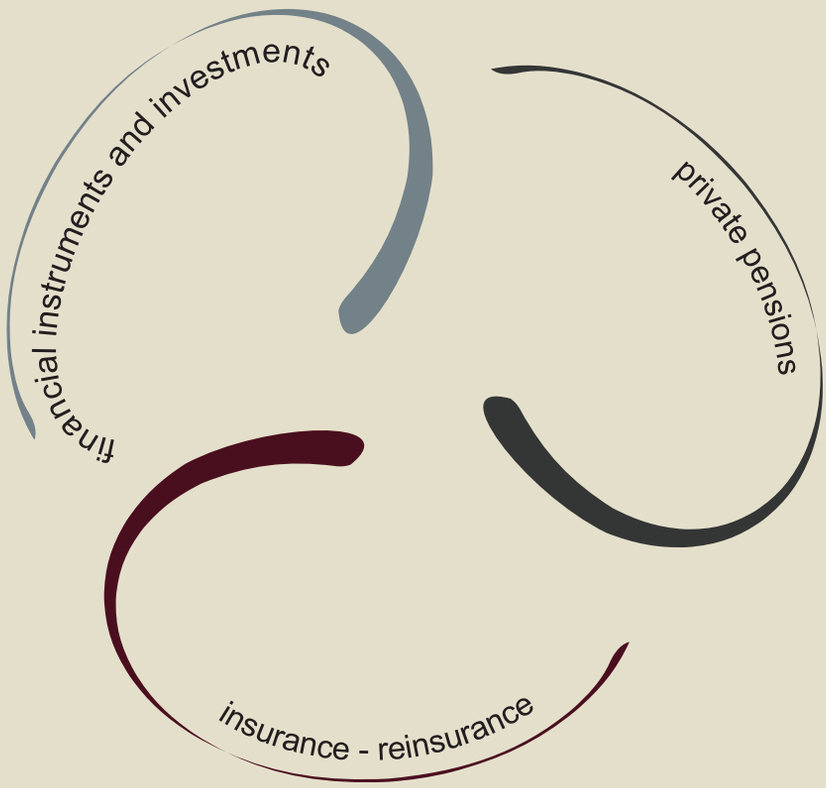
ROMÂNIA

AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ

FINANCIAL SUPERVISORY AUTHORITY

2013 ANNUAL REPORT



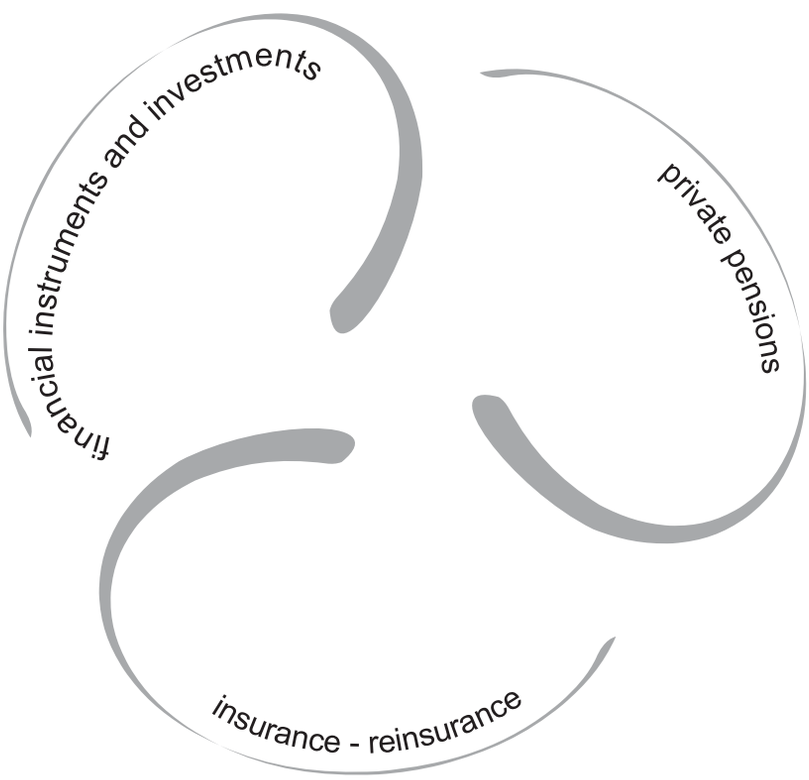
Bucharest, June 2014

ROMÂNIA

AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ

FINANCIAL SUPERVISORY AUTHORITY

2013 ANNUAL REPORT



Bucharest, June 2014

Note

This 2013 Annual Report *was reviewed and approved by the Financial Supervisory Authority during the meeting of 25 June 2014 and was submitted to the Parliament of Romania in accordance with the provisions of Government Emergency Ordinance No. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority as approved with amendments and supplementations by Law No. 113/2013, as subsequently amended and supplemented.*

This annual report presents the events of the 2013 calendar year, and reflects the data as at 31 December 2013.

