of capital market will be done according to the legislation regarding the Archives of Republic of Moldova.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The investment firm shall present to the National Commission a report on transactions in financial instruments admitted to trading on regulated market or MTF no later than the working day after the transaction, if such transactions were carried out outside of regulated market or MTF;</td>
<td></td>
</tr>
<tr>
<td>(2) Reports on undertaken transactions in financial instruments will contain at least information regarding:</td>
<td></td>
</tr>
<tr>
<td>a. The traded financial instruments, including their price, number and value and the identification of issuer;</td>
<td></td>
</tr>
<tr>
<td>b. Date and time of the undertaken transactions;</td>
<td></td>
</tr>
<tr>
<td>c. Identity of the investment firm, involved in the transaction.</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) In a transaction with admitted shares on a regulated market, outside regulated market or an MTF, the investment firms are obliged to disclose the information on volume, price and time of concluding these transactions.</td>
<td></td>
</tr>
<tr>
<td>(2) The information set in paragraph (1) will be made public, usually in real time, but no later than the working day after the transaction, on reasonable commercial terms and on accessible form.</td>
<td></td>
</tr>
<tr>
<td>(3) The provisions of this article shall apply to investment firms, including the case where it exploits an MTF.</td>
<td></td>
</tr>
<tr>
<td>(4) Other requirements on reporting manner, evidence and transparency requirements of transactions by investment firms</td>
<td></td>
</tr>
</tbody>
</table>


Support for the Implementation of Agreements between the Republic of Moldova and the European Union
No relevant EU directives | Chapter IV. CAPITAL MARKET INFRASTRUCTURE  
| Section 1.. Market operators  
| Articolul 58. General provisions on market operators and regulated markets  
| (1) The regulated markets can be created, managed and operated by market operators, in accordance with this Law and regulations of the National Commission.  
| (2) The regulated market can be itself a market operator.  
| (3) The market operator has the right to create in it one or more regulated markets and/or MTF which are not a legal person.  
| (4) The National Commission monitors and investigate the business of market operator and of regulated markets, including activities related to management and operation of regulated markets, in view of correspondence with the provisions of this Law and regulations of the National Commission.  
| (5) Any natural or a legal person, except market operator, is not entitled to use the expressions “stock”, “regulated market”, “trading system”, and their derivatives, in their own names, referring to financial instruments, created trading systems, its brands and promotional materials.  
| (6) The provisions laid dawn in (5) paragraph shall not apply to relations regulated by the Law on commodity exchange.  
| Articolul 61. License of the market operator  
| (1) To obtain a market operator license, the applicant shall submit a request in address to the National Commission, having attached the documents certifying that the applicant complies all the following requirements:  
| a. has a legal form of a joint stock company legally funded and
registered in Republic of Moldova;

b. Has an initial capital worth at least 50 million lei for one year from date of entry into force of this Law, 65 million lei for three years after entry into force of this Law, 75 million lei for five years of the entry into force of this Law, 90 million lei for seven years after entry into force of this Law;

c. Has a program of operations, approved by decision of the competent body, which contains the firm’s organizational structure, decision-making procedures, estimating financial results for the next three years;

d. The person, who effectively directs the business complies the requirements set by Article 39 paragraph (2);

e. Has an internal policy in accordance with Article 62, paragraph (1).

Articolul 62. Market operator business requirements

(1) The market operator is required to establish and implement policies to maintain activities and provide services in the best conditions, including:

a. of identifying and managing the conflict of interest that may appear between holders of shares in the social capital of the market operator or between market operator employees, regulated market members and their clients and the regulated market participants;

b. of internal audit;

c. on security, integrity and confidentiality of internal information;

d. on identifying and managing the risks.

(2) The market operator shall:

a. have adequate technical equipment to maintain the trading systems function and completion of transaction in financial instruments;

b. have the necessary resources to provide orderly and
continuous activity of regulated market, taking into account the nature, volume and trade periodicity, and the risks to which they are exposed;
c. establish and, at necessity, apply an emergency program for data recovery in case of failure and periodic testing of backup systems;
d. establish the mechanisms and procedures, which will ensure effective and timely completion of transactions in the regulated market;
e. to audit the financial year at least once a year;
f. to technical audit the used informational systems at least every two years.
(3) The provisions laid down in Article 39 and Article 40 shall apply corresponding to market operators.

Section 2. Regulated markets
Articolul 63. Regulated market authorization
(1) The regulated market can be created, managed and operated by a market operator only under regulated market authorization issued by the National Commission;
(2) The regulated market authorization is granted to the market operator separately for each regulated market;
(3) To obtain a regulated market authorization, the market operator shall submit a request in the address of the National Commission, having attached the documents certifying that the market operator meets all the following requirements:
a. has approved the rules of the regulated market, being in accordance with article 62 paragraph (1) and which will be implemented after authorization;
b. hold the necessary resources and technical equipment in accordance with the provisions laid down in Article 60, paragraph (2). a) and b);
c. has a trading system;
d. has a personnel structure that will provide the regulated market exploitation;

(4) The request for an authorization for a regulated market may be submit in the same time with the request for a market operator license.

(5) The authorization for a regulated market is issued by the National Commission no later than six months from the date of submitting the request for granting authorization, in terms of respecting the provisions set in paragraph (3).

(6) The request for a regulated market authorization may be withdrawn by the regulated market operator before the authorization being granted or refused.

(7) The National Commission shall refuse the request for granting a regulated market authorization, in case where:
   a. are not satisfied the requirements set in paragraph (3);
   b. the regulated market is in the insolvency or reorganization process.

(8) The regulated market authorization is granted for an unlimited period and is nontransferable.

(9) The fee for granting a regulated market authorization is 20,000 lei, which flows into the budget of the National Commission by the market operator no later than 10 days from the date of granting authorization.

(10) In the moment of granting the regulated market authorization, the National Commission shall include the concerned information in the Register of regulated markets held by the National Commission.

(11) The National Commission may withdraw the regulated market authorization, issued before to a market operator, in case where:
   a. the regulated market, within 1 year of receiving the
authorization did not began to perform activities in this position within a period of 6 months.

b. the market operator did not paid the fee for granting an authorization for a regulated market;

c. the market operator expressly requires from the National Commission the withdrawal of authorization;

d. the market operator has obtained authorization by providing false statements or by other illicit activities;

e. Operator was revoked or suspended the market operator license;

(12) According of the decision of the market operator, is allowed to offer a generically name for the regulated market, different or identical to the market operator’s name. The name of the regulated market will be indicated in the regulated market authorization.

Articolul 64. The rules of the regulated market

(1) The regulated market shall establish and maintain transparent, non-discriminatory and nondiscretionary rules on:
a. trading in financial instruments;
b. price determination and execution of orders;
c. requirements and conditions of obtaining, suspension and withdrawal of a member and participant of a regulated market, also the rights and obligations of members and participants of the regulated market;
d. financial instruments types and requirements to the issuer and financial instruments necessary for admission to trading; trading suspension and withdrawal of financial instruments admitted to trading, and the rights and obligations of issuers admitted to trading;
e. clearing and settlement conditions for trading in financial instruments carried out in the regulated market,
f. types of transactions and orders concerning the financial instruments traded;
g. system activity of the regulated market;
h. examination and arbitration of disputes between members and/or regulated market participants;
i. examination of admitted infringements by members and participants of a regulated market and by the issuers whose financial instruments are admitted to trading;
j. management of the regulated market by the regulated operator, including the decision making in the regulated market;
k. the manner of approval and amending the regulated market rules;
I. the disclosure of information;

(2) The regulated market rules may be adopted and modified, in accordance to the market operator instruments, by the market operator itself or by members of that regulated market, with Exceptions as set in paragraph (3).

(3) The market operator is entitled to institute a collegial body of the regulated market, which will have the power to adopt and modify the regulated market rules and will meet the members of the regulated market and the market operator representatives.

(4) The market operator is obliged to present the National Commission any modification or additions to the regulated market rules within the latest 3 days of its adoption.

(5) The National Commission has the right to require the modification of regulated market rules, in the moment of requesting authorization as a regulated market or later, if the rules do not correspond to provisions set in paragraph (1) and/or consider that these do not provide the conditions set by Article 69 paragraph (1).
Articolul 65. The members of the regulated market

(1) The investment firms may be members of the regulated market, in accordance with the regulated market rules;

(2) The regulated market rules will expressly establish the imposed obligations of members and participants, based on:
   a. Provisions of law and of the National Commission acts regarding the regulated market;
   b. Provisions establishing the market operator;
   c. Provisions of the market operator concerning transactions in financial instruments concluded in the regulated market;
   d. Professional rules imposed on members;
   e. Rules and procedures concerning clearing and settlement transactions on the regulated market.
   f. Legislation on Regulating the foreign exchanges.

(3) The regulated market rules shall provide for its members the possibility to directly and distantly access to trading in financial instruments admitted to trading.

(4) The market operators have the right to make periodic inspections of regulated market members, in order to:
   a. verify the correspondence with the law requirements;
   b. verify if are respected the rules and other internal procedures of the regulated market;
   c. Monitor the transactions undertaken by their member and participants in order to identify branches of those rules disorderly trading conditions or conduct that may involve market abuse.

(5) The market operators have the right to suspend or withdraw the title of member of the regulated market, or to apply other penalty measures in the case of violation by them of regulated market rules.
(6) In view of cases where the market operator does not take the measures set out in paragraph (9), the National Commission is able to require market operator to suspend or withdraw the title as a member of the regulated market.

<table>
<thead>
<tr>
<th>Directive 2004/39 MIFID, Art 40 (1 to 6)</th>
<th>Articolul 66. Admission of financial instruments to trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Securities may be admitted for trading on a regulated market upon the request of the issuer of these securities.</td>
<td></td>
</tr>
<tr>
<td>(2) In case where financial instruments are admitted to trading on initiative of the members on the regulated market, within one month after admission, the regulated market will inform the issuer about it.</td>
<td></td>
</tr>
<tr>
<td>(3) The decision of admission to trading in financial instruments is taken by the market operator of the regulated market, with exception set in Article 67, paragraph (4).</td>
<td></td>
</tr>
<tr>
<td>(4) The financial instruments that have been admitted to trading on some regulated market or MTF can subsequently be admitted to trading on other regulated markets or MTF.</td>
<td></td>
</tr>
<tr>
<td>(5) Only financial instruments that correspond to the requirements of this law and to the regulated market rules may be admitted to trading on regulated markets.</td>
<td></td>
</tr>
<tr>
<td>(6) The regulated market is entitled to institute requirements regarding the procedure for admission to trading of financial instruments, including requirements concerning information that shall be presented by the person at whose initiative the financial instruments was admitted to trading.</td>
<td></td>
</tr>
<tr>
<td>(7) In view of the proceeding, regulated markets have the right to establish rules and requirements for issuers whose securities are admitted to trading on a regulated market at issuer initiatives, that:</td>
<td></td>
</tr>
<tr>
<td>a. require issuers to disclose information to the regulated market;</td>
<td></td>
</tr>
<tr>
<td>b. allow to the operator of the regulated market to verify if those issuers comply with requirements on disclosure of information.</td>
<td></td>
</tr>
</tbody>
</table>

### Directive 2004/39 MIFID, Art 40 (1,2,3,4 and 6)

<table>
<thead>
<tr>
<th><strong>Fully compatible</strong></th>
<th><strong>Articolul 67. Admission of corporate securities to trading on the regulated markets</strong></th>
<th><strong>Directive 2006/73 implementing Directive 2004/39, remains silent on Art 40 of the MIFID directive</strong></th>
</tr>
</thead>
</table>
| (8) The provisions of this article are reflected on all financial instruments, with particularities established by Article 67 and 68 for certain types of securities | (1) A capitalization of shares that is required the admission to trading on a regulated market or, if these cannot be evaluated, the own capital of issuer, shall be at least 18 millions Lei.  
(2) The value of issuance of securities for which is required the admission to trading on a regulated market must be at least 3.6 millions lei.  
(3) The National Commission is entitled to decide on admission to trading of securities on a regulated market that does not comply the requirements set in (1) paragraph, is considers that for those securities will be an adequate market.  
(4) The decision regarding admission to trading of corporate securities on a regulated market is taken by the National Commission after publishing a prospectus of public offer, according to Section 3 from the Chapter II. The request of admission for trading is made by the operator of a regulated market upon the request of the issuer.  
(5) The National Commission is entitled to refuse the admission to trading of securities on a regulated market is considers that the issuer situation, the transactions will damage the investors interests.  
(6) May be admitted to trading on regulated market the securities that comply the following conditions:  
  a) are fully paid  
  b) can be freely traded, according to issuer acts. |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
(7) In the event of trading on a regulated market of same class of an issuer shares, it is necessary that a significant number of such shares it is necessary to be distributed to the public.

(8) The requirements set out in paragraph (5) and (7) are not available where corporate securities are distributed to the public through a regulated market.

(9) At the issuance of securities through a public offer, in case the public offer is made outside the regulated market, the admission for trading of such corporate securities can take place only after the end of the subscription period to such securities, unless the cases of continuous issuing of debt securities.

(10) In case of issuance of additional issues of corporate securities of one class, admitted for trading, the regulated markets will automatically admit to trading the securities of additional issue.

(11) To protect investors or to ensure the proper functioning of the market, the National Commission has the right:

a) To suspend trading of securities admitted on a regulated market;

b) To require the withdrawal of these securities from the regulated market.

(12) If the issuer fails to comply with obligations relating to admission of securities on a regulated market, in addition to other penalties/sanctions, the National Commission has the right to make public the fact of the non-compliance by the issuer.
### Directive 2004/39 MIFID, Art 40 (1,2,3,4 and 6)

**Fully compatible**

Articolul 68. Admission to trading on the regulated markets of securities issued by Ministry of Finance the National Bank of Moldova, local public authorities and public international bodies

1. Securities issued by Ministry of Finance or, National Bank of Moldova and public international bodies, called the authorities, may be admitted to trading on the regulated markets only at initiative of those authorities.
2. The method and conditions of admission to trading of securities issued by the Ministry of Finance and National Bank of Moldova are established by the Ministry of Finance and respectively by the National Bank of Moldova and the National Commission.
3. The method and conditions of admission to trading of securities issued by local public authorities and international public bodies are established by the national Commission.
4. In accordance with decision of these authorities, it cannot be admitted to trading the securities which cannot be freely traded.
5. In case of the issuance of securities issued by authorities through public offer, their admission to trading of these securities can take place only after the end of the subscription to such securities, except the cases where the closing date for subscription is not determined.


<table>
<thead>
<tr>
<th>Directive 2004/39 MIFID, Art 40 (1,2,3,4 and 6)</th>
<th>Articolul 69. Trading in financial instruments on a regulated market</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The rules on trading in financial instruments and executing of trading orders, included in the rules of a regulated market and procedures applied by the regulated market must ensure that: a) The financial instruments admitted to trading on a regulated market will be traded in a fair, orderly and efficient manner; b) Price determination and execution of trading orders will be carried out on an objective and fair criteria; c) Securities admitted to trading on a regulated market may be</td>
<td></td>
</tr>
</tbody>
</table>


Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 143
<table>
<thead>
<tr>
<th>Directive 2004/39/CE MiFID Art 41</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>freely traded; d) Transactions are carried out safely, ensuring the protection of the investor interests and integrity of financial instruments or their funds (money); e) Provide an orderly quotation and efficient settlement conditions regarding derivatives admitted to trading; (2) The rules on the rights of the members and participants of the regulated market must ensure their access to information related to trading orders, transactions, financial instruments admitted to trading and their issuers and other relevant information. (3) The connection between the electronic systems of the regulated market to the electronic system of organizations which manage clearing and settlement systems shall be carried out in such a way as to ensure the security, integrity and functionality of both systems.</td>
<td></td>
</tr>
<tr>
<td>Articolul 70. Suspension and withdrawal of financial instruments</td>
<td></td>
</tr>
<tr>
<td>(1) Regulated markets have the right to suspend the trading of the financial instruments admitted for trading, if these do not correspond to the standards and requirements of a regulated market, except when the trading suspension or withdrawal of financial instruments may significantly affect investor's interests or normal and orderly activity of the regulated market. (2) Any suspension of trading of financial instruments admitted to trading will be immediately disclosed to the public and reported to the National Commission, in both</td>
<td></td>
</tr>
</tbody>
</table>
cases indicating the reasons of suspension. 
(3) The provisions of the (1) paragraph do not affect the right of the National Commission on suspension of trading and/or withdrawal of financial instruments admitted to trading on a regulated market.
(4) Decisions of the National Commission on suspension of trading or withdrawal of financial instruments on a regulated market will be disclosed to the public and regulated market, in both cases indicating the reasons of suspension or withdrawal.
(5) The issuer has the right to request from the regulated market suspension or withdrawal of securities admitted for trading on a regulated market if these securities meet the requirements of Article 2. (6) a)-d).

<table>
<thead>
<tr>
<th>Directive 2004/39 MIFID, Art 44 (1,2 and 3) Art 45 (1,2 and 3)</th>
<th>Articolul 71. Transparency requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td>(1) The market operators, up to trading in financial instruments admitted to trading, will make public information regarding current bid and offer prices in accordance with orders placed by members and participants of the regulated market: a) through its trading systems and/or by way of information - to members and participants of the regulated market; b) by way of its procedures of information - to the general public, in this case all information will be offered continuously, in the normal trading program and on reasonable commercial conditions. (2) After trading in financial instruments admitted to trading, the regulated markets shall disclose in commercial conditions and in real time the information regarding price, volume and time of their trading: a) Through its trading and information systems - to member and</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 145
participants of the regulated market;
b) Through its information systems - to the public.

(3) The National Commission is able to exempt individually the regulated market obligations set out in paragraph (1) and (2) in cases determined by the National Commission.

(4) The market operators, in reasonable commercial and nondiscriminatory terms, can offer relevant information or ensure access of the investment firms to the systems of internal information of the regulated market requiring disclosure of shares price in accordance with Article 59.

(5) In addition to the requirements of paragraphs (1) - (4), market operators are obliged to disclose in non-discriminatory terms:
   a) The regulated market rules;
   b) The list of members and participants of the regulated market;
   c) The list of persons with qualifying holdings of the market operator;
   d) The list of financial instruments admitted to trading on a regulated market.