Some statistical data are provisional and shall be reviewed in the Financial Supervisory Authority's subsequent publications. Due to the rounding, the totals may not match exactly the amount of components, or small differences may occur by reference to the percentage changes indicated in charts or tables.

All rights reserved.

Reproduction of the information for non-commercial and educational purposes is only allowed with acknowledgment of the source.

Financial Supervisory Authority
Splaiul Independenței No. 15, Sector 5, Postal Code 050092, Bucharest
Tel: +4021.659.64.64, +4021.659.63.76, Fax: 021.659.60.51, 021.659.64.36
Internet: http://www.asfromania.ro
E-mail: office@asfromania.ro

FOREWORD

I have the honor to present to you, as President of the Financial Supervisory Authority, the first integrated report on the non-banking financial markets of Romania.

It is the first Annual Report of the Financial Supervisory Authority, after materializing the lawmaker's intention to place all non-banking financial markets under the same Authority: insurance, capital market, private pensions, both from a regulatory, but especially from the unitary supervision perspective.

Is an ambitious work, which may be improved in the future. But it certainly has many assets and many qualities. For the first time, the report provides an integrated approach both of the supervision act and of the supervised markets' analysis. The pragmatic identification of the dimension and role that non-banking financial markets have in the Romanian economy is also highlighted.

You may be surprised that we have included in the report a critical analysis of our own supervisory activity, together with the presentation of certain future measures for improvement, but we believe that transparency is the basis for the continuous development of the market and a defining element against stagnation and regress.

The report is rich in terms of information. We inserted in-depth analyses of markets and over 400 tables, figures and annexes which are relevant. We do not burden the beneficiaries of the report with details to hide the real problems of the markets. They exist, we are aware of them, and we take actions to limit them.

Through the integrated analyses contained herein, the report prepares the grounds for the identification and use of the synergies of the three markets to modernize them. We present at the same time the aggregated size of some important resources which are constantly growing, the efficient use of which leads to the development of Romania.

We state that our institutional construction mission is constantly "effervescent". By our own change, we aim at optimizing and streamlining the regulatory and supervisory processes with which we were vested.

We contribute to the improvement of the supply of financial products on the three markets, to a better consumer protection and information, to the strengthening and development of non-banking financial institutions. In the end, we endeavor to contribute to a balanced growth of markets.

After establishment, the FSA went through many difficult stages. The integration process has achieved important progress. However, it is far from being completed. We are determined that, at the end of this process, the Authority shall meet all expectations for which it was established: growth of market confidence, of investment security and economic development of Romania.

Mișu Negrițoiu

President of the Financial Supervisory Authority

TABLE OF CONTENTS

Foreword 3

Introduction 9

PART I. ANALYSIS OF THE EVOLUTION OF THE MARKETS SUPERVISED BY FSA 15

1. BENCHMARKS OF THE MACROECONOMIC EVOLUTION OF ROMANIA IN 2013 17

1.1. GDP Evolution 17

1.2. Contribution of demand to GDP growth 18

1.3. Contribution of supply to GDP growth 19

1.4. Current account deficit and budget deficit 20

1.5. Foreign capital inflows 21

1.6. Evolution of government debt and external debt 21

1.7. Productivity, unemployment and earnings 23

1.8. Inflation and exchange rate 24

1.9. European economic context 24

2. DIMENSION OF NON-BANKING FINANCIAL MARKETS 25

2.1. Insurance penetration degree (GWP/GDP) 26

2.2. Insurance density 27

2.3. Stock exchange capitalization share in GDP 28

2.4. GDP share of the assets of undertakings for collective investment and insurance undertakings 29

2.5. Share of government securities held by the entities supervised by FSA in total government debt 30

2.6. Share of banking investments held by the entities supervised by FSA in total deposits 30

2.7. Number of participants in the financial markets supervised by FSA 30

3. INFLUENCE OF INTERNATIONAL CONTEXT ON THE MARKETS SUPERVISED BY FSA 31

3.1. Evolution of foreign investments on the Romanian capital market 36

3.2. Stock purchase and sale by non-residents on the Romanian capital market 37

3.3. Adjustments to the structure of the private pension funds investment 39

4. INSURANCE MARKET 40

Methodological specifications 40

4.1. Share capital of insurance undertakings 41

4.2. Gross written premiums 43

4.3. Gross claims paid 52
4.4. Home Insurance 58
4.5. Technical reserves 60
4.6. Assets of insurance undertakings 63
4.7. Reinsurance activity 71
4.8. Acquisition and Administrative Costs 77
4.9. The solvency of insurance undertakings 80
4.10. Financial and technical results of insurance undertakings 81
4.11. Analysis of insurance and/or reinsurance brokers' activity 83
5. EVOLUTION OF THE CAPITAL MARKET OF ROMANIA 91
5.1. 2013 trends on the capital market of Romania 91
5.2. Bucharest Stock Exchange (BSE) 92
5.3. SIBEX - Sibiu Stock Exchange 111
5.4. Undertaking for Collective Investment 118
5.5. Depositories and clearing-settlement systems 131
6. EVOLUTION OF THE PRIVATE PENSION SYSTEM OF ROMANIA 139
6.1. Private Pension System of Romania 139
6.2. Pillar II – privately managed pension funds 148
6.3. Pillar III – voluntary pension funds 164
6.4. Marketing agents 178
6.5. Financial results 178

PART II. FSA 2013 ACTIVITY REPORT 183

1. INSURANCE-REINSURANCE SECTOR 185
1.1. Supervision of the insurance-reinsurance sector 185
1.2. Regulation of the insurance-reinsurance sector 193
1.3. Authorization/approval in the insurance-reinsurance sector 197
1.4. Insurance consumers' protection 201
1.5. Insurance vocational training 207
2. FINANCIAL INSTRUMENTS AND INVESTMENT SECTOR 210
2.1. Supervision of the financial instruments and investment sector 210
2.2. Regulation of the financial instruments and investment sector 226
2.3. Authorization/approval of regulated entities 228
2.4. Capital market investors' protection 236

3. PRIVATE PENSION SYSTEM SECTOR **238**
3.1. Supervision of the private pension system sector 238
3.2. Regulation of the private pension system sector 244
3.3. Authorization/approval in the private pension system sector 247
3.4. Private pension system participants' protection 250
4. INTEGRATED APPROACH OF NON-BANKING FINANCIAL MARKETS **254**
4.1. Integrated supervision of non-banking financial sectors 254
4.2. Research and analysis activity 259
4.3. Money laundering prevention activity 262
5. CONTROL ACTIVITY **265**
5.1. Insurance-reinsurance market control 265
5.2. Financial instruments and investment market control 272
5.3. Private pension system control 276
6. INTERNATIONAL COOPERATION IN THE NON-BANKING FINANCIAL SYSTEM **280**
6.1. Liaison with the European Union institutions 280
6.2. Liaison with international bodies 283
7. LEGAL ACTIVITY **285**
8. HUMAN RESOURCES MANAGEMENT **289**
8.1. Specific situation generated by the establishment of FSA 289
8.2. Organizational structure and number of employees in total and by activities 289
8.3. Training and evaluation of professional performance 292
9. TRANSPARENCY IN DECISION-MAKING AND PUBLIC INFORMATION **295**
9.1. January-April 2013. Communication activity among NSC, ISC and PPSSC 295
9.2.Activity of public communication and mass media relation within the Financial Supervisory Authority between April and December 2013 297
10. PROTECTION FUNDS OF PARTICIPANTS IN THE NON-BANKING FINANCIAL SYSTEM **299**
10.1. Policyholder Guarantee Fund 299
10.2. Street Victim Protection Fund 303
10.3. Investor Compensation Fund 306
10.4. Private Pension System Rights' Guarantee Fund 308

PART III. BUDGET IMPLEMENTATION AND 2013 FSA FINANCIAL STATEMENTS 311

1. REPORT ON THE IMPLEMENTATION OF FSA INCOME AND EXPENDITURE BUDGET BETWEEN 30.04.2013 AND 31.12.2013 313

1.1. FSA Income implementation between 30.04.2013 and 31.12.2013 313

1.2. FSA Expenditure implementation as of 31.12.2013 316

2. REPORT ON THE IMPLEMENTATION OF NSC INCOME AND EXPENDITURE BUDGET BETWEEN 01.01.2013 AND 29.04.2013 319

2.1. Income implementation 319

2.2. Expenditure implementation 321

3. REPORT ON THE IMPLEMENTATION OF PPSSC INCOME AND EXPENDITURE BUDGET BETWEEN 01.01.2013 AND 29.04.2013 323

3.1. Income implementation 323

3.2. Expenditure implementation 324

4. REPORT ON THE IMPLEMENTATION OF ISC INCOME AND EXPENDITURE BUDGET BETWEEN 01.01.2013 AND 29.04.2013 326

4.1. Income implementation 326

4.2. Expenditure implementation 327

5. FSA 2013 ANNUAL FINANCIAL STATEMENTS 329

6. REPORT ON THE FINANCIAL STATEMENTS PREPARED AS AT 31.12.2013 335

6.1. Balance sheet 335

6.2. Economic outturn accounts 336

6.3. Statement of treasury flows 337

6.4. FSA Budget implementation account 337

PART IV. AUDIT REPORT 341

ANNEXES 349

Abbreviations 393

List of Tables 397

List of Figures 402

INTRODUCTION

Establishment of the New Authority

The financial crisis of recent years highlighted the vulnerabilities of both the institutional and organizational architecture of markets and of the regulatory and supervisory activity thereof. Reform of business models and of regulatory and supervisory practices is done slowly and over time. A major step in this direction was made in 2011 through the establishment of three European supervisory bodies:

• The European Banking Authority (EBA), responsible for monitoring and supervising banks' recapitalization;

• The European Securities and Markets Authority (ESMA), responsible for supervising capital markets;

• The European Insurance and Occupational Pensions Authority (EIOPA), responsible for monitoring and supervising the insurance and private pension sector.