(6) The regulated markets report to the National Commission on transactions undertaken in these markets no later than the next working day after the transaction.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) MTF can be created, and operated by investment firms licensed in C category and by market operators, hereinafter system operators. according to the provisions of this law.</td>
<td></td>
</tr>
<tr>
<td>(2) System operators have the right to create one or more MTFs.</td>
<td></td>
</tr>
</tbody>
</table>

Fully compatible
(3) Any natural or legal person, except the system operator is not entitled to use terms like “MTF”, “trading system” and its derivatives, referring to the financial instruments, in their own names, created trading systems, in marks and its promotional materials.

Articolul 73. MTF authorization

(1) The creation and operation of a MTF is carried out by a system operator based on the authorization as a MTF issued by the National Commission.

(2) To obtain a MTF authorization, the system operator submit a request to the National Commission, attaching the documents confirming that system operator meets the following requirements:
   a) has approved the MTF rules, elaborated in accordance with provisions set out in Article 74, applied after receiving authorization.
   b) Hold resources and technical equipment to operate a MTF
<table>
<thead>
<tr>
<th>Directive 2004/39/CE</th>
<th>MiFID Art 26</th>
<th>Art 29</th>
<th>Art 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>c) Has a trading system; d) Has a personnel structure ensuring the operation of MTF (3) The authorization fee is estimated to 10,000 lei, which flow into the budget of the National Commission by system operator no later than 10 days from date of issuance. (4) The provisions set out in Article 63 (2)-(8) and (10) –(12) paragraphs, are applied correspondingly to MTF.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>void missing articles regarding MTF</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Articolul 74. MTF rules**

(1) MTF rules will establish the transparent, nondiscriminatory and non-discretionary rules concerning:

a) trading in financial instruments;
b) price determination and execution of orders;
c) requirements and conditions of obtaining, suspension and withdrawal by investment firms of MTF member or participant title, and their rights and obligations;

This article does not entirely reflect all what is required under MiFID in the Articles 26, 29, 30 and 35 before

**Article 26**

Monitoring of compliance with the rules of the MTF and with other legal obligations

**Article 29**

Pre-trade transparency requirements for MTF’s

**Article 30**

Post-trade transparency for MTF’s

**Article 35**

Provisions regarding central counterparty, clearing and settlement for MTF’s
d) types of financial instruments and necessary requirements regarding issuer and financial instruments admitted to trading; trading suspension and withdrawal of financial instruments, and issuer obligations;

e) the clearing and settlement conditions for trading in financial instruments carried out in a MTF.

f) types of transactions and orders regarding traded financial instruments;

g) the activity of the MTF;

h) the review and arbitration terms of disputes between members and/or participants of a regulated market;

i) the review of infringements admitted by members and participants of the regulated market and by issuers whose financial instruments are admitted to trading.

(2) MTF rules are adopted and modified by system operator of a MTF, excepted cases laid down in (3) paragraph.

(3)The system operator of MTF is able to establish a collegial body of administering the MTF, having the power to adopt and modify the MTF rules and being formed by members of the regulated market or in some cases, by representatives of the MTF’s system market operator.

(4) The system operator is required to inform the National Commission about any changes or additions to the MTF’s rules no later than 3 days after the date of adoption.
| Directive 2004/39 MIFID, Art 40 (1,2,3,4 and 6) | Articolul 75. Admission of financial instruments to trading on MTF  
(1) The provisions laid down in Article 66 (1), (4) - (1) paragraphs, shall apply corresponding in relation to MTF.  
(2) Admission of financial instruments to trading on MTF at the initiative of other persons than issuers of financial instruments does not require MTF’s system operator or person who initiated the admission to inform concerned issuers about it.  
(3) The decision of admission of financial instruments to trading on MTF is taken by the MTF system operator.  
(4) The provisions of this article are available for all financial instruments, with features determined by Article 76 and 77 for certain types of securities.  
| No EU directive | Articolul 76. Admission of corporate securities for trading on MTF  
(1) Admissions for trading on MTF of corporate securities is done upon request of the issuer of these securities.  
(2) The provisions set out in Article 67(6)(9)-(12) paragraphs shall apply corresponding in relation to MTF |
| Articolul 77. Admission to trading on MTF of securities issued by Ministry of Finance, National Bank of Moldova, local public authorities and international public bodies |
To provisions set out in Article 68 shall be applied correspondingly in relation to MTF.

**Articolul 78. Other requirements regarding the activity of MTF**
To provisions set out in Article 65, Article 69, Article 70 and Article 71 shall be applied correspondingly in relation to MTF.

**Section 4. Clearing and settlement**

**Articolul 79. Clearing and settlement of financial instruments**

(1) The National Commission with the National Bank of Moldova shall issue regulations on way of making clearing and settlement of transactions in financial instruments that circulate on capital markets.

(2) Transactions concluded outside the regulated market and MTF will be carried out mandatory through clearing-settlement systems of the central depository.

(3) The clearing and/or settlement systems are able, at its own discretion and in accordance with their rules procedures and requirements issued by authorities indicated in (1) paragraph, to establish financial instruments which will make the clearing and settlement.

(4) The clearing and settlement systems shall accept as participants of a clearing and settlement system the counterparties of a transaction, the market operators, the system operators and other participants in accordance with the regulations of the National Commission.
Directive 98/26 settlement finality directive, Art 3 to 12 mostly

Fully compatible

Articolul 80. Settlement finality in the settlement system of financial instruments.

(1) Transfer orders established in the clearing and settlement system are irrevocable and shall be legally enforceable between the participants and in relation to the third parties at the moment of its enter into the system.

(2) Transfer orders and clearing shall be legally enforceable and, even in the event of insolvency proceedings against a participant, shall be binding on third parties, provided that transfer orders were entered into a system before the moment of opening of such insolvency proceedings.

(3) If transfer orders are entered into the clearing and settlement system after the moment of opening of insolvency proceedings and are carried out on the day of opening of such proceedings, they shall be legally enforceable and binding on third parties only if, after the time of settlement, the settlement agent, the central counterparty or the clearing house can prove that they were not aware, nor should have been aware, of the opening of such proceedings.

(4) No law, regulation, rule or practice on the setting aside of contracts and transactions concluded before the moment of the opening of insolvency proceedings shall lead to the unwinding of the transfer orders, clearing, payments and future transfers.

(5) The moment of entry of a transfer order into a clearing and settlement system shall be defined by the organization that manages clearing and settlement systems.
(6) A transfer order may not be revoked by a participant in a system from the moment defined by the rules of clearing and settlement system.

(7) For the purpose of this Law, the moment of opening of insolvency proceedings shall be the moment when the judicial authority handed down its decision.

(8) The authority which decides the opening of insolvency proceedings shall immediately notify the National Commission regulated market and MTF this decision by fax, telephonograma or email and will confirm its receipt.

(9) Insolvency proceedings shall not have retroactive effects on the rights and obligations of a participant in a clearing and settlement system arising from its participation in a system earlier than the moment of opening of such proceedings.

(10) After opening of insolvency proceedings, the settlement agent, in its own name and on participant account, in order to fulfillment of obligations arising from its participation in the system as result of entry a transfer order earlier than the moment of opening of insolvency proceedings, shall use financial guarantees and deposits existing in the clearing and settlement system, which may include:

a) cash and financial instruments on that participant’s settlement account;
b) financial guarantees designed to provide obligations of the participant concerning its participation in the system.
c) guarantee fund of the organization that manages clearing and settlement systems or of the regulated market.

(11) The opening of insolvency proceedings against a participant of clearing and settlement system shall not affect the financial guarantee and deposits created, in the netting and settlement system, by this participant.

(12) Any other proprietor rights of the participants, remaining after execution of participant obligations arising as result of its
participation in system, shall be used in the insolvency proceedings.

<table>
<thead>
<tr>
<th>No EU directive</th>
<th>Capitolul III. Central depository</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articolul 79. General provisions on central depository</td>
<td></td>
</tr>
<tr>
<td>(1) Central Depository is the legal person which carries out depository operations of the securities in a centralized manner throughout the Republic of Moldova, and any depository activities related to securities.</td>
<td></td>
</tr>
<tr>
<td>(2) Central Depository has the right to carry out the following activities: a) depository operations of financial instruments; b) activities related to keeping the register of financial instruments holders; c) clearing and settlement operations in financial instruments; d) Other activities set by the National Commission.</td>
<td></td>
</tr>
<tr>
<td>(3) Central Depository carries out activities set in paragraph (2) with an exclusive title.</td>
<td></td>
</tr>
<tr>
<td>(4) In the moment of deposit of financial instruments on Central Depository’s name, the provisions set out in Article 47, paragraph (2) –(10) shall apply correspondingly to the Central Depository.</td>
<td></td>
</tr>
<tr>
<td>(5) The provisions of Article 80 are applied on Central Depository when carrying out clearing and settlement operations.</td>
<td></td>
</tr>
<tr>
<td>(6) Transactions in securities concluded on regulated markets and MTF can be made only with deposition of securities in</td>
<td></td>
</tr>
</tbody>
</table>
Central Depository. In the case of state securities traded on regulated markets and MTF, for the Central Depository might be opened relevant accounts in the system of registering of accounts at the National Bank of Moldova.

(7) Issuers of the securities which are approved for trading of regulated markets and MTF are obliged to delegate to the Central Depository the function of keeping a register of these securities’ holders.

(8) The regulated market and MTF rules cannot establish penalty measures regarding issuers indicated in paragraph 7, except suspension or withdrawal of securities admitted to trading of this issuer.

(9) The securities deposited in the Central Depository cannot be sued for obligations of the Central Depository.

Articolul 82. License of the Central Depository

(1) The Central Depository license shall be granted to a legal person, legally constituted and registered in Moldova, complying with the requirements of this article.

(2) The Central Depository license granted by the National Commission shall contain the list of related activities that may carry the Central Depository.

(3) To obtain a central depository license, the applicant shall submit a request in the address of the National Commission, having attached the documents certifying that the applicant meets all the following requirements:

a) has an initial capital worth at least 50 million lei for one year from date of entry into force of this Law, 65 million lei for three years after entry into force of this Law, 75 million lei for five years of the entry into force of this Law, 90 million lei for seven years after entry into force of this Law;
b) has a work program approved by decision of the competent organ, which contains the applicant's organizational structure, decision-making procedures, estimating financial results for the next three years;
c) has approved the central depository rules, being in accordance with Article 84 paragraph (1), which will be applied after receiving the license;
d) has the necessary resources and technical equipment in accordance with the provisions laid down in 83 Article paragraph (2), a) and b);
e) has a guarantee fund;
f) has a personnel structure that will provide the regulated market activity;
g) person who manages the central depository activity correspond the requirements set by Article 39 paragraph (2).
h) has an internal procedure in accordance with Article 83 paragraph (1).

Articolul 83. Requirements on activity of the Central Depository

(1) The Central Depository is required to develop and apply the following policies:  
a) On identifying and managing conflict of interests that may appear between holders of shares in the social capital of Central Depository or its employees and clients of the Central Depository.
b) On internal audit;
c) On security, integrity and confidentiality of internal information;
d) On identifying and managing the risks.
(2) The Central Depository is required:
a) to have adequate technical equipment maintaining the
operation of used systems;
b) to have the necessary resources to provide orderly and continuous activity;
c) to elaborate and, at necessity, to apply an emergency program for data recovery in case of failure and periodic testing of backup systems;
d) to audit the financial year at least once a year;
e) to technical audit the used informational systems every two years at least.

(3) Records of security accounts opened on behalf of investment firms shall be kept by the Central Depository in the way to ensure separation of its own securities from those held on behalf of clients.

(4) Central Depository is responsible for daily ensuring of correspondence between the amount of securities registered in the security accounts and the amount of securities issued.

(5) The provisions set out in Article 39 and 40 shall apply mutatis mutandis to the Central Depository.

Articolul 842. The rules of the Central Depository

(1) The regulated market shall establish and maintain transparent and, non-discriminatory and nondiscretionary rules regarding:
a) the way of carrying the depository operations;
b) conditions and requirements of admission of members and of financial instruments;
c) the way of clearing and settlement operations, including settlement finality and the transfer of proprietary rules;
d) types of transactions and traded financial instruments and its requirements for carrying out clearing and settlement operations;
e) the ways of keeping the register of security holders;
f) the submission reports to clients, issuers and security holders and other rules regarding disclosure of information;
g) the ways of conducting other related activities required to be listed on the license;
h) the activity system;
i) the manner of approval or modification of central depository rules;
j) conditions of implementation and use of guarantee fund.

(2) The regulated market rules may be adopted and modified by the applicant for the Central Depository license and, subsequently by the Central Depository.

(3) The National Commission is entitled to require the modification of the Central Depository rules, at the moment of application for a regulated market authorization or further, if the rules not correspond to provisions of (1) paragraph and/ or not provide the conditions set out in Article 83 paragraph (1).

Directive 85/611 UCITS I,

Chapter V. UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES

Capitolul IV. Activity of undertakings for collective investment in transferable securities

Articolul 85. General provisions

(1) UCITS are investment funds and investment companies,

Directive 2009/65 UCITS IV, some Articles should be recommended to be transposed (approximated) in the capital markets draft law

Art 1
| Art 1 (3) No unit trust/trust law mentioned | which cumulatively meet the following requirements:  
| a) their regular business is the performance of collective investment by investing cash resources in undertaking in securities and other financial instruments in accordance with provisions of this Law;  
| b) the shares of the investment companies and the investment fund’s units are redeemable at the request of the shareholders. | 1. This Directive applies to undertakings for collective investment in transferable securities (UCITS) established within the territories of the Member States.  
2. For the purposes of this Directive, and subject to Article 3, UCITS means an undertaking:  
(a) with the sole object of collective investment in transferable securities or in other liquid financial assets referred to in Article 50(1) of capital raised from the public and which operate on the principle of risk-spreading; and  
(b) with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets. Action taken by a UCITS to ensure that the stock exchange value of its units does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption. Member States may allow UCITS to consist of several investment compartments.  
3. The undertakings referred to in paragraph 2 may be constituted in accordance with contract law (as common funds managed by management companies), trust law (as unit trusts), or statute (as investment companies). |
<p>| Art 26 exemption risk-spreading missing |  |  |</p>
<table>
<thead>
<tr>
<th>Art 36 (1,2 a, b) no mention of back-to-back loans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Any collective investment undertaking shall carry out its activity in accordance with the following principles: a) The principle of prevention and risk management of the carrying activity; b) Principle of diversification of securities portfolio or other possessed assets c) The principle of prudential administration of portfolio; d) The principle of investors protection; d) The principle of risk spreading;</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Art 24 (3) Fully compatible</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) In accordance with the provisions of this Law, the collective investment undertakings are constituted as investment companies under instruments of incorporation or as investment funds under civil contract.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Art 41(1and2) Fully compatible</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) The investment company or investment trust management company that manages an investment fund cannot obtain other loans and/or bank loans except those for the property For the purposes of this Directive: (a) &quot;common funds&quot; shall also include unit trusts; (b) &quot;units&quot; of UCITS shall also include shares of UCITS. 4. Investment companies, the assets of which are invested through the intermediary of subsidiary companies, mainly other than in transferable securities, shall not be subject to this Directive. 5. The Member States shall prohibit UCITS which are subject to this Directive from transforming themselves into collective investment undertakings which are not covered by this Directive. 6. Subject to the provisions in Community law</td>
<td></td>
</tr>
<tr>
<td>Article</td>
<td>Compatibility</td>
</tr>
<tr>
<td>---------</td>
<td>---------------</td>
</tr>
<tr>
<td>Art 40</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Art 38</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Art 37</td>
<td>Fully compatible</td>
</tr>
<tr>
<td>Art 38</td>
<td>Fully compatible</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

In consortium with DMI, IRZ, Nomisma, INCOM and Institute of Public Policy
may be placed only through public offer in accordance with the Law on capital market. Fund units issued by an investment fund may be subscribed by registering their counter amount in the fund's account, to the issue price.

(11) The price of placing investment company shares or fund units will be calculated proceeding from the net asset value at date of application for subscription.

(12) The collective investment undertaking is required to redeem shares or fund units at the expressly request of any holder or at arrival of the redemption time.

(13) The redemption price of the shares of investment companies and investment fund’s units shall be calculated proceeding from the net assets value on the date of receiving the redemption application or on the date specified in prospectus. The payment shall be made within a usual time limit, but no later than 10 working days from the date of submitting the redemption application.

(14) To ensure the procedure of redemption of shares or fund units, the collective investment undertaking shall create an investment guarantee fund, placed in assets with greater liquidity, its size being determinate by the National Commission.

(15) Requirements regarding issuance and redemption of the shares and units of the investment companies and investment funds will be established by the National Commission.
(16) The units of collective investment undertakings shall be issued only in national currency.

<table>
<thead>
<tr>
<th>Art 4 (1,2,3, and 4)</th>
<th>Articolul 86. Issuance of preliminary approval for establishing a collective investment undertaking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td>(1) The collective investment undertakings may be founded under preliminary approval issued by the National Commission in accordance with this Law and issued regulations. (2) The investment company may obtain a preliminary approval</td>
</tr>
</tbody>
</table>
on foundation subject to approval and presentation to the National Commission the memorandums of association, selection of the investment trust management company, in case if the investment company will not be self-administered, the depositary, and elaboration of the draft of prospectus and investment policy.

(3) An investment fund, after selecting the investment trust management company, may obtain the preliminary approval for foundation subject to approval of the fund’s Rules, selection and contracting of the depositary, elaboration and approval of the prospectus and investment policy.

(4) The memorandum of association or the Fund’s Rules should include the obligations and its responsibilities and should be preliminary approved by the National Commission. All amendments and modifications to the listed documents shall be carrying out with preliminary approval of the National Commission.

(5) The memorandum of association or the fund’s Rules shall determine the following:
   a) Procedures for issuance, sale, redemption and cancellation of shares or fund units;
   b) The method of calculation of net asset value and net asset to a share or fund unit;
   c) The obligations of the investment trust management company, of depositary and their responsibility to the investors;
   d) The conditions regarding contract termination for an investment trust management company, of an investment for depositary and rules ensuring investor protection in this situation;
   e) Management fees charged by investment trust management company for investments and expenses that it is empowered to make for collective investment undertaking and their calculation.
<table>
<thead>
<tr>
<th>Art 27(1 and 2)</th>
<th>Articolul 87. Prospectus of issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art 28, Art 29, Art 30, Art 33 (1)</td>
<td>(1) The prospectus of issuance is a detailed and complex document, which contains detailed presentation of all aspects of activities of the collective investment undertaking and is designed for persons interested in its activities. Prospectus includes a clear and accessible description of risk profile of the collective investment undertaking.</td>
</tr>
</tbody>
</table>
| Fully compatible | (2) The prospectus of issuance will include at least the following information:  
  a) The presentation of the collective investment undertaking with description of the main features of activity;  
  b) Information concerning promoted policy in investment field |
and objectives to be achieved;
c) Economic information referred to activity of the collective investment undertaking, and information about taxes, fees and other possible charges and payments;
d) Information concerning the possibility of buying and selling shares and fund units, their holders income;
e) Information on the redemption of date and price of shares or fund units;
f) Other information in accordance with regulations issued by the National Commission in this regard.
(3) The simplified prospectus will contain information indicated paragraph a)-e) letters. This is a part of Prospectus and can be detached from it.
(4) The simplified prospectus shall be freely offered to subscribers before the conclusion of the subscribed contract.
(5) Any person, who subscribes the investment company shares or fund units, shall make a statement, confirming that he has received, read and understood the prospectus of issuance.
(6) To ensure the correct information to the public, if were found mistakes or inaccuracy in information of the prospectus and/or in subscription period occurred events which may affect the offer made, the collective investment undertaking by itself or at request of the National Commission will modify the information of prospectus and of simplified prospectus. The amendments of the prospectus, within 7 calendar days, will be registered and published in the same manner as prospectus.
(7) Investment policy of collective investment undertaking is part of prospectus of issuance and is attached to it.
(8) The National Commission will issue regulations on contents of the prospectus of issuance and of the simplified prospectus.

Art 12
Fully compatible
Art 13
Articolul 88. Investment Companies
Investment Company is founded as a joint stock company in accordance with Law on joint stock companies.

Prohibition to perform other business activities not mentioned

Support for the Implementation of Agreements between the Republic of Moldova and the European Union

- Page 166
<table>
<thead>
<tr>
<th>Not compatible</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) In accordance with the Law on capital market, investment company will issue shares, cash paid in full at the moment of subscription. (2) An investment company may be managed by an investment trust management company, licensed in accordance with provisions of Law on capital market or by a board of directors in accordance with the memorandum of association. (3) The level of the investment company’s own capital will be established and calculated in accordance with regulations issued by the National Commission. (4) The National Commission will issue regulations regarding requirements and procedures of accordance a preliminary foundation’s approval of an investment company. (5) The self-administered investment company will comply with provisions of this Law and the conditions set by the National Commission. (6) The investment companies will require, within 30 working days at the date of shares registration in accordance with legislation, to admit to trading own shares on a regulated market in Moldova. (7) The shares of an investment company shall be redeemed at any moment, applying the provisions set in Article 85, (9) –(12) paragraphs. (8) By derogation of provisions of the Law joint stock companies, the amendments on shares issuance and redemption during each financial year, shall be recorded once a year within 30 days from the annual general meeting of shareholders. (9) The dissolution of an investment company is carrying out in accordance with the Law on joint stock companies.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No EU UCITS directive, Articolul 89. General meeting of shareholders</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) At least 30 days before the general meeting of shareholders, in the newspaper indicated in</td>
<td></td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
the statute of the investment company, shall be published, jointly with the notice convening the general meeting, the full text of the proposed resolution for approval at a general meeting of shareholders.

(2) The issues submitted for approval cannot be amended and will be subject to voting at general meeting of shareholders, the same manner being applied to the full text of resolution, in accordance with provisions set out in (1) paragraph.

<table>
<thead>
<tr>
<th>Directive 85/611 Art 1 (3) UCITS directive</th>
<th>Articolul 90. Investment funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td>(1) An investment fund represents the assets that are separated from other assets of the investment trust management company managing this fund and are owned to fund units’ holders.</td>
</tr>
<tr>
<td></td>
<td>(2) An investment fund may be founded under a civil contract only by an investment trust management company by adopting the fund’s Rules and concluding a contract with a depository concerning depository services.</td>
</tr>
<tr>
<td></td>
<td>(3) The investment Fund has the exclusively object of placing financial resources obtained by issuing and selling to the public the fund units in accordance with provisions of this law and regulations of the National Commission.</td>
</tr>
<tr>
<td></td>
<td>(4) The National Commission will issue regulations on conditions and procedures of issuance the preliminary approval for foundation an investment fund.</td>
</tr>
<tr>
<td></td>
<td>(5) Conditions presented in the preliminary approval issued by the National Commission should be maintained throughout the investment fund’s duration. Any amendment of conditions will be subject to approval by the National Commission within 10 working days.</td>
</tr>
<tr>
<td></td>
<td>(6) The accession to an investment fund is carried out under written contract, concluded between natural person and an investment trust management company, containing the</td>
</tr>
</tbody>
</table>
approval of accession of the natural person to fund’s civil contract and to the contract of assets management of the Fund.

(7) Investment funds not issue securities other than fund units.

(8) A natural or legal person may become the owner of proportional fund share, if pays the amount of the fund units and signs the accession contract in accordance with (6) paragraph.

<table>
<thead>
<tr>
<th>Art.38</th>
<th>Articolul 91. Fund units of the Fund</th>
</tr>
</thead>
</table>
| Fully compatible | (1) The fund unit is a financial title issued by the fund, which certify the right to an equal part of fund’s net assets and offers to the owner the following rights:  
| | a) the right to request redemption of fund units;  
| | b) the right to obtain a proportional share of fund property in case of liquidation;  
| | c) the right to pay a part of fund's net income, is this is stipulated in the fund Rules.  
| | (2) The issued fund units will be only nominal and will give to holders the equal rights. The fund units will be fully paid at the moment of subscription.  
| | (3) Participation to an investment fund is confirmed by an extract of the register of holders of units, issued by the person who keeps this register.  
| | (4) The fund units’ value shall be equal to fund’s net asset value divided to the number of fund units in circulation.  
| | (5) In the moment of foundation of an investment fund, the fund units’ value will be established in the fund Statute and prospectus of issuance and will be shared to 10 lei. |

| Articolul 92. Register of holders of the fund units |
| (1) The Register of holders of fund units will be kept by the fund depository. |
| (2) The requirements regarding Register and way of Register keeping are established by legislation approved by the National |

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
(3) The extract of Register will be issued to the holder of the fund units and will include the following key elements:
   a) the name of the fund;
   b) the name, address, registration number and number of license of investment trust management company;
   c) name and surname of the person that is registered fund unit;
   d) number and the fund units’ series;
   e) the place and date of issue;
   f) stamp and signature of the person who issued the extract of the Register.
(4) The extract of the Register is not a fund unit and its transfer from a person to another does not represent the transfer of ownership of the fund unit.

**Directive 85/611 UCITS**

**Articolul 93. Subscription of fund units**

(1) The investor approves the fund Rules by concluding a contract with the investment trust management company under civil legislation and the fund rules, in written or in electronic format, applying digital signature in accordance with Law on electronic document and digital signature.
(2) The contract will include at least the following elements:
   a) for natural persons – full name of investor, personal identification number;
   b) for legal person – the name, registers address and registration number (IDNO);
   c) the statement that investor became aware with Prospectus and fund Rules;
   d) the fund’s name;
   e) the name and registered address of the investment trust management company;
   f) the statement that investor received the simplified Prospectus before approving the fund Rules;
   g) The person’s agreement to join the civil contract of the
<table>
<thead>
<tr>
<th>Art 38</th>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>contract for asset management trust fund.</td>
<td></td>
</tr>
<tr>
<td>(3) The fund units are purchased at value of issue. Value of issue is established based on fund’s net asset value divided to the number of fund units in circulation, certified by depository and valid for the day of purchasing.</td>
<td></td>
</tr>
<tr>
<td>(4) The investor will pay the equivalent of fund units’ value underwritten under a payment order in a special fund’s account. The payment amount will be converted into a number of fund units in accordance with the unit purchase value on the day of payment execution.</td>
<td></td>
</tr>
<tr>
<td>(5) The depository will issue the extract of Register, certifying the number of units within 3 working days after payment was made in the special fund’s account.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directive 85/611 UCITS directive Article 37</th>
<th>Articolul 94. Redemption of the fund units of the open-end investment fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The holder of the fund units of the open-end investment fund has the right to require in any moment the redemption of the fund units.</td>
<td></td>
</tr>
<tr>
<td>(2) The fund units will be redeemed at established price under fund’s net assets value divided to the number of fund units in circulation, certified by depository and valid for day of submitting of redeeming request.</td>
<td></td>
</tr>
<tr>
<td>(3) The re-purchased request will be presented in written or in other form determined by the fund rules and will include at least the following elements:</td>
<td></td>
</tr>
<tr>
<td>a) for naturals persons –full name, address and personal identification number (IDNP);</td>
<td></td>
</tr>
<tr>
<td>b) for legal persons –name, registered address and number of registration (IDNO);</td>
<td></td>
</tr>
<tr>
<td>c) fund’s name;</td>
<td></td>
</tr>
<tr>
<td>d) the statement of holder of fund units on redemption of owned fund units’ value.</td>
<td></td>
</tr>
<tr>
<td>e) Declaration of the fund units holder regarding the...</td>
<td></td>
</tr>
</tbody>
</table>
redemption of the fund units’ value which he possess.

(4) For non-residents will be indicated similar data, confirmed by documents issued by the State, translated into state language and certified or authenticated under legislation. The fund units value of an open-end investment fund will be published, weekly by the investment trust management company, for each working day, into the data base certified by depository, and displayed on the website of the investment trust management company.

(5) The redeeming fund units’ value will be paid within 10 working days from submission of the redemption.

(6) The National Commission will issue regulations on methods of calculation the net assets and net assets of the investment fund’ unit and method of issue and redemption of the fund units.

<table>
<thead>
<tr>
<th>Directive 85/611 UCITS Fully compatible</th>
<th>Articolul 95. Rules of the investment fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The rules of the investment fund will govern the legal relations between investment trust Management Company, which manages the fund and holders of the fund units. The fund rules entry into force after their approval by the National Commission and will be placed on the website of the investment trust management company.</td>
<td></td>
</tr>
<tr>
<td>(2) To change the fund Rule, the investment trust management company shall obtain the preliminary approval of the National Commission.</td>
<td></td>
</tr>
<tr>
<td>(3) The application for preliminary approval shall have annexed: a) the final text of the fund Rules, highlighting the proposed changes; b) the draft of the notification text of fund units’ holders, with the explanation of the changed investment policy’s effect on unit holders.</td>
<td></td>
</tr>
<tr>
<td>(4) The National Commission will approve the modification of the fund Rules if: a) The content of rules and other documents is in accordance...</td>
<td></td>
</tr>
</tbody>
</table>
with provisions of this Law and regulations issued on its basis, and
b) Establish that modification of the investment fund’s policy is justified in terms of content and time and not prejudice the rights of the holders of fund units.
(5) After receiving the preliminary approval of the National Commission, the investment trust management company will publish and will sent to owners of fund units a notice about changing the fund Rules and will post on its web page the text of amended Rules.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Art 9 and 13 do</td>
<td>(1) To manage the fund assets, the investment trust management company will act in accordance with the fund Rules and legislation which establish the professional rules of management financial investments, the Law on capital market, the Law on currency legislation, Moldovan Constitution and other laws. Particularly it will take into consideration the interests of units’ holders and will be responsible for damages caused by acts contrary to the mentioned rules.</td>
</tr>
<tr>
<td>Art 43 Fully compatible</td>
<td>(2) The investment trust management company has the right to charge an annual management fee, at rate set out in the fund Rules, calculated as a percentage of average of annual income given to holders of fund units for management services of fund assets. The management fee will be paid from fund assets.</td>
</tr>
<tr>
<td>Art 38 and 43 Fully compatible</td>
<td>(3) Investment trust management company is not entitled to accept the payment for fund units if it does not have the license issued by the National Commission in accordance with provisions of this law</td>
</tr>
</tbody>
</table>

Articolul 97. Fund’s expenses and expenditure of the holders of fund units
(1) The total fund’s expenditure includes management fees and other payments from fund assets, particularly, for payment of
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>depository services. The total expenditure will be calculated by investment trust Management Company in accordance with regulations adopted by the National Commission. (2) The expenditure of a holder of fund units means the total expenditure which is supported by holder in the moment of purchasing and throughout period of holding the fund units, up to receive the redeeming value for units held and which is supported directly by holder of fund units. (3) The investment trust management company is obliged to establish in the fund Rules and Prospectus of issuance, to publish and post on the web page own information regarding: a) the types of expenditure supported by fund; b) the total fund and holder of fund units’ expenses for the preceding year, expressed as a percentage of the fund’s net asset value; c) the total fund and holder of fund units’ expenses for the current year, expressed as a percentage of the fund’s net asset value; d) the lowest amount that can be paid by an investor in the fund in terms of total expenditure of a unit holder.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directive 85/611 UCITS does not address this issue,</td>
<td>Articolul 98. Dissolution of the investment fund (1) The fund’s dissolution procedure will be initiated in the following cases: a) if the management transfer will not be possible at an investment trust management company to another; b) if the amount of funds (money) attracted from holders of fund units does not reach the level of 1 mln lei within 6 months from the date when prospectus was registered on the National Commission. c) if the amount of funds (money) attracted from holders of fund units falls below 1 mln lei and does not exceed this level in the next 30 working days.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(2) The investment trust management company shall inform the National Commission about the initiation of fund liquidation and its cause, no later than following day that when this cause occurred. The notification will have annexed the text of communication for holders of fund units and the text of approval ready for publication in the Official Monitor of the Republic of Moldova.

(3) Within 7 working days from the moment of initiation of fund dissolution process, the investment trust management company will publish a notification in Official Monitor of the Republic of Moldova and will inform the holders of fund units about the initiation of fund liquidation and its legal consequences.

(4) With the advent to the cause to initiate fund liquidation, the holders of fund units will not have the possibility to require the redemption of their fund units, and the requirements submitted by the investment trust management company after the appearance of this cause will not have any legal effect.

(5) With the advent to the cause of fund dissolution, investors will no longer accept the fund Rules and the contracts concluded by investment trust management company after the appearance of this cause will not have any legal effect.

(6) With the advent of dissolution cause, the investment trust management company will collect the fee for fund management but only after repayment of the liquidation value of the fund units' holders.

(7) After the appearance of cause to initiate fund liquidation, the holders of fund units will have the right to receive the liquidation value proportional to the number of their fund units.

(8) The investment trust management company will sell the fund assets through transparent procedures, exposing to the auction sale on an organized market. After initiating dissolution, the investment trust management company may conclude in
own name or on behalf of fund only those business transactions that are required to sell the fund assets. (9) In the event of selling the fund assets, the investment trust management company will take into account the principle of protection of investor interests.

<table>
<thead>
<tr>
<th>Directive 85/611 UCITS does “expressis verbis” exclude closed ended investment funds from the EU Regulatory frame Incompatible</th>
<th>It was agreed with NCFM to cancel this Article as incompatible with UCITS directives</th>
</tr>
</thead>
</table>

Directive 85/611 UCITS does “expressis verbis” exclude closed ended investment funds from the EU Regulatory frame Incompatible

Section 2. The investment trust management company

Articolul 100. Functions of the investment trust management company
(1) Investment trust management company has the following rights:
   a) Provision of services for foundation and organization activities of an investment fund;
   b) assets management of collective investment undertaking, formed by financial instruments and other assets;
   c) providing investment consulting services relating to assets management of collective investment undertakings;
   d) services relating to issue and sale of fund units of investment funds managed.

It was agreed that NCFM would substitute to this Article the UCITS IV directive Articol 6 as mentioned.

Directive 2009/65 UCITS IV is more explicit: it would be recommendable to take notice of the requirements as below mentioned:

CHAPTER III OBLIGATIONS REGARDING MANAGEMENT COMPANIES
SECTION 1 Conditions for taking up business
Article 6
1. Access to the business of management companies shall be subject to prior authorisation to be granted by the competent authorities of the management company’s home Member State. Authorisation granted under this Directive to a management company shall be valid for all Member States.
2. No management company shall engage in
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>e) bookkeeping, financial and specialized reporting of managed collective investment undertakings;</td>
<td>activities other than the management of UCITS authorised under this Directive, with the exception of the additional management of other collective investment undertakings which are not covered by this Directive and for which the management company is subject to prudential supervision but the units of which cannot be marketed in other Member States under this Directive. The activity of management of UCITS shall include, for the purpose of this Directive, the functions referred to in Annex II.</td>
</tr>
<tr>
<td>f) making investments in managed collective investment undertaking in accordance with Article 108, using financial resources attracted from shareholders and fund units’ holders.</td>
<td>3. By way of derogation from paragraph 2, Member States may authorise management companies to provide, in addition to the management of UCITS, the following services: (a) management of portfolios of investments, including those owned by pension funds, in accordance with mandates given by investors on a discretionary, client-by-client basis, where such portfolios include one or more of the instruments listed in Annex I, Section C to Directive 2004/39/EC; and (b) as non-core services: (i) investment advice concerning one or more of the instruments listed in Annex I, Section C to Directive 2004/39/EC; (ii) safekeeping and administration in relation to units of collective investment undertakings. Management companies shall not be authorised under this Directive to provide only the services referred to in this paragraph, or to provide non-core services without being</td>
</tr>
<tr>
<td>g) submission of financial and specialized reports and publication of information regarding the results of activities of administered collective investment undertaking;</td>
<td></td>
</tr>
<tr>
<td>h) ensuring the keeping of Register of shareholders and fund units’ holders of the administered collective investment undertaking;</td>
<td></td>
</tr>
<tr>
<td>i) exercising relating rights on dealing securities on own name or on behalf of the collective investment undertaking;</td>
<td></td>
</tr>
<tr>
<td>j) publication of net asset value, unit value and number of investors of the collective investment undertaking;</td>
<td></td>
</tr>
<tr>
<td>k) performing other tasks necessary for fair and efficient administration of assets of the collective investment undertaking which is concluded contract of investment trust management.</td>
<td></td>
</tr>
</tbody>
</table>

Articolul 101. Obligations of investment trust management company. Restrictions to investment trust management company

(1) The investment trust management company is obliged:

- to carry out activities with high professional diligence, transparency and fairness in the exclusively interest of shareholders and fund units holders of the managed collective investment undertaking;
- the administration of assets of collective investment undertaking to comply with provisions of the Article 85, (2) paragraph;
| c) to take the necessary measures to protect the rights of shareholders and fund units holders of managed collective investment undertaking;  
| d) to comply and respect the regulations issued by the National Commission.  
| (2) The investment trust management company is not entitled:  
| a) to be part in transactions carried out with assets of collective investment undertakings administered and to arrange transactions between these.  
| b) to borrow and/or make bank loans, exceeding those provided in regulations issued by the National Commission;  
| c) to conclude transactions with investment firms, who hold quotes more than 5% from social capital of investment trust management company;  
| d) To hold directly or indirectly, individual or jointly with related persons, a share higher than 5 % from shares of another investment trust management company;  
| e) To hold directly or indirectly, individual or jointly with person with whom they are in family relationship and/or have close links, a share higher than 5 % from social capital of a depository;  
| f) to hold shares or civil parts of legal persons which are shareholders of the investment trust management company.  
| (3) Provisions of the (2) paragraph c) letter are applied also in the situation when members of board, executives and shareholders higher than 5% from civil capital legal persons holding license according this law, directly or indirectly, individually or jointly with related persons, with whom they are in family relationship and/or have close links, hold shares higher than 5% from social capital of the investment trust management company.  
| (4) Provisions of the (2) paragraph d) letters are applied also to members of board, executives and holders of share higher than authorised for the services referred to in point (a) of the first subparagraph.  
| 4. Directive 2(2) and Articles 12, 13 and 19 of Article 7  
| 1. Without prejudice to other conditions of general application laid down by national law, the competent authorities shall not grant authorisation to a management company unless the following conditions are met:  
| (a) the management company has an initial capital of at least EUR 125000, taking into account the following:  
| (i) when the value of the portfolios of the management company exceeds EUR 25000000, the management company must be required to provide an additional amount of own funds which is equal to 0,02 % of the amount by which the value of the portfolios of the management company exceeds EUR 25000000 but the required total of the initial capital and the additional amount must not, however, exceed EUR 10000000;  
| (ii) for the purposes of this paragraph, the following portfolios must be deemed to be the portfolios of the management company:  
| - common funds managed by the management company including portfolios for which it has delegated the management function but excluding portfolios that it is managing under
5% from civil capital of the investment trust management company;

(5) The investment trust management company may not simultaneously be the depository of a collective investment undertaking and shall not be a person with whom they are in family relationship and/or have close links. The investment trust management company and depository must act independently of each other and exclusively in interest of shareholders and holders of fund units of the managed collective investment undertaking.