The establishment of the abovementioned authorities created the prerequisites for improving the financial supervision and for a better coordination of the activity of regulatory authorities in the Member States, in order to mitigate the contagion risk and ensure proper implementation of the EU directives and regulations.

The Financial Supervisory Authority (FSA) was established in Romania in this dynamic of reconstruction of the architecture and consolidation of the regulatory and supervisory mechanisms of markets at the European level. The new authority did not spring into existence from zero; FSA has taken over the institutional assets and liabilities of the former authorities, functions and duties of the National Securities Commission (NSC), of the Insurance Supervisory Commission (ISC) and of the Private Pension System Supervisory Commission (PPSSC), being in a process of construction, which will continue.

One of the main reasons that led to the amalgamation of the three supervisory authorities into one was the formation of a better and more unitary supervisory framework of markets, institutions, non-banking financial instruments and activities. The purpose of the new framework was to make all participants in the national non-banking financial system responsible, individually and collectively, to better allocate resources and to achieve a fair competitive environment for the participants in the financial markets. Also, through the establishment of FSA, the prerequisites for the implementation and application of a uniform set of supervisory rules for non-banking financial markets are created, favoring the implementation of the European supervisory authorities' recommendations and the improvement of the participation of Romania in the activities of such bodies.

FSA-Role, Tasks and Objectives

The role of FSA is to develop an integrated regulatory and supervisory framework of non-banking financial markets, participants and operations in these markets. The existence of FSA is designed to foster coordination, cooperation and exchange of information between markets and institutions, in particular to ensure the stability of the non-banking financial sector. FSA liaises with NBR to ensure overall financial stability, including through the National Committee for Macro-prudential Monitoring.

FSA exercises powers of authorization, regulation, supervision and control over:

I. **Insurance, insurance-reinsurance and reinsurance undertakings, mutual undertakings, hereinafter referred to as insurers, and reinsurers, and insurance intermediaries, supervision of insurers and reinsurers operating in or from Romania, supervision of the activity of insurance and reinsurance intermediaries, as well as other activities in connection therewith,** in accordance with the provisions of Law No. 136/1995 on insurance and reinsurance in Romania, as subsequently amended and supplemented, Law No. 32/2000 on the insurance activity and insurance supervision, as subsequently amended and supplemented, Law No. 260/2008 on compulsory home insurance against earthquakes, landslides and floods, republished, Law No. 503/2004 on financial redress and bankruptcy of insurance undertakings, as subsequently amended;

II. **Intermediaries in financial instruments' operations; financial investment services undertakings; undertakings for collective investment; investment management undertakings; financial investment advisers; financial instruments markets; market and system operators; central depositories; clearing-settlement houses; central counterparties; market operations; issuers of securities; Investor compensation fund; other natural or legal persons** carrying out activities in accordance with the provisions of Law No. 297/2004 on capital market, as subsequently amended and supplemented, Government Emergency Ordinance No. 32/2012 on undertakings for collective investment in transferable securities and investment management undertakings, amending and supplementing Law No. 297/2004 on capital market, Government Emergency Ordinance No. 25/2002 approving the statutes of the National Securities Commission, approved as amended and supplemented by Law No. 514/2002, as subsequently amended and supplemented, Law No. 253/2004 on final nature of the settlement of operations with financial instruments in payment systems and settlement systems, as subsequently amended and supplemented, Government Ordinance No. 9/2004 on certain financial guarantee contracts, approved as amended and supplemented by Law nr. 222/2004, as subsequently amended and supplemented, Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, approved as amended and supplemented by Law nr. 227/2007, as subsequently amended and supplemented;

III. **the Private pension system**, in accordance with Law No. 411/2004 on privately managed pension funds, republished, as subsequently amended and supplemented, Government Emergency Ordinance No. 50/2005 on the establishment, organization and operation of the Private Pension System Supervisory Commission, approved as amended and supplemented by Law No. 313/2005, as subsequently amended and supplemented, Law No. 204/2006 on voluntary pensions, as subsequently amended and supplemented, Law No. 187/2011 on the establishment, organization and operation of the Private Pension System Rights' Guarantee Fund, Government Emergency Ordinance No. 61/2008 on the implementation of the principle of equal treatment between men and women as regards access to goods and services and the supply of goods and services, as amended by Law No. 62/2009;

IV. **all entities, institutions, market operators and issuers of securities, as well as the financial instruments and operations regulated by secondary legislation issued prior to the entry into force of this emergency ordinance by the National Securities Commission, the Insurance Supervisory Commission and Private Pension System Supervisory Commission in support and for the implementation of the primary legislation related to the financial market**.

One of the main objectives of FSA is to promote stability of the insurance activity and to protect the rights of the policyholders. The important objective of FSA is to ensure the smooth operation of financial instruments markets, to promote confidence in these markets and in the investments in financial instruments, as well as to ensure the protection of operators and investors against unfair, abusive and deceptive practices. At the same time, ensuring the smooth operation of the private pension system and protecting the interests of participants and beneficiaries are primary targets for FSA.