(6) The investment trust management company is required to transfer to depository all information concerning operations carried out with assets of the collective investment undertaking no later than 16.00 of the following day when they were carried out, except non-working days.

(7) The investment trust management company is obliged to transmit the assets of the managed collective investment undertaking for evidence and keeping to the depository by transferring all documents concerning the managed property.

**Articolul 102. Contract of investment trust management company**

(1) The conclusion of the contract of investment trust management company may be carried out only after receiving an approval from the National Commission.

(2) The investment trust management company will cancel the contract of investment trust management company for collective investment undertaking in the following cases:

a) at the request of one of part and only after notifying the National Commission on the decision to cancel the contract of investment trust management company, at least 60 days before it takes effect;

b) the management company is the designated management company,

c) other collective investment undertakings managed by the management company including portfolios for which it has delegated the management function but excluding portfolios that it is managing under delegation;

(iii) irrespective of the amount of those requirements, the own funds of the management company must at no time be less than the amount prescribed in Article 21 of Directive 2006/49/EC;

(c) the persons who effectively conduct the business of a management company are of sufficiently good repute and are sufficiently experienced also in relation to the type of UCITS managed by the management company, the names of those persons and of every person succeeding them in office being communicated forthwith to the competent authorities and the conduct of the business of a management company being decided by at least two persons meeting such conditions;

(d) the application for authorisation is accompanied by a program of activity setting out, at least, the organisational structure of the management company; and

(d) the head office and the registered office of the management company are located in the same Member State.

For the purposes of point (a) of the first
b) after withdrawal of license by the National Commission in accordance with Law on capital market or as result of provisions infringement of this law;

(3) The investment trust management company is obliged to publish in the “Official Monitor of Moldova” and in a national newspaper, the decision to cancel the contract within 7 days from the date of notification of the National Commission.

(4) Within 5 days from the date of cancelation of contract with the administered collective investment undertaking, the investment trust management company will transmit to its successor investment management company all documents related to the managed property.

subparagraph, Member States may authorise management companies not to provide up to 50 % of the additional amount of own funds referred to in point (i) of point (a) if they benefit from a guarantee of the same amount given by a credit institution or an insurance undertaking which has its registered office in a Member State, or in a third country where it is subject to prudential rules considered by the competent authorities as equivalent to those laid down in Community law.

2. Where close links exist between the management company and other natural or legal persons, the competent authorities shall grant authorisation only if those close links do not prevent the effective exercise of their supervisory functions.

The competent authorities shall also refuse authorisation if the laws, regulations or administrative provisions of a third country governing one or more natural or legal persons with which the management company has close links, or difficulties involved in their enforcement, prevent the effective exercise of their supervisory functions.

The competent authorities shall require management companies to provide them with the information they require to monitor compliance with the conditions referred to in this paragraph on a continuous basis.

3. The competent authorities shall inform the applicant within six months of the submission of a complete application whether or not
authorisation has been granted. Reasons shall be given where an authorisation is refused.

4. A management company may start business as soon as authorisation has been granted.

5. The competent authorities may withdraw the authorisation issued to a management company subject to this Directive only where that company:
   (a) does not make use of the authorisation within 12 months, expressly renounces the authorisation or has ceased the activity covered by this Directive more than six months previously, unless the Member State concerned has provided for authorisation to lapse in such cases;
   (b) has obtained the authorisation by making false statements or by any other irregular means;
   (c) no longer fulfils the conditions under which authorisation was granted;
   (d) no longer complies with Directive 2006/49/EC if its authorisation also covers the discretionary portfolio management service referred to in Article 6(3)(a) of this Directive;
   (e) has seriously or systematically infringed the provisions adopted pursuant to this Directive; or
   (f) falls within any of the cases where national law provides for withdrawal.

Article 8
1. The competent authorities shall not grant authorisation to take up the business of management companies until they have been
informed of the identities of the shareholders or members, whether direct or indirect, natural or legal persons, that have qualifying holdings and of the amounts of those holdings. The competent authorities shall refuse authorisation if, taking into account the need to ensure the sound and prudent management of a management company, they are not satisfied as to the suitability of the shareholders or members referred to in the first subparagraph.

2. In the case of branches of management companies that have registered offices outside the Community and are taking up or pursuing business, the Member States shall not apply provisions that result in treatment more favourable than that accorded to branches of management companies that have registered offices in Member States.

3. The competent authorities of the other Member State involved shall be consulted beforehand in relation to the authorisation of any management company which is one of the following:

(a) a subsidiary of another management company, an investment firm, a credit institution or an insurance undertaking authorised in another Member State;
(b) a subsidiary of the parent undertaking of another management company, an investment firm, a credit institution or an insurance undertaking authorised in another Member State; or
(c) a company controlled by the same natural
or legal persons as control another management company, an investment firm, a credit institution or an insurance undertaking authorised in another Member State.

As well as the requirements resulting from CHAPTER V OBLIGATIONS REGARDING INVESTMENT COMPANIES
SECTION 1 Conditions for taking up business
Article 27 Access to the business of an investment company shall be subject to prior authorisation to be granted by the competent authorities of the investment company’s home Member State. Member States shall determine the legal form which an investment company must take. The registered office of the investment company shall be situated in the investment company’s home Member State.
Article 28 No investment company may engage in activities other than those referred to in Article 1(2).
Article 29 1. Without prejudice to other conditions of general application laid down by national law,
the competent authorities of the investment company’s home Member State shall not grant authorisation to an investment company that has not designated a management company unless the investment company has a sufficient initial capital of at least EUR 300000. In addition, when an investment company has not designated a management company authorised pursuant to this Directive, the following conditions shall apply:
(a) the authorisation must not be granted unless the application for authorisation is accompanied by a program of operations setting out, at least, the organisational structure of the investment company;
(b) the directors of the investment company must be of sufficiently good repute and be sufficiently experienced also in relation to the type of business pursued by the investment company and, to that end: the names of the directors and of every person succeeding them in office must be communicated forthwith to the competent authorities; the conduct of an investment company’s business must be decided by at least two persons meeting such conditions; and "directors" shall mean those persons who, under the law or the instruments of incorporation, represent the investment company, or who effectively determine the policy of the company; and
(c) where close links exist between the investment company and other natural or legal persons, the competent authorities must grant
authorisation only if those close links do not prevent the effective exercise of their supervisory functions. The competent authorities of the investment company’s home Member State shall also refuse authorisation if the laws, regulations or administrative provisions of a third country governing one or more natural or legal persons with which the investment company has close links, or difficulties involved in their enforcement, prevent the effective exercise of their supervisory functions. The competent authorities of the investment company’s home Member State shall require investment companies to provide them with the information they need.

2. Where an investment company has not designated a management company, the investment company shall be informed, within six months of the submission of a complete application, whether or not authorisation has been granted. Reasons shall be given whenever an authorisation is refused.

3. An investment company may start business as soon as authorisation has been granted.

4. The competent authorities of the investment company’s home Member State may withdraw the authorisation issued to an investment company subject to this Directive only where that company:

(a) does not make use of the authorisation within 12 months, expressly renounces the authorisation or has ceased the activity
covered by this Directive more than six months previously, unless the Member State concerned has provided for authorisation to lapse in such cases;
(b) has obtained the authorisation by making false statements or by any other irregular means;
(c) no longer fulfils the conditions under which authorisation was granted;
(d) has seriously or systematically infringed the provisions adopted pursuant to this Directive; or
(e) falls within any of the cases where national law provides for withdrawal.

SECTION 2
Operating conditions

Article 30
Articles 13 and 14 shall apply mutatis mutandis to investment companies that have not designated a management company authorised pursuant to this Directive.
For the purpose of the Articles referred to in the first paragraph, "management company" means "investment company".
Investment companies shall manage only assets of their own portfolio and shall not, under any circumstances, receive any mandate to manage assets on behalf of a third party.

Article 31
Each investment company’s home Member State shall draw up prudential rules which shall be observed at all times by investment companies.
In particular, the competent authorities of the investment company’s home Member State, having regard also to the nature of the investment company, shall require that the company has sound administrative and accounting procedures, control and safeguard arrangements for electronic data processing and adequate internal control mechanisms including, in particular, rules for personal transactions by its employees or for the holding or management of investments in financial instruments in order to invest its initial capital and ensuring, at least, that each transaction involving the company may be reconstructed according to its origin, the parties to it, its nature, and the time and place at which it was effected and that the assets of the investment company are invested according to the instruments of incorporation and the legal provisions in force.

### Directive 85/611 UCITS, Art 7 (1,2 and 3)

#### Section 3. The Depository

**Articolul 106. General provisions**

1. The assets, consisting of securities and other financial instruments, belonging to a collective investment undertaking, with documents confirming their ownership, will be transmitted to the depositary. Support for the Implementation of Agreements between the Republic of Moldova and the European Union
3) Art 8 (1,2 and 3)

<table>
<thead>
<tr>
<th>Fully compatible</th>
</tr>
</thead>
<tbody>
<tr>
<td>to a Depository, for their safe record-keeping.</td>
</tr>
<tr>
<td>(2) The Depository of assets is a licensed bank, holding a license as a depository, issued by the national commission in accordance with this Law. The licensed bank can require another license for providing activities of depository of fund assets.</td>
</tr>
<tr>
<td>(3) The Depository may carry out activities only on depository services’ contract (hereinafter as depository contract) concluded with investment trust management company or with a self-administered investment company.</td>
</tr>
<tr>
<td>(4) The Depository is obliged to inform the National Commission, investment trust management company and collective investment undertaking at least 60 days earlier about termination performance obligations under the depository contract.</td>
</tr>
<tr>
<td>(5) It is not allowed to publish and use by collective investment undertaking of other measures or calculation for the value of net assets, the individual value of the net assets and the number of shareholders or units holders, except those certified by the depository.</td>
</tr>
<tr>
<td>(6) The Depository will keep evidence of assets of collective investment undertakings in separate accounts and different accounts of their records.</td>
</tr>
</tbody>
</table>

**Articolul 104. Activities carried out by the Depository**

(1) The depository will conduct the following activities:

a) record-keeping of assets of collective investment undertaking;

b) calculation and certification of net asset value, net asset value per unit, investors number and transmission of data to investment trust management companies and to the National Commission, in the form and frequency determined by this Law and regulations of the National Commission.

Article 24 shall not be affected by the fact that it has entrusted to a third party all or some of the assets in its safe-keeping.

3. A depository shall:

(a) ensure that the sale, issue, repurchase, redemption and cancellation of units effected on behalf of a common fund or by a management company are carried out in accordance with the applicable national law and the fund rules;
| Fully compatible | c) Changes operating in the records, on assets of the collective investment undertaking, in accordance with instructions, confirmative documents received from the investment trust management company and regulations on capital market. (2) Depositaries will take all necessary measures to ensure that price of issuance and redemption of investment company shares and units of the investment fund are calculated in accordance with regulations issued by the National Commission. **Articolul 105. The Depository obligations** (1) The Depository obligations are as follow: a) to monitor activities of issuance, sale, re-purchasing or cancellation of shares or units, in accordance with this Law and capital market legislation and other subordinate regulations; b) to ensure that the value of shares and units are calculated in accordance with this Law and regulations of the National Commission, and other regulations concerning investment policy of the collective investment undertaking; c) to carry out the instructions of investment trust management company, unless they conflict with the Law or the fund rules of collective investment undertaking; d) to monitor transactions involving assets of a collective investment undertaking; e) to immediately inform the National Commission on any abuse of the investment trust management company or the self-administered investment company in relation to assets of the managed collective investment undertaking. (2) The depository is not entitled to hold directly or indirectly, individual or jointly with its persons with whom they are in family relationship and/or have close links shares of an investment trust management company or of self-administered investment company, which has concluded a depository contract. |
| | (b) ensure that the value of units is calculated in accordance with the applicable national law and the fund rules; (c) carry out the instructions of the management company, unless they conflict with the applicable national law or the fund rules; (d) ensure that in transactions involving a common fund's assets any consideration is remitted to it within the usual time limits; (e) ensure that a common fund's income is applied in accordance with the applicable national law and the fund rules. |
| | Article 23 1. A depositary shall either have its registered office or be established in the UCITS home Member State. 2. A depositary shall be an institution which is subject to prudential regulation and on-going supervision. It shall also furnish sufficient financial and professional guarantees to be able effectively to pursue its business as depositary and meet the commitments inherent in that function. 3. Member States shall determine which of the categories of institutions referred to in paragraph 2 shall be eligible to be depositaries. 4. The depositary shall enable the competent authorities of the UCITS home Member State |
Articolul 106. The depository liability
(1) The depository is liable to collective investment undertaking, investment company and to unit-holders which has concluded a depository contract for any loss suffered by them as result of its unjustifiable failure to perform its obligations or its improper performance of them.
(2) The depository liability to the investors may be invoked by

- to obtain, on request, all information that the depository has obtained while discharging its duties and that is necessary for the competent authorities to supervise the UCITS compliance with this Directive.

5. Where the management company’s home Member State is not the UCITS home Member State, the depository shall sign a written agreement with the management company regulating the flow of information deemed necessary to allow it to perform the functions set out in Article 22 and in other laws, regulations or administrative provisions which are relevant for depositaries in the UCITS home Member State.

6. The Commission may adopt implementing measures in relation to the measures to be taken by a depositary in order to fulfil its duties regarding a UCITS managed by a management company established in another Member State, including the particulars that need to be included in the standard agreement to be used by the depositary and the management company in accordance with paragraph 5. Those measures, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 112(2).
the unit holders either directly or indirectly through the investment trust management company, depending on the legal nature of the relationship between these three parts.

**Articolul 107. The depository contract**
(1) The depository contract may be dissolved in the following situations:
   a) at request of one of part and only after approval of the National Commission on decision of dissolution of the depository contract at least 60 days earlier that its produces effect;
   b) after withdrawal of license by the National Commission in accordance with legislation on capital market and/or withdrawal of license by the National Bank of Moldova or as result of infringements of this Law.
(2) The depository is obliged to publish in the «Official Monitor of Moldova» and in a national newspaper the decision on dissolution of depository contract, within 7 days from the date of notification the National Commission.
(3) Within 5 days from the date of contract dissolution with collective investment undertaking, the depository will transmit to the successor depository all property of the collective investment undertaking with all documents confirming its ownership.
(4) The change of the depository can be realized by the investment management company or self-administered investment company only after receiving the approval of the National Commission.

**Article 24**
A depository shall, in accordance with the national law of the UCITS home Member State, be liable to the management company and the unit-holders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations or its improper performance of them. Liability to unit-holders may be invoked directly or indirectly through the management company, depending on the legal nature of the relationship between the depository, the management company and the unit-holders.

**Article 25**
1. No company shall act as both management company and depository.
2. In the context of their respective roles, the management company and the depository shall act independently and solely in the
The law or the fund rules shall lay down the conditions for the replacement of the management company and the depositary and rules to ensure the protection of unit-holders in the event of such replacement.

And in **CHAPTER V**

**OBLIGATIONS REGARDING INVESTMENT COMPANIES**

**SECTION 3**

**Obligations regarding the depositary**

**Article 32**

1. The assets of an investment company shall be entrusted to a depositary for safe-keeping.

2. A depositary’s liability as referred to in Article 34 shall not be affected by the fact that it has entrusted to a third party all or some of the assets in its safe-keeping.

3. A depositary shall ensure the following:
   
   (a) that the sale, issue, repurchase, redemption and cancellation of units effected by or on behalf of an investment company are carried out in accordance with the law and with the investment company’s instruments of incorporation;
   
   (b) that in transactions involving an investment company’s assets any consideration is remitted to it within the usual time limits; and
   
   (c) that an investment company’s income is applied in accordance with the law and its instruments of incorporation.

4. An investment company’s home Member State may decide that investment companies...
established on its territory which market their units exclusively through one or more stock exchanges on which their units are admitted to official listing are not required to have depositaries within the meaning of this Directive. Articles 76, 84 and 85 shall not apply to such investment companies. However, the rules for the valuation of such investment companies' assets shall be stated in the applicable national law or in their instruments of incorporation.