2013 Highlights

2013 was a difficult year for FSA given the organizational, administrative and logistical challenges, the evolution of the legal framework governing the activity of the new authority and the special cases on the markets, thus putting to the test its abilities, responsibility and reaction power.

The short period since its establishment and until present has been sprinkled with events and episodes that evidenced the malpractice of some participants on the market, issues of non-compliance with the regulations in force in particular on the insurance market, and the need to strengthen the regulatory and supervisory activities. Expectations are high with respect to FSA's work, because there are old structural problems in the markets requiring a sustained effort to resolve them. In the first six months of operation, the new Authority has suffered no less than three changes made to its Board (initially made up of 17 members, then the number of members was reduced to 11, and in the end a formula of 9 members was agreed) marking on the process of integration of the three former authorities. The current organizational foundations of FSA were laid down during this period also.

The organizational architecture of FSA is changing and requires time to optimize it. The benchmarks of the change process are practices of NBR and of other European authorities in this field. The organizational restructuring is a process that will be carried out taking into account the analysis carried out by consultancy company PricewaterhouseCoopers, which concerns, *inter alia*, the structure of the departments and relationships between the supervisory, regulatory, authorization and support activities.

To create a unitary framework, to identify the best practices and to improve specific regulatory and supervisory activities of the market, the existing vulnerabilities in three non-banking financial sectors were assessed from an integrated perspective. Also, following a process of organizational introspection, two assessment reports on supervision of capital market and insurance market were prepared. These evaluations have shown the need to stress the risk-based supervision by reference to rule-based supervision.

As regards the capital market, FSA has sought to strengthen the capacity of authorized intermediaries to prevent operational risks (with particular emphasis on the risk of human error and fraud) and to enhance the safety of mechanisms indicating the holdings of clients and trading on regulated markets. For this purpose, FSA supplemented the cross-checks with regard to the holdings of clients and has in view to increase safety requirements of IT systems and operational risk control, and also to change the regulations on the correct identification of the client.

On the insurance market, attention was paid to identify undertakings that have developed business deficiencies over time, issues regarding compliance with specific legal provisions and with prudential

principles. For these undertakings, FSA applied measures to remedy the situation. The controls highlighted the special situation of three insurance undertakings, Euroins Romania Asigurare Reasigurare SA, Carpatica Asig SA and Societatea Asigurare-Reasigurare Astra SA, which claimed attention, effort and significant resource allocation from FSA for finding and implementing solutions that restore the normal prudential operating framework of the three entities supervised.

In the case of Euroins, FSA temporarily prohibited the undertaking's sale activity of MTPL policies. The undertaking subsequently revised its policy on the establishment of reserves, the process for payment of damages was improved and capital infusions were made. In the case of Carpatica, considering that the undertaking no longer fulfilled the conditions of solvency, *i.e.* that the value of the available solvency margin decreased below the minimum solvency margin, FSA decided to open the procedure for the financial redress of the undertaking, based on a financial redress plan. As regards the Astra undertaking, because it did not comply with the plan of measures required by FSA providing, *inter alia*, the review of the reinsurance policy, proper registration of insurance contracts concluded, cancellation of insurance claims relating to contracts no longer within the validity term and correct calculation of all technical reserves, FSA ordered the initiation of the procedure for the financial redress of the undertaking through special administration.

Experts from FSA collaborate with market representatives for the development of the capital market in Romania. A concrete example in this respect is the project that identified eight systemic barriers and whose purpose is, among others, to facilitate a potential reclassification of the capital market in Romania, from the Frontier Markets category to the Emerging Markets category. One of the advantages of such reclassification is a greater visibility of Romania among international investors and a better way to attract new investors.

The control activity consolidated the common elements of the activity of the former control departments existing in the three supervisory authorities. The new control regulation was structured on three types of control set out in GEO No. 94/2013, *i.e.* periodic, unannounced and continuous control.

To improve and optimize the operational framework of the financial markets and establish the best practices for transparency in decision-making, FSA formed an Advisory Board consisting of representatives of the markets regulated and supervised by FSA, as well as of NBR representatives, and academic representatives. Representatives of the Association of Fund Administrators of Romania (AFA), of the Association of Privately Managed Pensions of Romania (APMPR), of the National Association of Insurance and Reinsurance Undertaking of Romania (NAIRU), of the National Union of Insurance Intermediation and Consultancy Companies of Romania (NUIICCR), as well as the relevant partners in the capital market participated in the activity of the Board.

What Is Next

During the next period, the organizational reforms shall be cemented in order to place FSA on solid bases and principles. Human resources policy will focus on promoting the criteria of professionalism, on a system of correct remuneration by reference to the market, as well as on optimizing the number of staff. The organizational structure will have fewer levels of management, and will be more flexible. A process of qualitative improvement of the authority’s activity, with a focus on supervision, regulation and authorization centered on the protection of consumers of financial services has been initiated.

Once the former supervisory commissions are reunited, an integrated information system must be set and implemented. This system should enable the efficient collection and processing of the data and information reported by the entities or resulting from the specific activities conducted by FSA (supervision, authorization/reporting, control). Starting from it, in the future, more correlation will be achieved and early warning indicators will be used to facilitate the transition to the risk-based supervision. The information systems related to FSA sectors are still managed separately, and efforts are being made to harmonize them. A major IT development plan is being considered to improve the manner in which the information from the supervised entities is collected, processed and systematized.

FSA has initiated a process of elaboration of a Code of ethics and integrity, which lays down the principles and rules of professional conduct, including those relating to situations of incompatibility and conflicts of interest. These principles will represent a benchmark in the socio-occupational relations with the consumers of financial products, with regulated entities and with national and international institutions.

The reforms refer not only to FSA, but also to the markets. The capital market must develop, and it should be supported both by the public policies and the private sector. FSA has an important supporting role. Both the market participants, as well as certain institutions of the market (BSE, Depository, etc.) must exhibit proper conduct. The insurance market must correct its structural deficiencies relating to prices of products, anti-competitive practices, quality of reporting and of reinsurance contracts, correct application of actuarial principles substantiating technical reserves and solvency. The authority is considering a better functioning of markets, which means good flow of capital, good conduct of participants, correct price formation, sustainable commissions and fees, and last but not least, good consumer protection.

The purpose of FSA is that the capital markets help the economy more, given that bank financing is prevalent. FSA undertakes a process of transparency, review and adjustment of tariffs and fees charged, so that they may be competitive in the regional competition in other markets, to encourage capital and attract investors.

I. ANALYSIS OF THE EVOLUTION OF THE MARKETS SUPERVISED BY FSA

1. BENCHMARKS OF THE MACROECONOMIC EVOLUTION OF ROMANIA IN 2013

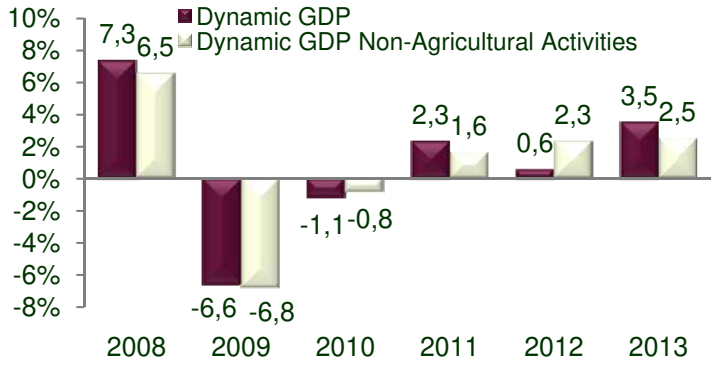
The global financial crisis, followed by the sovereign debt crisis of European countries, has affected the performance of the Romanian economy because of its vulnerability to changing conditions on the foreign markets and due to its own structural weaknesses. Economic growth has been excessively dependent on external sources of funding, of which credits represent a significant share.

Negative effects of the disintermediation process practiced inclusively by European banks with branches in Romania were mitigated in part by the macroeconomic adjustment policies supported by the International Monetary Fund, by the European Union and by the World Bank. Positive results were the reduction of the public budget deficit[1] from 9% of GDP in 2009 to 2.3% in 2013, followed by strong adjustment of the current account deficit to 1.1% of GDP in 2013 (by reference to two-digit values between 2006 and 2008).

1.1. GDP Evolution

The evolution of the economy was significantly influenced in the 2011-2013 post-crisis period by circumstantial variations of agricultural production, which contributed to a growth higher than expected of 2.3% of GDP in 2011. As a result of the contraction in the gross value added of the agricultural sector by 25% in 2012, GDP dynamics recorded a minimum of 0.6%. Acceleration of GDP dynamics to 3.5% in 2013 is explained by the growth of the agricultural sector by 23.4% and of industrial sector, by 8%.

Figure I 1 Economic evolution under the influence of agriculture



Excluding the contribution of the agricultural sector, the economy's growth improved gradually, but at a reduced pace from 1.6% in 2011 to 2.3% and 2.5% in 2012, and 2013.

Source: NIS, FSA calculations

In 2013, the Romanian economy was the second in the European Union (after Latvia) in terms of economic growth, while the Euro area decreased by 0.4% and EU-28 has remained at a level close to that of the previous year (0.1%).

[1] Calculated by the EU methodology

Table I 1 Economic growth in EU

GDB actual growth (% by reference to previous year)	2011	2012	2013
UE-28	1.6	-0.4	0.1
Euro area	1.6	-0.7	-0.4
Romania	**2.3**	**0.6**	**3.5**
Bulgaria	1.8	0.6	0.9
Hungary	1.6	-1.7	1.1
Poland	4.5	2.0	1.6
Czech Republic	1.8	-1.0	-0.9
Germany	3.3	0.7	0.4
France	2.0	0.0	0.2
Spain	0.1	-1.6	-1.2
Italia	0.4	-2.4	-1.9

Source: Eurostat

Romania has to recover a significant development gap as compared to the EU average and that of the Euro area in terms of GDP/*per capita*. Starting from a level of 34.7% of the EU average in 2004, Romania has reached a level of GDP/*per capita* of 52.7% of the EU average in 2012, thus recovering 18 percentage points of that gap during this period.