5. An investment company's home Member State may decide that investment companies established on its territory which market at least 80% of their units through one or more stock exchanges designated in their instruments of incorporation are not required to have depositaries within the meaning of this Directive provided that their units are admitted to official listing on the stock exchanges of those Member States within the territories of which the units are marketed, and that any transactions which such an investment company may effect with stock exchanges are effected at stock exchange prices only. (NB the directive uses effect which seems to mean perform )

The instruments of incorporation of an investment company shall specify the stock exchange in the country of marketing the prices on which shall determine the prices at which that investment company will effect any
transactions with stock exchanges in that country.
A Member State shall avail itself of the derogation provided for in the first subparagraph only if it considers that unit-holders have protection equivalent to that of unit-holders in UCITS which have depositaries within the meaning of this Directive.
Investment companies referred to in this paragraph and in paragraph 4, shall, in particular:
(a) in the absence of national law to this effect, state in their instruments of incorporation the methods of calculation of the net asset values of their units;
(b) intervene on the market to prevent the stock exchange values of their units from deviating by more than 5 % from their net asset values;
(c) establish the net asset values of their units, communicate them to the competent authorities at least twice a week and publish them twice a month.
At least twice a month, an independent auditor shall ensure that the calculation of the value of units is effected in accordance with the law and the instruments of incorporation of the investment company.
On such occasions, the auditor shall ensure that the investment company's assets are invested in accordance with the rules laid down by law and the instruments of incorporation of the investment company.
6. Member States shall inform the Commission of the identities of the investment companies benefiting from the derogations provided for in paragraphs 4 and 5.

Article 33
1. A depositary shall either have its registered office or be established in the same Member State as that of the investment company.
2. A depositary shall be an institution which is subject to prudential regulation and on-going supervision.
3. Member States shall determine which of the categories of institutions referred to in paragraph 2 shall be eligible to be depositaries.
4. The depositary shall enable the competent authorities of the UCITS home Member State to obtain, on request, all information that the depositary has obtained while discharging its duties and that is necessary for the competent authorities to supervise compliance of the UCITS with this Directive.
5. Where the management company’s home Member State is not the UCITS home Member State, the depositary shall sign a written agreement with the management company regulating the flow of information deemed necessary to allow it to perform the functions set out in Article 32 and in other laws, regulations or administrative provisions which are relevant for depositaries in the UCITS home Member State.
6. The Commission may adopt implementing
measures in relation to the measures to be taken by a depositary in order to fulfil its duties regarding a UCITS managed by a management company established in another Member State, including the particulars that need to be included in the standard agreement to be used by the depositary and the management company in accordance with paragraph 5. Those measures, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 112(2).

Article 34
A depositary shall, in accordance with the national law of the investment company’s home Member State, be liable to the investment company and the unit-holders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations, or its improper performance of them.

Article 35
1. No company shall act as both investment company and depositary.
2. In carrying out its role as depositary, the depositary shall act solely in the interests of the unit-holders.

Article 36
The law or the instruments of incorporation of the investment company shall lay down the conditions for the replacement of the depositary and rules to ensure the protection
| Directive 85/611 UCITS, Art 19 Fully compatible: | Section 4. The investment policy of collective investment undertakings  
Articolul 108. The investment of a collective investment undertaking  
(1) The investments of an UCITS must consist solely of:  
  a) transferable securities and money market instruments admitted to a regulated market;  
  b) transferable securities and money market instruments admitted to trading on a regulated market of a state, which operates regularly and is recognized and open to the public, provided that the choice of stock exchange or market has been approved by the National Commission or is provided for in the fund rules or the investment company's instruments of incorporation, approved by the National Commission;  
  c) recently issued transferable securities, provided that the | Directive 2009/65 has a better and more precise investment policy description that could do better:  
Article 49  
Where UCITS comprise more than one investment compartment, each compartment shall be regarded as a separate UCITS for the purposes of this Chapter. (Umbrella fund concept only)  
Article 50  
1. The investments of a UCITS shall comprise only one or more of the following:  
   (a) transferable securities and money market instruments admitted to or dealt in on a regulated market as defined in Article 4(1)(14) of Directive 2004/39/EC;  
   (b) transferable securities and money market instruments dealt in on another regulated market in a Member State, which operates regularly and is recognized and open to the public;  
   (c) transferable securities and money market instruments admitted to official listing on a stock exchange in a third country or dealt in on another regulated market in a third country which operates regularly and is recognized and open to the public provided that the choice | of unit-holders in the event of such replacement. |
terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange has been approved by the National Commission or is provided for in the fund rules or the investment company's instruments of incorporation, approved by the National Commission;

d) units of authorized UCITS, authorized in other state, provided that they meet cumulatively the following conditions:
- are subject to prudential supervision, and cooperation between the National Commission and competent authority is sufficiently ensured;

- the activity of collective investment undertaking in transferable securities are subject to half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;

of stock exchange or market has been approved by the competent authorities or is provided for in law or the fund rules or the instruments of incorporation of the investment company;

(d) recently issued transferable securities, provided that:
(i) the terms of issue include an undertaking that an application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognized and open to the public, provided that the choice of stock exchange or market has been approved by the competent authorities or is provided for in law or the fund rules or the instruments of incorporation of the investment company; and
(ii) the admission referred to in point (i) is secured within a year of issue;

(e) units of UCITS authorized according to this Directive or other collective investment undertakings within the meaning of Article 1(2)(a) and (b), whether or not established in a Member State, provided that:
(i) such other collective investment undertakings are authorized under laws which provide that they are subject to supervision considered by the competent authorities of the UCITS home Member State to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
(ii) the level of protection for unit-holders in the
- no more than 10% of total assets of the UCITS whose acquisition is contemplated, can, according to their fund rules or instruments of incorporation, be invested in other securities of UCITS;

e) deposits with credit institutions, which are repayable on demand or have the right to be withdrawn, maturing no more than 1 year

f) financial derivative instruments, including equivalent cash-settled instruments dealt in on a regulated market referred to in subparagraph a) and b), provided that they meet cumulatively the following conditions:
- the underlying consists of instruments covered by this paragraph, financial indices, interest rates, foreign exchange rates, in which UCITS may invest according to its investment objectives as stated in the fund rules or instruments of incorporation;
- the counterparties to (OTC) out of the market (NB the translator does not know OTC, over the counter concept) negotiations are institutions subject to prudential supervision and belonging to the categories approved by the National Commission;

g) money market instruments other than those dealt in on a

other collective investment undertakings is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of this Directive;

(iii) the business of the other collective investment undertakings is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and

(iv) no more than 10% of the assets of the UCITS or of the other collective investment undertakings, whose acquisition is contemplated, can, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other collective investment undertakings;

(f) 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 a Member State or, if the credit institution has its registered office in a third country, provided that it is subject to prudential rules considered by the competent authorities of the UCITS home Member State as equivalent to those laid down in Community law;
regulated market, which are liquid and those value may be precisely determined at any time, if the issue or issuer is itself regulated for the purpose of protecting investors and savings, provided that they are:
- issued or guaranteed by a central, regional or local authority, National Bank of Moldova, in cases and conditions provided by its normative acts, European Investment Bank or by a public international body;
- issued by an undertaking any securities of which are dealt in on regulated markets, referred to in a) and b) letters;

(2) If to carry out investments referred to (1) paragraph of this law it is necessary to obtain an authorization of the National Bank of Moldova, in accordance with provisions of Law nr. nr.62-XVI from 21.03.2008 " On currency regulations", these authorizations can be obtained before making investments.
(3) Limits on type of instruments in which it will be invested and the maximum weight of investment for a particular investment, will be determined by regulations issued by the National Commission.
(4) The income distribution and reinvestment of a collective investment undertaking will be made under this law, the investment fund rules or instruments of incorporation.

(g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in points (a), (b) and (c) or financial derivative instruments dealt in over-the-counter (OTC) derivatives, provided that:
(i) the underlying of the derivative consists of instruments covered by this paragraph, financial indices, interest rates, foreign exchange rates or currencies, in which the UCITS may invest according to its investment objectives as stated in its fund rules or instruments of incorporation;
(ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the competent authorities of the UCITS home Member State; and
(iii) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the UCITS’ initiative; or

(h) money market instruments other than those dealt in on a regulated market, which fall under Article 2(1)(o), if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, provided that they are:
(i) issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the
<table>
<thead>
<tr>
<th>Ancillary liquid asset clause is missing</th>
<th><strong>Directive 2009/65, Art 51 (1,)</strong> Fully compatible</th>
</tr>
</thead>
</table>

**Articolul 109. Risk management system**

(1) The investment trust management company and self-administered investment company must use a risk management system, enabling:
- a) to monitor and quantify any time the risk associated the positions and their influence on the overall risk profile of the portfolio;
- b) to ensure a fair and independent assessment of the value of derivatives instruments, traded outside the regulated market.

(2) The investment trust management company and self-administered investment company must notify the National Commission (half-yearly), in accordance with its regulations, types of derivative securities, risk of assets, quantitative limits of Community 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:
- (ii) issued by an undertaking any securities of which are dealt in on regulated markets referred to in points (a), (b) or (c);
- (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the competent authorities to be at least as stringent as those laid down by Community law; or
- (iv) issued by other bodies belonging to the categories approved by the competent authorities of the UCITS home Member State provided that investments in such instruments are subject to investor protection equivalent to that laid down in points (i), (ii) or (iii) and provided that the issuer is a company whose capital and reserves amount to at least EUR 10000000 and which presents and publishes its annual accounts in accordance with Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies [14], is 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 which is dedicated to the...
and the methods chosen to estimate the risk associated to transactions with derivative securities, for each collective investment scheme administered.

financing of securitization vehicles which benefit from a banking liquidity line.

2. A UCITS shall not, however:
(a) invest more than 10% of its assets in transferable securities or money market instruments other than those referred to in paragraph 1; or
(b) acquire either precious metals or certificates representing them.

**UCITS may hold ancillary liquid assets.**

3. An investment company may acquire movable or immovable property which is essential for the direct pursuit of its business.

**Article 51**

1. A management or investment company shall employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio.

It shall employ a process for accurate and independent assessment of the value of OTC derivatives.

It shall communicate to the competent
authorities of its home Member State regularly in regard to the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments regarding each managed UCITS.

2. Member States may authorize UCITS to employ techniques and instruments relating to transferable securities and money market instruments under the conditions and within the limits which they lay down provided that such techniques and instruments are used for the purpose of efficient portfolio management. When those operations concern the use of derivative instruments, the conditions and limits shall conform to the provisions laid down in this Directive. Under no circumstances shall those operations cause the UCITS to diverge from its investment objectives as laid down in the UCITS' fund rules, instruments of incorporation or prospectus.

3. A UCITS shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the third and
fourth subparagraphs. A UCITS may invest, as a part of its investment policy and within the limit laid down in Article 52(5), in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Article 52. Member States may provide that, when a UCITS invests in index-based financial derivative instruments, those investments are not required to be combined for the purposes of the limits laid down in Article 52. When transferable securities or money market instruments embed a derivative, the derivative shall be taken into account when complying with the requirements of this Article. 4. Without prejudice to Article 116, the Commission shall adopt, by 1 July 2010, implementing measures specifying the following: (a) criteria for assessing the adequacy of the risk management process employed by the management company in accordance with the first subparagraph of paragraph 1; (b) detailed rules regarding the accurate and independent assessment of the value of OTC derivatives; and (c) detailed rules regarding the content of and procedure to be followed for communicating the information referred to in the third subparagraph of paragraph 1 to the competent authorities of the management company’s home Member State.

<table>
<thead>
<tr>
<th>Support for the Implementation of Agreements between the Republic of Moldova and the European Union</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

- Page 204
Those measures, designed to amend non-essential elements of this Directive by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 112(2).

**Article 52**

1. A UCITS shall invest no more than:
   (a) 5 % of its assets in transferable securities or money market instruments issued by the same body; or
   (b) 20 % of its assets in deposits made with the same body.

The risk exposure to a counterparty of the UCITS in an OTC derivative transaction shall not exceed either:
   (a) 10 % of its assets when the counterparty is a credit institution referred to in Article 50(1)(f); or
   (b) 5 % of its assets, in other cases.

2. Member States may raise the 5 % limit laid down in the first subparagraph of paragraph 1 to a maximum of 10 %. If they do so, however, the total value of the transferable securities and the money market instruments held by the UCITS in the issuing bodies in each of which it invests more than 5 % of its assets shall not exceed 40 % of the value of its assets. That limitation shall not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision. Notwithstanding the individual limits laid down in paragraph 1, a UCITS shall not combine, where this would lead to investment of more
than 20 % of its assets in a single body, any of the following:
(a) investments in transferable securities or money market instruments issued by that body;
(b) deposits made with that body; or
(c) exposures arising from OTC derivative transactions undertaken with that body.
3. Member States may raise the 5 % limit laid down in the first subparagraph of paragraph 1 to a maximum of 35 % if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by a third country or by a public international body to which one or more Member States belong.
4. Member States may raise the 5 % limit laid down in the first subparagraph of paragraph 1 to a maximum of 25 % where bonds are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. Where a UCITS invests more than 5 % of its assets in the bonds referred to in the first
subparagraph which are issued by a single issuer, the total value of these investments shall not exceed 80 % of the value of the assets of the UCITS.

Member States shall send to the Commission a list of the categories of bonds referred to in the first subparagraph together with the categories of issuers authorized, in accordance with the laws and supervisory arrangements mentioned in that subparagraph, to issue bonds complying with the criteria set out in this Article. A notice specifying the status of the guarantees offered shall be attached to those lists. The Commission shall immediately forward that information to the other Member States together with any comments which it considers appropriate and shall make the information available to the public. Such communications may be the subject of exchanges of views within the European Securities Committee referred to in Article 112(1).

5. The transferable securities and money market instruments referred to in paragraphs 3 and 4 shall not be taken into account for the purpose of applying the limit of 40 % referred to in paragraph 2.

The limits provided for in paragraphs 1 to 4 shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with...
paragraphs 1 to 4 shall not exceed in total 35\% of the assets of the UCITS.
Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC or in accordance with recognized international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this Article.
Member States may allow cumulative investment in transferable securities and money market instruments within the same group up to a limit of 20\%.

Article 53
1. Without prejudice to the limits laid down in Article 56, Member States may raise the limits laid down in Article 52 to a maximum of 20\% for investment in shares or debt securities issued by the same body when, according to the fund rules or instruments of incorporation, the aim of the UCITS’ investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the competent authorities, on the following basis:
(a) its composition is sufficiently diversified;
(b) the index represents an adequate benchmark for the market to which it refers; and
(c) it is published in an appropriate manner.
2. Member States may raise the limit laid down in paragraph 1 to a maximum of 35\% where that proves to be justified by exceptional
market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to that limit shall be permitted only for a single issuer.

Article 54

1. By way of derogation from Article 52, Member States may authorise UCITS to invest in accordance with the principle of risk-spreading up to 100 % of their assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong.

The competent authorities of the UCITS home Member State shall grant such a derogation only if they consider that unit-holders in the UCITS have protection equivalent to that of unit-holders in UCITS complying with the limits laid down in Article 52.

Such a UCITS shall hold securities from at least six different issues, but securities from any single issue shall not account for more than 30 % of its total assets.

2. The UCITS referred to in paragraph 1 shall make express mention in the fund rules or in the instruments of incorporation of the investment company of the Member States, local authorities, or public international bodies issuing or guaranteeing securities in which they intend to invest more than 35 % of their
assets. Such fund rules or instruments of incorporation shall be approved by the competent authorities.

3. Each UCITS referred to in paragraph 1 shall include a prominent statement in its prospectus and marketing communications drawing attention to such authorization and indicating the Member States, local authorities, or public international bodies in the securities of which it intends to invest or has invested more than 35% of its assets.

Article 55

1. A UCITS may acquire the units of UCITS or other collective investment undertakings referred to in Article 50(1)(e), provided that no more than 10% of its assets are invested in units of a single UCITS or other collective investment undertaking. Member States may raise that limit to a maximum of 20%.

2. Investments made in units of collective investment undertakings other than UCITS shall not exceed, in aggregate, 30% of the assets of the UCITS. Member States may, where a UCITS has acquired units of another UCITS or collective investment undertakings, provide that the assets of the respective UCITS or other collective investment undertakings are not required to be combined for the purposes of the limits laid down in Article 52.

3. Where a UCITS invests in the units of other UCITS or collective investment undertakings...
that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company shall not charge subscription or redemption fees on account of the UCITS' investment in the units of such other UCITS or collective investment undertakings.

A UCITS that invests a substantial proportion of its assets in other UCITS or collective investment undertakings shall disclose in its prospectus the maximum level of the management fees that may be charged both to the UCITS itself and to the other UCITS or collective investment undertakings in which it intends to invest. It shall indicate in its annual report the maximum proportion of management fees charged both to the UCITS itself and to the other UCITS or collective investment undertaking in which it invests.

Article 56

1. An investment company or a management company acting in connection with all of the common funds which it manages and which fall within the scope of this Directive shall not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body. Pending further coordination, Member States shall take account of existing rules defining the principle stated in the first subparagraph in the
2. A UCITS may acquire no more than:
   (a) 10% of the non-voting shares of a single issuing body;
   (b) 10% of the debt securities of a single issuing body;
   (c) 25% of the units of a single UCITS or other collective investment undertaking within the meaning of Article 1(2)(a) and (b); or
   (d) 10% of the money market instruments of a single issuing body.
   The limits laid down in points (b), (c) and (d) may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue, cannot be calculated.

3. A Member State may waive the application of paragraphs 1 and 2 as regards:
   (a) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
   (b) transferable securities and money market instruments issued or guaranteed by a third country;
   (c) transferable securities and money market instruments issued by a public international body to which one or more Member States belong;
   (d) shares held by a UCITS in the capital of a company incorporated in a third country investing its assets mainly in the securities of issuing bodies having their registered offices in law of other Member States.
that country, where under the legislation of that country such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that country; or 
(e) shares held by an investment company or investment companies in the capital of subsidiary companies pursuing only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the repurchase of units at unit-holders’ request exclusively on its or their behalf.

The derogation referred to in point (d) of the first subparagraph of this paragraph shall apply only if in its investment policy the company from the third country complies with the limits laid down in Articles 52 and 55 and in paragraphs 1 and 2 of this Article. Where the limits set in Articles 52 and 55 are exceeded, Article 57 shall apply mutatis mutandis.

Article 57
1. UCITS are not required to comply with the limits laid down in this Chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
While ensuring observance of the principle of risk spreading, Member States may allow recently authorized UCITS to derogate from Articles 52 to 55 for six months following the date of their authorization.
2. If the limits referred to in paragraph 1 are exceeded for reasons beyond the control of a
UCITS or as a result of the exercise of subscription rights, that UCITS shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unit

<table>
<thead>
<tr>
<th>Directive 85/611, Art 27, Art 28, Art 29 (1) Art 29, Art 30, Art 31, Art 32, Art 33 (1, 2, and 3) Art 34 and Art 35</th>
<th>Capitolul V. Protection of shareholders of the investment company and holders of units of the investment fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articolul 110 Rules on transparency and publicity</td>
<td></td>
</tr>
</tbody>
</table>

1) The collective investment undertaking is obliged to inform the public on its activity in the manner and terms established by this law and regulations of the National Commission.
2) The collective investment undertaking is obliged to submit half-yearly and annual reports on financial results of its activities to the National Commission, to publish and post on own web page the activity’s half-yearly and annual report.
3) All publicity related to an UCITS shall be allowed only in accordance with Law on publicity, regulations of the National Commission regarding its content and structure, with a view to ensure transparency and correctness of information.
4) All publicity must mention the existence of the prospectuses, as well as how they may be obtained.
5) The investment trust management company for each UCITS and self-administered investment company, must publish, post on its website and transmit to the National Commission the following documents:
a) a full prospectus;
b) a simplified prospectus;
c) an annual report;
d) a half-year report;
e) periodical reports on their asset net value and the net value of each asset, calculated in accordance with regulation of the National Commission.

(6) The reports referred to in (5) paragraph are sent, free of charge, on investors' request. All reports shall be submitted to the National Commission within terms and conditions established by regulations.

(7) The annual and half-yearly reports shall be submitted to the Informational Services of financial reports of the National Commission, published and posted on its website within the following time limits:
   a) in the case of the own semi-annual report; for the first semester, during 30 days after this reported semester
   b) in the case of the own annual report during 120 days after this reported year;

(8) The annual and half-yearly reports shall be supplied free of charge at investors' request and shall be available to the public at the places specified in the full and simplified prospectus.

(9) The annual report must include a balance-sheet or a statement of assets and liabilities, a detailed income and expenditure account for the financial year, and other significant information in which will enable investors to make an informed judgment on the development of the activities of the UCITS and its results.

(10) The half-yearly and annual reports must include information provided for in the regulation of the National Commission.

(11) The accounting information provided in the annual report must be audited by financial auditors.
### Directive 85/611 UCITS Art.37 (2 and 3)

**Fully compatible**

<table>
<thead>
<tr>
<th>Article</th>
<th>Description</th>
</tr>
</thead>
</table>
| Articolul 111. Protection of investors’ rights | (1) In order to protect investors’ interest, the self-administered investment companies and investment trust management companies which conduct it the name of the collective investment undertaking can temporarily withdraw the repurchasing of shares and fund units, in compliance with regulations of fund's rules and with approval of the National Commission.  
(2) To protect interest of public and investors, the National Commission may decide to temporarily suspend or limit the issuance and/or repurchasing of shares and fund units of an UCITS.  
(3) The notice of suspension shall specify the terms and reason for suspension. The suspension may be extended and after the initial deadline, if the reasons of suspension are maintained.  
(4) In cases referred to (1) paragraph, the collective investment undertaking of securities must notify, without delay, its decision to the National Commission in order to obtain an approval.  
(5) If the influence exercised by the holders of substantial shares, members of board, managers or personnel of department's internal control investment trust management company or of a self-administered investment company, is likely to damage the management of an UCITS, the National Commission shall take the necessary measures to suspend or withdraw the license of the investment trust management company or self-administered investment company. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully compatible</td>
<td>(1) The merging and spinning-off of the investment trust management company and UCITS are carried out in accordance with Civil Laws, Law on protection of competition, Law on joint stock companies and regulations of the national Commission issued in this regard. (2) Participants on reorganization of an UCITS through merging or spinning-off can be only the UCITS. (3) In the moment of reorganization of an UCITS through merging or spinning-off it can be created only collective investment undertakings. (4) The investment collective undertaking is not entitled to reorganize itself by transforming into other organizational form.</td>
</tr>
<tr>
<td>No EU Directives</td>
<td>Articolul 113. Joint stock companies whose activities include collective investment undertaking’s characteristics</td>
</tr>
<tr>
<td></td>
<td>(1) The joint stock companies, whose activities include some characteristics of activities of collective investment undertaking, but that has no activity license issued by the National Commission or by its decision in this regard, is obliged to suspend its activity on a capital market until obtaining a license from the National Commission (2) Failure to comply with the provisions of (1) paragraph by a joint stock company, represents grounds for dissolution of this joint stock company in accordance with Article 97 of law on joint stock companies.</td>
</tr>
<tr>
<td>No EU Directives</td>
<td>Articolul 114. Liability for infringements of legislation regarding UCITS</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>(1) Infringements of provisions of this Law are punishable by disciplinary, civil, contravention or penal liabilities.</td>
</tr>
<tr>
<td></td>
<td>(2) The damage caused as result of infringement of legislation regulating activity of an UCITS, must be repaired in accordance with civil legislation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>directive 2004/109/EC Transparency</th>
<th>Chapter VI. PROTECTION OF INVESTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art. 1</td>
<td>Section 1. Disclosure of information</td>
</tr>
<tr>
<td></td>
<td>Articolul 115. General provisions on disclosure of information</td>
</tr>
<tr>
<td></td>
<td>(1) The provisions of this Title are exempted to:</td>
</tr>
<tr>
<td></td>
<td>a) central and local public authorities;</td>
</tr>
<tr>
<td></td>
<td>b) investments firms which have issued the depository receipts;</td>
</tr>
<tr>
<td></td>
<td>c) issuers whose securities, although earlier where subject of the public offer, at the moment meet the characteristics of a close offer;</td>
</tr>
<tr>
<td></td>
<td>d) issuer whose securities, although earlier where admitted to trading on a regulated market or a MTF, at the moment are withdrawn from the regulated market or MTF.</td>
</tr>
<tr>
<td></td>
<td>(2) If this Law does not expressly provide the way of disclose the information, it is considered that the information is made public if it has been revealed:</td>
</tr>
<tr>
<td></td>
<td>a) in one or more national daily newspapers; and/or</td>
</tr>
<tr>
<td></td>
<td>b) in electronic form on its website; and/or</td>
</tr>
<tr>
<td></td>
<td>c) to a press agency and/or of information agency, provided that will publicly disclose this information; and/or d) is included in the text of a public authority decision, being published in the Official Monitor.</td>
</tr>
<tr>
<td></td>
<td>(3) Any information made public under the requirements established by this law will be presented at the same time to the</td>
</tr>
</tbody>
</table>

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
(4) The National Commission has the right to publish on its website information provided under paragraph (3).
(5) The National Commission shall issue laws concerning creation and maintenance of activity of official mechanisms for keeping information disclosed in accordance with provisions of this title.

Articolul 11. Disclosure of information by issuers
(1) Issuers are required to publish:
   a) annual report of the issuer;
   b) half-yearly report of the issuer;
   c) interim statements of the issuer;
   d) events affecting the issuer activity;
   e) statute.
(2) In order to protect of investor interests or to ensure the proper functioning of the market, the national Commission is entitled to require the issuer, the issuer audit and/or persons mentioned in Article 12 (1) paragraph to disclose certain information, in the way and within period established by the National Commission.
(3) If the issuer does not comply with the requirements set out in paragraph (2), The National Commission has the power to disclose concerned information after issuer audit.
(4) The responsibilities of the disclosure of information by the issuer are supported by the executive body of the issuer.
(5) It is considered that the issuer has disclosed information if it is published:
   a) in one or more national newspaper set by statutes;
   b) in electronic form on the website of the issuer;
   c) in electronic form on the website of the regulated market or MTF.
### Art. 4

**Articolul 117. Annual report of the issuer**

(1) Issuers are required to publish the Annual Report until April 30 and take the necessary measures for the report remaining available to the public for at least five years.

(2) The Annual Report of the issuer will contain:
   a) the report on financial and economic results, confirmed by an audit organization;
   b) Activity report;
   c) the statements of responsible persons of the issuer, indicating their name and function, which:
      i. confirm that, in their point of view, the report on financial and economic results was carried out in accordance with law provided a clear image on assets and liabilities, on financial situation and on financial result of the issuer.
      ii. confirm that, in their point of view, the activity report presents in a correctly way the results of the issuer.
      iii. make a description of the principal risks and uncertainties.

(3) The annual report of the issuer must include at least one correct and complete description of the development and performance of issuer’s commercial activity and of controlled firms, and a description of the principal risks of the issuer.

(4) In the moment of the annual report’s publication, the issuer shall publish the full audit report, signed by competent persons of the audit organization.

### Art 5

**Articolul 118. The half-yearly report**

(1) Issuers are required to make public the half-yearly report for the first six months of each year, as soon as possible after the end of each semester, but no later than two months after the
(2) The issuer shall ensure that the half-yearly report will remain available to the public for at least five years.
(3) The half-yearly report shall contain:
   a) the report on financial results for the quarter;
   b) progress report;
   c) the statements of responsible persons of the issuer, indicating their name and function, which:
      i. confirm that, in their point of view, the report on financial and economic results was carried out in accordance with law provided a clear image on assets and liabilities, on financial situation and on financial result of the issuer.
      ii. confirm that, in their point of view, the activity report presents in a correctly way the results of the issuer.
(4) The annual report of the issuer must include at least description of important events which took place during this semester and their impact on economic-financial situation of the issuer of controlled firms, and a description of principal risks existing for the next semester.
(5) In addition to provisions set in (4) paragraph, the half-yearly report shall contain, in case of issuers of shares, information on the most important transactions of shares of the issuer.
(6) If the half-yearly report of the issuer is audited, in case of publishing this report the issuer shall also publish the full audit report, signed by competent persons of the audit organization.

<table>
<thead>
<tr>
<th>Art.6</th>
<th>Articolul 119. Interim statements of the issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>The issuers are obliged to publish interim statements during first and second semester.</td>
</tr>
<tr>
<td>(2)</td>
<td>The interim statements are published in a period between ten weeks at the beginning of the semester and six weeks before the end of the semester.</td>
</tr>
<tr>
<td>(3)</td>
<td>The interim statement relating to period between the beginning of the semester and its publication, contain the</td>
</tr>
</tbody>
</table>

Fully compatible
following information:
a) general description of events and important transactions occurred in concerned period and their impact on issuers activity and firms under their control;
b) general description of the financial situation and the results of the issuer and firms under its control.
(4) Issuers, who at request of the regulated market or at its own initiative publish the half-yearly report, are not obliged to make public the interim statements of the issuer.

<table>
<thead>
<tr>
<th>Art 10</th>
<th>Articolul 120. Events affecting the issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) The issuers are obliged to publish information on:</td>
</tr>
<tr>
<td></td>
<td>a) any change in voting rights attached to different classes of shares issued and derivatives offering rights over shares;</td>
</tr>
<tr>
<td></td>
<td>b) newly issued securities;</td>
</tr>
<tr>
<td></td>
<td>c) payment of dividedness;</td>
</tr>
<tr>
<td></td>
<td>d) conversion, splitting and consolidation of previous issues of securities;</td>
</tr>
<tr>
<td></td>
<td>e) any other information on event affecting or may affect the issuer activity or the price of securities admitted to trading.</td>
</tr>
<tr>
<td></td>
<td>(2) The information set out in (1) paragraph are published no later 3 days from the date of issuance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Issuers are required to publish:</td>
<td></td>
</tr>
<tr>
<td>a) the statute also if it is in a separate form no later than one month after the issuer's registration and no later the date of initiation of a public offer or admission to trading on a regulated market;</td>
<td></td>
</tr>
<tr>
<td>b) any amendments of the statute also if it is in a separate form no later than 15 days from their adoption;</td>
<td></td>
</tr>
<tr>
<td>c) the complete text of the statute, also if it is in a separate form, if it was amended or completed, no later than 15 days from the adoption of these amendments.</td>
<td></td>
</tr>
<tr>
<td>Directive 2003/6 MAD Art.6 point 5</td>
<td>Articolul 122. Disclosure of information on important shareholdings</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td>(1) The shareholder, acquired and disposed shares with voting rights, is obliged to inform the issuer about this no later than 4 days from the date of acquirement, is the results of the transaction reaches the limit of 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% or lower or upper limit of those thresholds.</td>
<td></td>
</tr>
<tr>
<td>(2) The shareholder, is obliged to notify the issuer if its share with voting right reaches the limit set in (1) paragraph as a result of conversion, split or consolidation operations.</td>
<td></td>
</tr>
<tr>
<td>(3) The requirements set in (1)-(2) paragraph are applied if a person acquires securities, which are convertible into shares with voting rights or into financial instruments, utilized in acquiring these shares.</td>
<td></td>
</tr>
<tr>
<td>(4) The issuer is required to publish this information no later than 3 days after its receiving in accordance with (1)-(3) paragraph.</td>
<td></td>
</tr>
<tr>
<td>(5) The requirements set out in (1)-(3) paragraph are not available for the market maker on reaching the limit established by (1) paragraph, if it does not interfere in administering the issuer in question and does not influence the issuer to buy these shares or support their price.</td>
<td></td>
</tr>
<tr>
<td>(6) The issuer who has acquired or disposed shares with voting rights is required to publish an information about soon as possible but not later than 4 working days from the date of the transaction, where after transaction the issuer hold 5% or 10% of those shares or lower or upper limit for those mentioned thresholds.</td>
<td></td>
</tr>
</tbody>
</table>

Articolul 123. Other requirements on disclosure of information
(1) The public institutions disseminating statistics which can
| Fully compatible | influence the capital market and price development of one or more financial instruments shall make public this information in a transparent and non-discriminatory manner.  
(2) The financial analysts and those who run an investment study shall take the necessary measures to ensure the access in a non-discriminatory manner to this investment study.  
(3) Information of the investment study shall contain the personal interests and/ or conflicts of interest between financial analyst and persons running the study in relation to financial instruments covered by the study. |

| Directive 2003/6 MAD Art.1,(1) Art 2, Art 3 and Art 4, Art 5 and Art 6 | Section 2. Capital market abuse  
Articolul 124. Privileged information  
(1) All information are considered privileged if it has not been publicly disclosed, referred directly or indirectly to one or more issuers, or to one or more financial instruments and, if it would be publicly disclosed, could have a significant impact on the price of those financial instruments or on price of their derivatives.  
(2) The insider cannot use the privileged information for its own interest or for a third counterparty, directly or indirectly in order to:  
| a) acquire or dispose the financial instruments, referred to information in question;  
| b) attempt to acquire or dispose the financial instruments, referred to information in question.  
(3) The prohibition set in the (2) paragraph is available to insider possessing the privileged information if:  
| a) is a member of governing or issuer control bodies;  
| b) owns shares in the social capital of the issuer;  
| c) has access to this information by carrying on its professional functions and attributions; |
d) has illicit access to this information.

(4) The prohibition set in the (2) paragraph are available to any person who, although is not correspond to provisions set in (3) paragraph, has a privileged information by knowing that this information is privileged.

(5) If the insider is a legal person, the prohibition set in the (2) paragraph is applied to natural persons of insider, who participates or may participate in the taking decisions on acquisition or alienation of the financial instruments referred to privileged information.

(6) The prohibition established in (2) paragraph, are available for transactions in financial instruments undertaken to perform an obligation arising before the insider has obtained privileged information.

(7) Insider is not entitled:

a) to communicate or disclose privileged information to another person, except when this occurs in the normal conduct of business;

b) to recommend another person to conduct transactions in financial instruments referred to privileged information or to influence in any manner a person who conducts transactions in these financial instruments.

(8) The issuer of financial instruments is required, as soon as possible, to disclose the privileged information regarding its financial instruments, at least by placing this information on the issuer’s website.

(9) Issuer is entitled, on its own responsibility, to delay the publication of privileged information, under paragraph (8), if this delay will not mislead the public and the issuer will ensure confidentiality of privileged information.

(10) If the issuer or its representative disclose information to a third counterparty in the normal conduct of business, he is required to make public this information:
a) at the same time, if the information was non-accidentally disclosed;
b) immediately after disclosing to third counterparty, if the information was accidentally disclosed.

(11) The obligation laid down in paragraph (10) shall not be applied if the third counterparty is obliged, under the legislation, internal acts of the third counterparty or/and its contract, to keep confidentiality of this information.

(12) Issuers and persons acting on their behalf are obliged to establish a list of persons owning privileged information, to update and submit to the National Commission.

<table>
<thead>
<tr>
<th>Directive 2003/6 MAD Art.1, (2) Art 2, Art 3 and Art 4, Art 5 and Art 6</th>
<th>Articolul 125. Market manipulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articolul 125. Market manipulation</td>
<td></td>
</tr>
<tr>
<td>(1) The market manipulations are prohibited.</td>
<td></td>
</tr>
<tr>
<td>(2) Are considered as a market manipulation:</td>
<td></td>
</tr>
<tr>
<td>a) those transactions or trading orders which:</td>
<td></td>
</tr>
<tr>
<td>i. provide or may provide misleading or false information concerning the request, the price of the financial instruments, or;</td>
<td></td>
</tr>
<tr>
<td>ii. influence, by the action of one or more persons, the pricing of one or more financial instruments to an abnormal or artificial level, except case where person, entered into transaction or issued trading orders, sets that the reasons for its actions are legitimate and these transactions or trading orders are in accordance with approved practices on the regulated market or MTF.</td>
<td></td>
</tr>
<tr>
<td>b) carrying out a transaction in a fictitious or misleading manner;</td>
<td></td>
</tr>
<tr>
<td>c) application of fictitious trading orders;</td>
<td></td>
</tr>
<tr>
<td>d) dissemination and spreading through mass media (including internet), or otherwise, of false and misleading information about financial instruments, if the person who released this information knew or should have known that the information in question is false.</td>
<td></td>
</tr>
</tbody>
</table>
(3) The journalists, reporters and others involved in distribution of information on financial instruments through mass media are required to:
   a) Evaluate the information distributed to the public taking into account the regulations and professional rules of the field of mass-media.
   b) Distribute information, provided that the nominated persons shall not obtain directly or indirectly some benefits from the distribution of information in question.