Table I 2 GDP *per capita* expressed in PPS (% of EU average - 28)

	2004	2006	2008	2010	2012
UE-28	100.0	100.0	100.0	100.0	100.0
Euro area	108.8	108.9	108.4	108.6	107.8
Romania	**34.7**	**39.0**	**48.8**	**50.8**	**52.7**
Bulgaria	34.7	38.1	43.6	44.3	47.3
Hungary	63.0	63.1	63.6	66.0	66.4
Poland	50.5	52.1	56.4	63.1	66.8
Czech Republic	78.2	80.1	80.8	80.7	80.9
Germany	115.7	115.7	116.0	119.7	123.0
France	109.7	108.1	106.8	109.0	108.2
Spain	101.4	105.1	103.6	99.2	95.3
Italia	106.9	104.7	104.0	102.9	100.0

Source: Eurostat, FSA calculations

Admitting that the domestic demand recovered and the external demand remained at the same level, the prognosis indicates positive dynamics of GDP between 2014 and 2017 to values of about 1 percentage point in real terms exceeding the EU average, which will guarantee the continuation, although slow, of the process of real convergence, provided that the financial stability is maintained and the fiscal consolidation is continued.

1.2. Contribution of Demand to GDP Growth

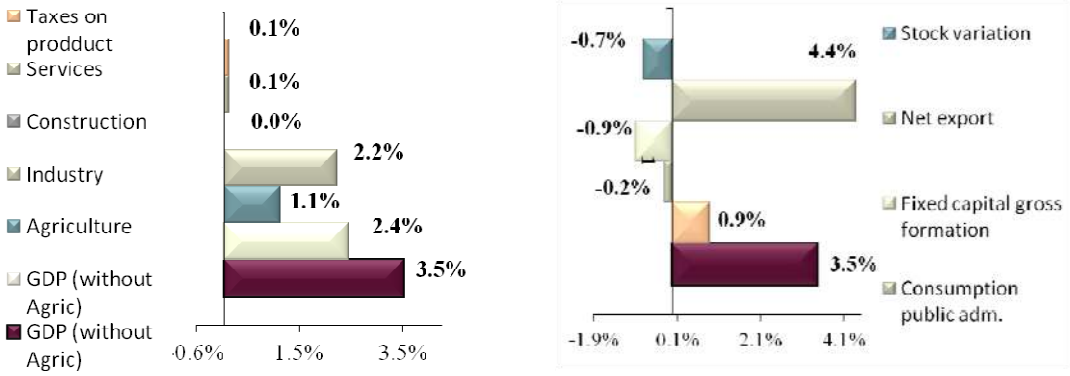
The year 2013 was characterized by the persistence of a deficit in the aggregate demand in the first three quarters and investment behaviour below expectations. Domestic demand decreased by 0.8% in volume (after 2011-2012 recorded an upward trend) due to the reduction in government consumption expenditures by 1.8% and investment (gross fixed capital formation) by 3.3%.

The process of reducing financial institutions' exposure to risks ("deleveraging"), the private sector over-indebtedness and decrease in the purchasing power of the net salary in the private sector (on average 0.8%

versus 2012), discouraged market consumption and private investment. At the same time, the need for fiscal consolidation and the degree of absorption of EU funds did not support government investment. Thus, capital expenditure and expenses related to the projects financed from European funds from the general consolidated budget decreased by 4.2% as compared to 2012.

GDP high dynamics (+3.5%) was made possible because net exports (+4.4%) took over the role as key growth factor. The positive contribution of private consumption (+0.9%) in GDP growth was due to the very good agricultural year which stimulated self-consumption and the domestic industry, and not due to the re-launching of the market demand.

Figure I 2 Contribution of classes of resources and utilizations to GDP growth



Source: NIS, FSA calculations

The exports were stimulated due to the price related competitiveness, as a result of the reduction of exports' deflator in 2013, and to the expansion of external demand in the extra-Community area for agricultural products and for those of the manufacturing industry (transportation means, machinery and mechanical and electrical equipment, food industry products).

1.3. Contribution of Supply to GDP Growth

The clearly superior GDP evolution in 2013 (+3.5%) has been supported by the performance achieved in agriculture (+1.1%), favoured by good weather conditions and a reviving industry (+2.2% contribution) stimulated by an additional external demand from the extra-Community area.

Significant changes occurred in the structure of GDP dynamics, and the most important was that industry took over the role as key growth factor instead of services.