<table>
<thead>
<tr>
<th>Directive 2003/6 MAD Art 12, Fully compatible</th>
<th>Articolul 126. Obligations of the investment firms regarding market abuses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The investment firms are obliged to inform the National Commission if have information about a transaction in financial instruments carried out by infringements of the present Law on privileged information and/or market manipulations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directive 97/9 Investor-compensation Fully compatible</th>
<th>Capitolul XXV. Investor Compensation Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Articolul 127. General provisions</td>
</tr>
<tr>
<td></td>
<td>(1) The Investor Compensation Fund, called Fund, is a legal entity of public law, established in Chisinau and implemented under this Law.</td>
</tr>
<tr>
<td></td>
<td>(2) Under this Law and regulations of the National Commission, the Fund is implemented in order to compensate the clients of the investment firms if those are into an inability to return to clients the funds (money) and/or financial instruments, transmitted in terms of investment service provisions and other related activities.</td>
</tr>
<tr>
<td></td>
<td>(3) The Fund has a current account in one or more licensed banks of Republic of Moldova in which it accumulates its own financial resources.</td>
</tr>
<tr>
<td></td>
<td>(4) In accordance with the provisions lay down in Article 129, the Fund’s financial resources may be used only for investor compensation and business expenses of the Fund.</td>
</tr>
</tbody>
</table>

One could argue that this part of the draft law is only partially compatible with the Directive 97/7 that requires investment firms in the member States to compulsory join one or more investor-compensation schemes that must be introduced and recognized. The scheme must cover not less than 20,000 Euro for each investor. Art 4(1)
### Articolul 128. Investor compensation

(1) In accordance with Article 130, if the investment firms are in an inability to return funds (money) or and financial instruments to the clients, the Fund allocates for each injured client a compensation equal to the loss, but no more than 4,500 lei.  
(2) The compensation covers financial instruments and funds (money), from the client account, existing at the moment of the insolvency process concerning investment firms.  
(3) Value of the financial instruments of the client accounts will be calculated in accordance with the market price of these financial instruments, existing in the moment of the insolvency process concerning those investment firms.  
(4) The size of investment firm obligations to the client will be calculated taking into account the total amount of financial instruments and resources from the client accounts and the existing client claims to the investment firm.  
(5) The compensation is paid in the national currency, equivalent being determined applying the official rate of the Moldovan leu. If the firm held on behalf of clients the money in foreign currency, the compensation is carried out in the national currency on the date when appears one of the situation established by Article 130, (1) paragraph  

### Articolul 129. Fund resources

(1) Fund resources consist of:  

a) annual contributions of investment firms, in size of ____ thousand lei, paid annually no later than one month after the end of the calendar year;  

b) initial contributions of investment firms, in size of ____ thousand lei, paid when obtaining membership of the Fund;  

c) investment income;  

Investors aggregate claim, whereas the Moldova scheme offers compensation but to a maximum of 4500 Lei per investor.
| d) income from the delay penalties;  
| e) income from claims recovery compensated (netted) by Fund;  
| f) donations, grants, allowance and other incomes established by the National Commission decisions. |
|---|---|---|
| (2) The investment firms, to delay of the resources transfer in Fund, shall pay a penalty of 0.1% of amount due, for each day of delay. |
| (3) Fund may receive loans only if the owned resources are not sufficient to cover expenses to clients of investment firms. |
| (4) The allocated resources of investment firms as a contribution into Fund cannot be returned, including cases of the liquidation, reorganization or insolvency. |
| (5) The Fund resources may be invested only in state securities issued by the Ministry of Finance and financial instruments issued by National Bank of Moldova in cases and conditions provided by their regulations. |
| (6) Fund does not distribute dividends, not offer loans and guarantees. |
| (7) The costs of the Fund’s administration and operation shall be covered by resources indicated in paragraph (1) letter d)-g). |
| (8) Fund’s cost budget is drawn up by the Fund and is approved annually by the National Commission. |

**Articolul 130. Payment of compensation**

1. In accordance with Article 128, Fund shall paying compensations in the following situations:
   a) the National Commission considers that, for a moment, the investment firms, for financial reasons, are not able to fulfill obligations to their clients and there are no prerequisites for considering that the investment firms will fulfill those obligations in a reasonable time.
   b) for financial reasons, the court has issued a final decision of suspending the possibility for clients to recover claims from the investment firm in question.

Support for the Implementation of Agreements between the Republic of Moldova and the European Union
(2) In the case laid down in paragraph (1) a), the National Commission shall adopt an order requesting investment firm to send no later than one day, to the National Commission the list of the investment firm clients and asset values held on behalf of each clients. If the investment firm is a licensed bank, this order may be taken only with approval of the National Bank of Moldova.

(3) In the cases determined in (1) paragraph, no later than one day from the issuance of the decision by the National Commission, or from the date of taking a decision by the court, the investment firm shall submit to the National Commission the list of investment firm's clients and asset values held on behalf of each client.

(4) If the court decision relates to an insolvency process of the investment firm, the list of clients and their asset values shall be presented by liquidator to the Fund within one month from the date of initiating insolvency process.

(5) The Fund shall publish no later than 3 days from receiving the list from the liquidator, an information on its website and in two national daily newspapers regarding inability of the investment firm to honor its obligations to the client, initiation of netting (compensation) proceedings of the clients, the place, manner and time of payment of compensations and other important information. This information shall be presented at the same time to investment firms, Central Depository and regulated markets.

(6) The Fund will ensure full payment of compensation within one month from the beginning of quittance.

(7) The Fund takes the claim right of clients in relation to the investment firm for an amount equal to the amount of compensation paid to injured clients of the investment firm.

(8) The investment firm's obligation to each client, for which was paid compensation, is reduced with the value of
(9) The client claims, other than those paid by the Fund, are compensated from the proprietary accounts of the investment firm being in insolvency proceedings, after execution of the Fund’s claim.
(10) Fund has the right to pay compensations by postal or through licensed banks.
(11) Fund shall inform the liquidator on value of paid compensations to each client no later than 3 days from the date of full payment of compensation.

**Articolul 131. Exemptions of compensation**

(1) Compensations will not be paid, from Fund’s account, to the following categories of persons:
   a) Persons owning a share of at least 5% in capital of investment firm;
   b) uni-personal executive body or members of the executive body, members of the board of the firm and control bodies of the investment firms;
   c) persons who are in a relative relationships, with persons specified in item b);
   d) professional clients;
   e) audit company of the investment firm and its employees;
   f) the investment firm’s clients, directly responsible for worsening of financial situation of the investment firm;
(2) The compensation from the Fund’s account shall be paid only to investment firm clients for provided services under contracts concluded after the entry into force of this Law and which are not concerned to financial instruments and/ or
financial resources sent by clients to investment firm, earlier of the Fund’s creation.

(3) In accordance with the court decision, the compensation from the Fund’s account will not be paid for client claims resulting from transactions involving money laundering and terrorist financing.

**Articolul 132. Administration and activity organization of the Fund**

93

(1) The Fund is administered by the Board of Fund and the Executive Director.

(2) The Board of Fund has 5 persons, each of them being proposed by the Central Depository, National Bank of Moldova, Ministry of Finance, Ministry of Justice, Ministry of Economy and 2 persons by the National Commission.

(3) Members of Board of Fund, including president and vice-president of the Board are appointed by decisions of the National Commission for a term of 7 years, except first composition of the Board set for terms of 7, 6, 5, 4, 3, and respectively 2 years.

(4) The National Commission shall change the composition of the Board in case of resignation, expiry, incompatibility, death or inability to operate activity over at least 90 consecutive days.

(5) The Board decisions are adopted by voting of majority, if at least are presented 2/3 of the total number of members of the Board.

(6) Executive director of the Fund is appointed by the Board for a period of 5 years.

(7) May be nominated and appointed, as members of the Board and as executive Director of the Fund, citizens of the Republic of Moldova, with a good reputation and work experience in
economic, financial, banking or legal fields, having higher education.

(8) The members of the Board and Executive Director of the Fund must comply the following requirements:
   a) do not have qualified holdings in capital of investment firms;
   b) in the last 3 years have not activated in an investment firm;
   c) are not relative relationships among themselves and with members of the uni-personal or collegial executive bodies, members of the firm's board and control bodies of the investment firm;
   d) do not have criminal records;
(9) Fund has executive staff, in accordance with the structure approved by the Governing Board of the Fund.

**Articolul 133. Evidence and control of the Fund**

(1) The Fund organizes and ensures the keeping of accounts in accordance with the Law on accounting.
(2) The Control body of the Fund is the Revision Commission having 3 members appointed by the National Commission for terms of 3 years.
(3) The Fund shall be subjected by Revision Commission's control at least once a year.
(4) The Fund is subject of audit control at least once in three years.
(5) The annual financial reports of the Fund and audit conclusions are made public.

**Articolul 134. Obligations of investment firms on clients information**

(1) Investment firms are required to inform their clients about the Fund and the aim of its activity before providing services.
(2) The investment firm, at client request, shall offer additional information on Fund's activities, the manner of calculation and payment of compensations and other information concerning the Fund.
### Articolul 135. Imposing measures

1. If an investment firm fails to pay contributions to the Fund in due time, then Fund will notify the National Commission.
2. The National Commission sends to the investment firm a written notice concerning the making of outstanding contributions in the Fund no later than one month from the date of sending notice.
3. If the investment firm does not pay contributions to the Fund within one month from the date of the notice, the National Commission has the right to apply penalties, in accordance with this Law.
4. Where are applied 3 consecutive penalties for failure in making contributions to the Fund, the National Commission has the right to suspend or revoke the license of the investment firm.

### Directive 2004/39 MiFID Annex II “professional clients”

#### Fully compatible

### Section 4 Professional clients and qualified investors

#### Articolul 136. Professional clients

1. The professional client title is held by persons and institutions listed in (2) paragraph and persons who obtain this title on request set in (3) paragraph.
2. The professional client title may be obtained by:
   a) investment firms, licensed banks insurance companies, UTCIS and their management firms, pension funds (money);
   b) central or local public authorities, the National Bank of Moldova and the Central Bank of other countries, international and regional bodies such as the World Bank, IMF, European Central Bank, European Investment Bank, European Bank for Reconstruction and Development and other similar international institutions;
   c) legal person who complies at least 2 of the following criteria:
(1) Legal person which meets at least one of the following conditions: 

i. total assets constituting at least 75 million lei; 
ii. net annual turnover is at least 150 million lei; 
iii. own capital is at least 36 million lei. 

d) Legal persons whose exclusive object of activity is investment in financial instruments. 

(3) The legal or natural person requesting to be treated as professional client must comply at least 2 of the following criteria: 

a) Quarterly carries out on the market 10 transactions with total average at least 900 thousands lei in the last 4 quarters; 
b) has an investment portfolio of financial instruments and/or bank deposit which worth at least 9 million lei; 
c) worked or working in financial sector for at least a year, holding function requiring knowledge in transactions in financial instruments or investment services and activities. 

(4) Achieving quality as a professional client is made as follow: 

a) the applicant are required to address its written statement indicating the desire to be treated, generally in relation to investment firm or individually for certain services and/or transactions, as a professional client, at necessity annexing relevant documents confirming the compliance with minimum 2 criteria established by (3) paragraph; 
b) investment firm shall take the necessary measures to verify the correspondence of the applicant with at least 2 criteria set out in (3) paragraph; 
c) investment firm shall submit a written information on rights and protection forms which may be loosed as result of treating as a professional client; 
d) the client presents a written statement separately at contracts concluded between client and investment firm, about that is aware of the consequences of obtaining quality as a professional client, and in the moment of request submitting the
applicant obtains the professional client title.

(5) Investment firm refuse to treat the applicant as a professional client if he does not complies the requirements of (3) paragraph and/ or does not have a confirmation in this regard.

(6) Professional clients have the right to require Investment firm, generally or individually for specific cases or transactions, to not be considered professional client in relation with the concerned investment firm. In addressing this request, the investment firm will consider a professional client as retail client and will apply the provisions of this law regarding retail clients.

(7) Professional clients are required to address their request to investment firm, established in paragraph (6), if considers that it will not properly assess the risks to which is or may be exposed as a professional client.

(8) The professional client’s requesting to be treated as a retail client will be included in a written agreement, signed separately or as part of the contract with the investment firm. The agreement will provide expressly services or situations, when the client will be treated as a retail client.

(9) Professional clients are responsible for keeping the firm informed about any change which could affect their current

---

**Directive 2003/71**

**Prospectus**

**Art 2,(e)**

**Fully compatible**

**Article 13. Qualified investors**

(1) The qualified investor title is held by persons and institutions listed in 13. Article, paragraph (2) a) and b) and person who obtains this position on request set in a) paragraph.

(2) The qualified investor position may be obtained by:

a) legal persons who meet at least two of the following criteria: i. have more than 250 employees; ii. total assets constituting at least 75 million lei; iii.net annual turnover is at least 100 million lei;

b) natural persons who meet at least two criteria established by 136. Article, paragraph (3);
(3) For achieving the qualified investor title, the applicant on its own responsibility must submit, a statement to the making public offer person and/or to the investment company, through which the public offer is made. In the moment of submitting the statement, the applicant obtains a professional investor title.

(4) The applicant will be treated as a qualified investor only in relation with the person making the public offer and/or with the investment company through which the public offer is made, after applicant has submitted his statement, set out in (3) paragraph.

(5) The person who makes the public offer or/and investment firm, upon receipt a statement, in accordance with paragraph (3):

a) is not required to verify compliance of provisions set in (2) paragraph by the applicant.

b) doesn’t have the right to refuse the applicant to be treated qualified investor.

<table>
<thead>
<tr>
<th>No EU directives</th>
<th>Chapter VII</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGULATION, SUPERVISION AND CONTROL</td>
<td></td>
</tr>
<tr>
<td>Article 138. General provisions</td>
<td></td>
</tr>
<tr>
<td>(1) The National Commission is entitled to exercise its regulatory, supervision and control powers over any capital market participant, including licensed persons under this law, issuers whose securities were subject of the public offers and holders of financial instruments, if Commission considers that:</td>
<td></td>
</tr>
<tr>
<td>a) skills performances necessary for investor protection;</td>
<td></td>
</tr>
<tr>
<td>b) the authorized person is not able to conduct a certain type of investment activities.</td>
<td></td>
</tr>
<tr>
<td>c) are infringed the provisions of this law or normative acts of the National Commission.</td>
<td></td>
</tr>
<tr>
<td>(2) In order to protect security holders, by decision National Commission approved commission size:</td>
<td></td>
</tr>
</tbody>
</table>
a) for deposit operations perceived by Central Depository.
b) for transfer and charge of rights on the securities perceived by registrar and Central Depository.

(3) Any decision of the National Commission can be sued in court in accordance with Law on administrative procedures.

**Article 139. Regulation with license**

(1) The National Commission issues licenses for activity on the regulated market to persons who meet the requirements set by this Law and regulations of the National Commission.

(2) The National Commission offers the following licenses for capital market activities:

a) investment firm license;
b) market operator license;
c) central depository license;
d) license of a depository.

(3) The license is offered by the National Commission not later than six months after submission of the license request, provided that the applicant meets the requirements of this law.

(4) National Commission refuse the application for a license if:

a) the applicant doesn’t meet the license requirements, set by this law for this activity;
b) the applicant is in the insolvency or reorganization process;
c) for the previous applicant was revoked license because of infringement of capital market legislation;
d) in case set in Article 39 paragraph (5);
e) in case set in Article 40, (18) paragraph for applicants that are not licensed banks.

(5) The license requirement may be withdrawn by the applicant before being issued or denied.

(6) If the license requirement is rejected, the National Commission must inform in written form the applicant and must
communicate the reasons for rejection of license.

(7) The rejection of license requirement may be appealed in court by the applicant no later than 30 days from the date when requirement was rejected.

(8) The license is offered indefinitely and is non-transferable.

(9) Licensing fee set out in (2) paragraph letters a) and b) is 10,000 lei

(10) Licensing fee set out in paragraph (2) letter c) is 5,000 lei.

(11) Licensing fee is paid into budget of the National Commission by the licensed person no later than 10 days from the date of the granting license, taken by the National Commission.

(12) In the moment when license is offered, the National Commission will include information about the licensed person in the Register of licenses for non-bank financial market activity.

(13) Licensed persons have the right to carry out activities, only after obtaining the membership in the Investor Compensation Fund.

(14) The National Commission has the right to revoke the license, previously issued to a licensed person, if this licensed person:

a) did not began to undertake activities or perform services for which was licensed within 1 year or not provided any of the activities indicated in the license within a period of six months;

b) did not pay the license fee;

c) requirement of the National Commission expressly revoking the license;

d) has been obtained by providing false information, or other illegal activities;

e) does not correspond to licensing requirements established by this Law for such activity;

f) in the case set by 39 Article (5) paragraph.

g) in the case set by 40 Article (18) paragraph.
h) did not become a member of the Investor Compensation Fund in terms established by this law - for investment firms.

(15) The National Commission has the power to suspend the license for at most 90 days, when detecting one of the cases set by the paragraph (15), to remedy the situation.

(16) The licensed persons are obliged to:
   a) respect the initial license and/or authorization conditions;
   b) inform the National Commission about any significant changes in initial license and/or authorization conditions;
   c) presents reports to the National Commission, according to the National Commission regulations.
   d) to make the information available to the public, in accordance with National Commission’s regulations;
   e) immediately inform National Commission about any significant infringements of the legislation regarding operations and/or manipulative activities, market abuse or other which may affect market’s stability.

(17) The National Commission approves guidelines on the methodology of calculating the initial capital set for licensed Natural persons and additional requirements on capital adequacy, taking into account the applicable EU Directives.

Article 140. Supervision and control of capital market

(1) The National Commission has power to investigate:
   a) activities of licensed persons, their activities and services, electronic system used and operations of the financial instruments made by them;
   b) bidders, public offers and takeovers bids for securities, including cases when a person was required, under this law, to
make such offers.
c) an abuse on the capital market
d) disclosure of information

(2) In the control and supervisory functions of market operators, regulated markets and MTF transmissions system, the National Commission is entitled to appoint employees of the National Commission as an inspector of the regulated market and, respectively, an inspector of the MTF.

(3) In the control and supervisory functions in the market operators, regulated markets, MTFs and/or Central Depository, the National Commission is able to apply an electronic monitoring and control systems, connected to their electronic systems.

(4) If are applicable electronic monitoring and control systems, the regulated markets, MTFs and/or Central Depository are required to ensure connectivity and access of the electronic supervisory systems of the National Commission to the electronic trading systems of the regulated market.

(5) Decision of investigation must be taken by the National Commission or board member of the National Commission, delegated with such powers.

(6) In order to protect client and investor interests, and/or prevent the infringement of legislation on capital market without damage the right of the National Commission to withdraw or suspend the license, or to impose sanctions, the National Commission has the power to interdict licensed person or a bidder:
   a) transactions in financial instruments;
   b) development one or more included activities in the license for an extended period of time.

(7) Realising its control and supervisory attributions the National Commission has the right to:
a) interdict licensed persons and bidders to have or perform transactions on a particular asset, including assets outside of the Republic of Moldova.
(b) to oblige licensed persons and bidders that its own assets or assets held on behalf of clients to be transmitted for keeping and/or management by another person.
(c) to convene and hear any person to obtain information.
d) to request phone records and existing data traffic;
e) to request the assets seizure or freezing;
f) to suspend trading of a financial instrument;
g) to provide relevant information to law enforcement in view of initiating a criminal prosecution.

(8) Any action, interdiction or enforcement of the National Commission in relation to licensed persons or issuers, under this Article, will be determined by order of the National Commission.

Article 141. Investigations
(1) In order to achieve the supervision and control functions, the National Commission is entitled to request the access to information, space and electronic systems of licensed persons under investigation process.
(2) Investigations of persons will be conducted, as inspectors, by employees of the National Commission and/or any other person appointed by the National Commission.
(3) During the investigation persons under investigation are required:
(1) Legal persons owning license as an investment firm, market operator and Central Depository are subject to external audit of the economic year control, at least once per year, in accordance with international financial reporting standards.

(2) No later than three months after the end of each financial year, persons set out in paragraph (1) are required to submit audit report to the National Commission, containing information established by the National Commission.

(3) The National Commission is able to require persons established in paragraph (1) to designate another audit firms or another audit of the same firm, in case if the audit report or audit activity is not carry out in accordance with this law.

Articolul 142. External audit

a) on request of the National Commission to offer documents, information including those copies, and necessary support in the process of monitoring and control functions in a relevant period.

b) to ensure access of the National Commission employees, having mission to inspect their chambers, to the used electronic systems and technical equipment.

(4) The requirement for information will be performed by written notification addressed to the investigated person, issued by the National Commission employees, responsible for investigation.

(5) The National Commission is able to request existing documents or provisions, as well as documents or provisions to be drawn.

(6) The statements of investigated persons or its collaborators may be used as evidence against it, in case if this may be confirmed.

(7) During investigation, if it is necessary to protect the firm’s investor or client interests, the National Commission is entitled to require the court seizure of assets of investigated persons.
provisions and legal acts of the National Commission.

(4) Audit firm is obliged to inform immediately the National Commission if during its activity are identified situations that could:
   a) represents a serious offence of legislation or acts of the National Commission on established persons in paragraph (1);
   b) affect the continuous functions of persons set in paragraph (1);
   c) lead to the refusal to certify the accounts or to the expression of restrictions on accounts;
   d) represents one of the situations set in letters a)-c) regarding a legal person having closed links with persons established in paragraph (1);

   The audit firm is obliged to submit at request of the National Commission all information and documents related to persons activity set out in (1) paragraph.

(6) Informing in good faith by auditor the National Commission in accordance with paragraph (4), will not constitute an infringement of contractual or legal restrictions regarding the disclosure of information by the audit company and will not involve liability and sanctioning of the auditor.

**Articolul 143. Offences and sanctions**

(1) Are considered infringements on a capital market and involved the application of imperative provisions set out in this Law and in Contraventions Code and Criminal Code of the Republic of Moldova.

(2) For inobservance of imperative provisions of this law, the National Commission will apply as a sanction form:
   a) warning;
b) public warning;
c) suspension of license;
d) revoking the license.
(3) Application of the sanctions under (2) paragraph do not exclude the possibility of contravention penalties and sanctions, in accordance with Contravention Code of the Republic of Moldova and, respectively, Penal Code of Republic of Moldova.
(4) Public warning and warning are imposed for some infringements which don’t cause injury to the clients of licensed persons.
(5) Applied Warning is made known to the sanctioned person individually, without being made public.
(6) Public warning is applied and notified to the person punished, and while it is revealed publicly.
(7) Suspension and revocation of license shall apply in cases established by Article 141 paragraph (15) and (16).
(8) In accordance with this law, it is considered serious and systematic violation of the provisions of this Law and of the National Commission on investment firms and investment services and activities, if there is at least one of the following situations:
a) there are 7 National Commission's previous decisions on legislation infringements by concerned person during past 2 years, being imposed sanctions as a warning and / or contravention penalties;
b) the concerned person has admitted and / or caused injury to clients and / or investors in the summary size of at least 1 million lei;

Articolul 144. Exemption of decision publishing
(1) By derogation from Article 1, (1) paragraph of the Law on the manner of publication and entry into force of official documents and Article 21 (1) paragraph of the Law on National
Financial Market Commission, the National Commission has the power to not publish in the Official Monitor its decisions on measures provided in Article 140 and 141 and/or investigation results or sanctions applied, where considers that disclosure of such information may cause damage to the supervisory and control functions, may cause damages to the clients of the licensed person and/or investors, and/or may affect normal function of the capital market.

(2) when National Commission does not publishes its decisions, according (1) paragraph, the National Commission:
   a. will inform individually concerned person on respective decision;
   b. shall not distribute publicly the respective decision;
   c. shall inform the National Bank of Moldova on respective decision, if applying a measure against a licensed bank.

**Articolul 145. Ending of licensed persons activity on the Capital Market**

(1) In the moment of withdrawal of previously issued licenses, the National Commission will monitor the execution of licensed persons obligations towards their clients.

(2) Regarding execution of (1) paragraph, the National Commission, is able to apply the measures described below:
   a) to require the court the insolvency of proceeding concerning licensed person and disposal of necessary insurance measures; and/or
   b) to require the court to withdraw the licensed person and appointment of liquidator; and/or
   c) to suspend the bank operations of current accounts of licensed person, and/or
   c) to strike the prohibition on alienation of the licensed persons securities held in its own and/or on behalf of clients.
Chapter VIII Final and transitional provisions

Articolul 146 Entry into force

(1) This law shall entry into force in 6 months from the day of its publication.
(2) The licenses for professional activity on the securities market under the law Nr.199-XIV of 18 November 1998 on securities market, with exception of the license-holders for activities regarding the registry-keeping and estimation of securities and related assets, issued before the entry into force of this Law, remain valid, until receiving new license, in conditions set out in (3) paragraph, a) letter.
(3) Within one year from the day of entry into force this law:
   a) persons holding licenses for the professional activities on the securities market in accordance with the Law nr.199-XIV of 18.11.1998 on securities market, with exception of the license-holders for activities regarding the registry-keeping and estimation of securities and related assets, are obliged to modify and/or complement the documents that were the basis for issuing the license and its internal regulations, and to implement relevant measures in order to comply with the provisions of this Law and to obtain new licenses and authorizations.
   b) issuers of securities will operate in their statutes, amendments and additions which derive from this Law.
   c) the National Commission:
      shall adopt the Fund Regulation on investors compensation and shall undertake necessary measures to create the Fund.
      will bring its normative acts in accordance with this law.
In three months after publication of this law, National
The Commission will present to the Parliament for examination and adoption proposals for amendment of the Law no. 1134-XIII of 02.04.1997 regarding joint-stock companies, Law no. 989-XV of 18.04.2002 regarding evaluation activity, Law no. 71-XV of 22.03.2007 regarding registers, and the Civil Code of Republic of Moldova, in order to harmonize with this law. At the moment of entry into force of this law, the security issuers, being in the process of the issuance of securities, will take the necessary measures to conclude that issuance in accordance with this Law.

Issuers whose securities are admitted to trading on a regulated market and/or an MTF, and independent registrars who keep the registers of security-holders are obliged to submit the keeping of these registers to the central depository in terms and manner established by the National Commission. Securities, which on the date of entry into force of this law are registered at the Moldova Stock Exchange, are considered:

- Admitted for trading on a regulated market, at the date of receiving of authorization of a regulated market – if they correspond to the requirements set by the Article 67;
- Admitted for trading on MTF, on the date of receiving the MTF authorization – if do not correspond to the requirements set by the Article 67, but have more than 100 natural or legal persons, and being not qualified investors;
- Excluded from the list of securities admitted for trading – if do not correspond to the requirements set out in the letter a) and b) and have less than 100 natural or legal persons.

If during the term set out in the paragraph (3), Moldova Stock Exchange will not obtain this license or other necessary authorizations for complying with the paragraph (7): Moldova Stock Exchange will be dissolved according to a method set by the National Commission.
Securities registered at the Moldova Stock Exchange, which correspond to the requirements set by paragraph (7) letter a) and b) are considered to be admitted for trading on other regulated markets and/or MTF, according to the method and conditions set by the National Commission;
Securities registered a the Moldova Stock Exchange, which correspond to requirements set in paragraph (7) letter c), are considered to be excluded from the list of securities admitted for trading, according to the method and conditions set by the National Commission.
In case of appearance of new regulated markets and/or MTF, securities of the issuers indicated in the paragraph (7) letter a) and b) and paragraph (8) letter b) may be admitted for trading on these regulated markets and/or MTF, upon the decision of the issuer and according to the conditions set by the National Commission, without publishing a prospectus of a public offer, complying with the conditions for admission set by respective regulated markets and MTF.
Professional participants, with exception of the license-holders for activities regarding the registry-keeping and estimation of securities and related assets, who do not comply with the requirements of the par. (3) in the set term:
Licenses for professional activities on securities market according to the Law nr. 199-XIV of 18.11.1998 regarding securities market become void;
Will implement necessary measures and will present to the National Commission documents for exclusion from the state registry of professional participants.
Professional participants which hold the licenses for activity of a trust management company of investments and which do not comply with the provisions set out by the paragraph (3) according to the set term, will transfer into a real holding client's assets maximum in 3 months.
The requests for a license, a registration of security issuance and making public offerings and other similar requests, which are in the examination process at the National Commission, on the date of entry into force of this law, shall be returned or completed by persons and after, with all documents attached, shall be submitted in accordance with this Law. Failure to comply the requirements set out in (12) paragraph by persons who submit the request attract its rejection. The National Commission shall ensure the compliance by issuers, investment companies and other participants on the capital market of this article.

Articolul 149. Final provisions
(1) In case of contradiction between the provisions of this law and other in force legislations, shall apply provisions of this law.
(2) The normative acts of the National Commission shall apply to the extent not contrary to the provisions of this law.
(3) Upon the entry into force of this law, is repealed the Law nr.199-XIV din 18.11.1998 „on securities market” and Law no. 1204-XIII of 05.06.1997 „On investment funds (money)”.
(4) This law transpose the following EU Directives:
3. CONCLUSIONS, RECOMMENDATIONS

3.1. CONCLUSIONS

The overall conclusion is that the draft law on capital markets in the Republic of Moldova as such, is compliant, broadly speaking up to the EC directive 2006/49 (CAD directive) as issued in 2006, but falls short of all capital market relevant directives as issued thereafter as listed in Annex II in more details.

The neglected/omitted or at least partially not retained EU directives/regulations are the following:

1-Commission Directive 2006/73/EC of 10 August 2006 implementing the rather fundamental MiFID Directive 2004/39/EC as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of this Directive : Needless to say that such an omission is detrimental to the draft capital markets law proposal that cannot be vouchered by the consultant. The European Union (EU) has established a comprehensive regulatory regime for the organized execution of investor transactions by stock markets, other trading systems and investment firms. In so doing, it has among other things created a single authorization for investment firms which will enable them to do business anywhere in the EU with a minimum of red tape while increasing customer protection. The purpose of this follow-up Directive (of directive 2004/39 MiFID) is to establish a harmonized framework of organisational requirements and operating conditions for investment firms.

2-Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive; is maybe not such an important element but it is a Level 2 implementation legislation for the capital markets frame in the compulsory/mandatory legal form of a European Commission Regulation.

Commission Directive 2007/14/EC of 8 March 2007 laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market; is a follow-up Level 2 directive for the “Transparency” directive for capital markets, and as such should be taken into account and duly reflected in the draft law proposal.


Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) . This is the so called UCITS IV directive, providing common basic rules for the authorization, supervision, structure and activities of UCITS. It stems from the successful development of the European investment fund industry in the aftermath of the first directive 85/611 from December 20, 1985. This directive, despite improvements introduced since 2001, after its adoption during its elaboration did reveal that changes needed to be introduced to the legal UCITS framework in the EU to adapt it to the financial markets of the twenty-first century. Especially as this directive is reining in the use of derivatives instruments for UCITS.


Based on what precedes the question is if it is deemed useful to present the actual draft capital markets law unamend to the Parliament for adoption given that somehow it is a bit obsolete, although in general, compatible with most of the older EU directives in matters of capital markets.

Although in many aspects the proposed framework is similar to the legislation and/or practices of some accession member States, new EU Member States, and States that seek compliance with EU laws, in terms of the regulation of the subject matter and its detailed elaboration, but unfortunately not up to date with the latest directives in matters of securities and capital markets.

As already mentioned this draft law, once approved will bring Moldova at best at the Level 1 with the EU capital market Directives, as it confines itself to broad general old "framework" principles. While a Level 2 compatible amended and enhanced draft law would require later from the NCFM less work to elaborate the appropriated technical implementing measures to amend then the law once entered into force. In clear if the draft will remain as actually elaborated the NCFM will be confronted to implement later then with a lot of work stemming from the above mentioned missing directives by means of instructions/guidelines/normative acts.

The consultant cannot opine if any major problems will occur if the actual draft law as such, i.e. unaltered, is duly implemented in Moldova, at least no problems that could have a potentially negative effect on the capital markets in the Republic of Moldova should reasonably and foreseeably occur, except that the new frame since inception will be obsolete. The following
recommendations have therefore been elaborated in order to accompany the implementation of the law once it is voted and entered into force.

3.2. RECOMMENDATIONS

The project’s recommendations are tailor-made to the situation of Moldova given the fact of the uniqueness in its characteristics of the draft capital markets law proposal. The draft law “per se” is compliant with the EU Acquis Communautaire requirements and broadly speaking reflects some of the best practices and regulatory frameworks of the associated, applicant, and recent accession candidate countries. But there is a slight deficiency: it does not enough but reflect Lamfalussy level 2 implementation regulations (as reflected and resulting from the above missing mentioned EU directives).

But in the actual stage of the draft law perusal, it could still be enhanced by adapting it to the last EU directives in the area of securities and capital markets: especially EU directive 2006/73 that is the follow-up directive for Directive 2004/39 (MiFID directive) as regards organisational requirements and operating conditions for investment firms, and the compulsory Regulation No 1287/2006 that is a “sine qua non” requirement in an EU compatible capital markets law frame as such. Could be neglected.

Due consideration in this context could still be given to include as well the requirements of the new UCITS IV directive 2009/65 dated July 13, 2009 that supersedes in many aspects the older UCITS directive 85/6112 from December 20, 1985 retained in the draft law. The actual investment fund chapters in the law proposal even if they reflect the main provisions of the old UCITS directive 85/611 have significant operational shortcomings: such as no mention of ancillary liquidity in the investment policy, or in matters of permitted structures, it ignores the Umbrella Fund set-up, that is in use since more than a decade in the investment fund industry. Moldova should endeavour to cope with the situation as now prevailing in the Investment Fund industry in Europe and the world.

The consultant would therefore recommend to upgrade/revamp the draft law accordingly, before presenting it to the Parliament, also to avoid later the NCFM a lot of work to implement it later, especially to elaborate guidelines, regulations and normative acts to bring it in line with the latest from the EU directives stemming from the requirements in matters of the actual capital markets acumen.
ANNEXES
ANNEX I

STANDARD LEGAL FRAME FOR A CAPITAL MARKETS LAW

1-Access to professional activities in the capital market:

Authorization requirement, Authorization procedure, The legal form of the institution, Central administration and infrastructure, Shareholdings, Professional standing and experience, Capital base, External auditing, Participation in a deposit guarantee scheme, Participation in an investors' compensation scheme for all professionals such as: Investment firms, Investment advisers, Brokers in financial instruments, Commission agents, Private portfolio managers, Professionals acting for their own account, Market makers, Underwriters of financial instruments, Distributors of units/shares in investment funds, Financial intermediation firms, Investment firms operating an MTF, Miscellaneous firms other than investment firms, Registrar agents, Professional custodians of financial instruments.

2-Authorization for the establishment of branches and freedom to provide services

3-Professional obligations, prudential rules and rules of conduct in the capital market

4-Provisions applicable to credit institutions when acting as brokers and investment firms

Organisational requirements, Conflicts of interest, Conduct of business rules when providing investment services to clients, Provision of services through the medium of another credit institution or another investment firm, Obligation to execute orders on terms most favourable to the client, Client order handling rules, Transactions executed with eligible counterparties, Obligations of credit institutions and investment firms when appointing tied agents, Professional obligations of the financial sector as regards combating money laundering and the financing of terrorism, Obligation to cooperate with the authorities, Obligation of professional secrecy.
5-Prudential supervision of the capital market

- The competent authority responsible for supervision and its tasks, Purpose of supervision, Professional secrecy of the Regulator, Exchange of information with other Regulators, Exchange of information with third countries.

-Supervision of investment firms on a consolidated basis: Definitions, Scope and parameters of supervision on a consolidated basis, Form and extent of consolidation, Content of supervision on a consolidated basis, Means used to exercise supervision on a consolidated basis, Parent undertakings having their head office in a third country, Cooperation with the other authorities responsible for prudential supervision regarding consolidated supervision.

-Supplementary supervision of investment firms in a financial conglomerate: Definitions, thresholds for identifying a financial conglomerate, Identifying a financial conglomerate, Scope of supplementary supervision of investment firms, Financial position, Capital adequacy, Risk concentration, Intra-group transactions, Internal control mechanisms and risk management processes, Cooperation and exchange of information between competent authorities, Verification, Enforcement measures.


-Reorganization and winding up of certain professionals in the capital market: Definitions, Scope.

-Suspension of payments: Provisions governing the opening of proceedings for suspension of payments, Opening of proceedings for suspension of payments, Competent jurisdiction and applicable law.

-Winding up: Voluntary winding up: Provisions governing proceedings for the judicial winding up of establishments, Winding-up proceedings, Withdrawal of an establishment’s authorization, Provision of information to known creditors, Lodgement of claims.


6-Deposit-guarantee schemes:

Compensation schemes for investors in credit institutions and investment firms
7-Penalities:

Administrative fines; criminal sanctions
ANNEX II

Table of EU directives in area 06.20.20.25 Stock exchanges and other securities markets


Support for the Implementation of Agreements between the Republic of Moldova and the European Union


Commission Directive 2004/72/EC of 29 April 2004 implementing Directive 2003/6/EC MAD of the European Parliament and of the Council as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers’ transactions and the notification of suspicious transactions


NB this directive is not mentioned on the official list “Legislation in force” 06. Right of establishment and freedom to provide services; 06.20. Sectoral activities; 06.20.20 Service activities; 06.20.20.25 stock exchanges and other securities markets; although amending EC Directive 2001/34/EC that is mentioned on that list. (EC subject matters: Approximation of laws, Internal market, Freedom of establishment and services).


requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.


**2009/77/EC: Commission Decision** of 23 January 2009 establishing the Committee of European Securities Regulators