The neutral contribution of +0.1% of the services sector to GDP growth in 2013 (as compared to +2% in 2012) is explained by the poor performance recorded by the sub-sectors with high proportions in GDP. Thus, public services (administration, education, health, with a share of 10.4% of GDP) decreased in real terms by 1.1% as compared to 2012, and the services intended especially for persons (trade, transportation, hotels, restaurants with a share of 11% in GDP) decreased by 0.2%, the latter being in close correlation with the population's earnings. The financial intermediation and insurance sub-sector (share of 2.2% in GDP) experienced the largest decline in the group of services, with a decrease of 5.6% in 2013 following the negative results of the fourth quarter.

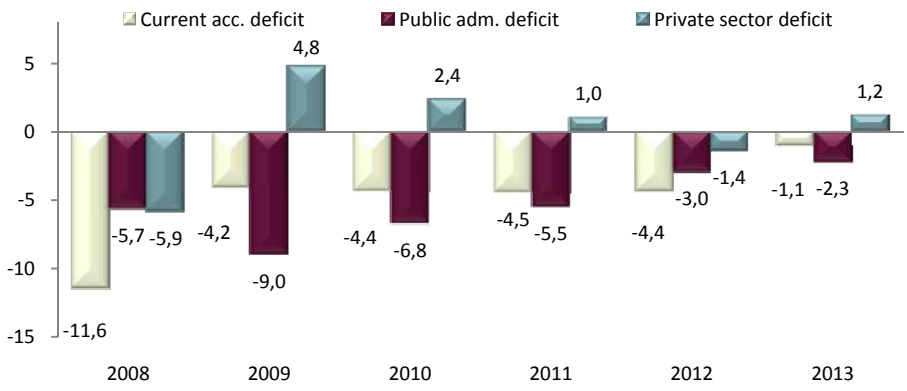
1.4. Current Account Deficit and Budget Deficit

Insufficient domestic demand and private sector orientation towards the external market favoured the rapid correction of deficits and passing on a positive balance in the case of the private sector in 2013. The share in GDP of the current account deficit decreased to 1.1% in 2013 as compared to 4.4% in the previous year, and the deficit of the public administration dropped from 3.0% in 2012 to 2.3% in 2013, which corresponds to a surplus of 1.2% of GDP for the private sector (the difference between savings and investments).

The current account deficit was adjusted due to the reduction by 54% in the commercial deficit as compared to the level achieved in 2012 up to EUR 3.4 billion, and to the improvement in the performance of services which registered a positive balance of EUR 2.7 billion. In 2013, the current account deficit was entirely covered by foreign direct investments (1.9% of GDP).

Reducing the budget deficit (the ESA deficit) by 4.5 percentage points in just three years is an outstanding performance, ensuring Romania's exit from the excessive deficit procedure and restoring the confidence of external financial markets. The process of fiscal consolidation given the high level of interest on the public debt (1.8% of GDP) put pressure on limiting government expenditure for consumption and investment, affecting eventually the domestic demand in 2013.

Figure I 3 Evolution of current account deficit and budget deficit



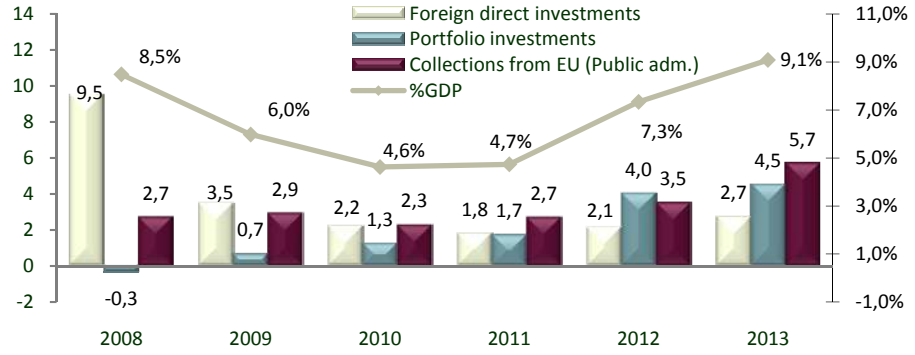
Source: NBR, NIS, FSA calculations

In 2013, the private sector showed an excess, in particular due to the low investment. This situation occurred also between 2009 and 2010 due to the difficult access to external financing, reduction in imports and investment.

1.5. Foreign Capital Inflows

A boost for the investment component of the domestic demand could be given as a result of foreign capital inflows in the last two years and by strengthening the budgetary allocations for investments from EU funds.

Figure I 4 Non-residents' net capital inflows



Source: NBR, FSA calculations

Foreign direct investment and portfolio investment of non-residents raised by Romania in 2013 totalled EUR 7.2 billion, increasing by 17.5% as compared to the previous period, which shows that foreign partners' confidence in the Romanian economy improved. However, the 2013 foreign inflows were noted less in stimulating the real economy (by investment), and especially in ensuring macroeconomic stability. Public administration's collections from EU (current transfers and capital transfers) doubled as compared to 2011 and, in 2013, reached EUR 5.7 billion, of which EUR 2 billion were found in the revenues of the general consolidated budget.

1.6. Evolution of Government Debt and External Debt

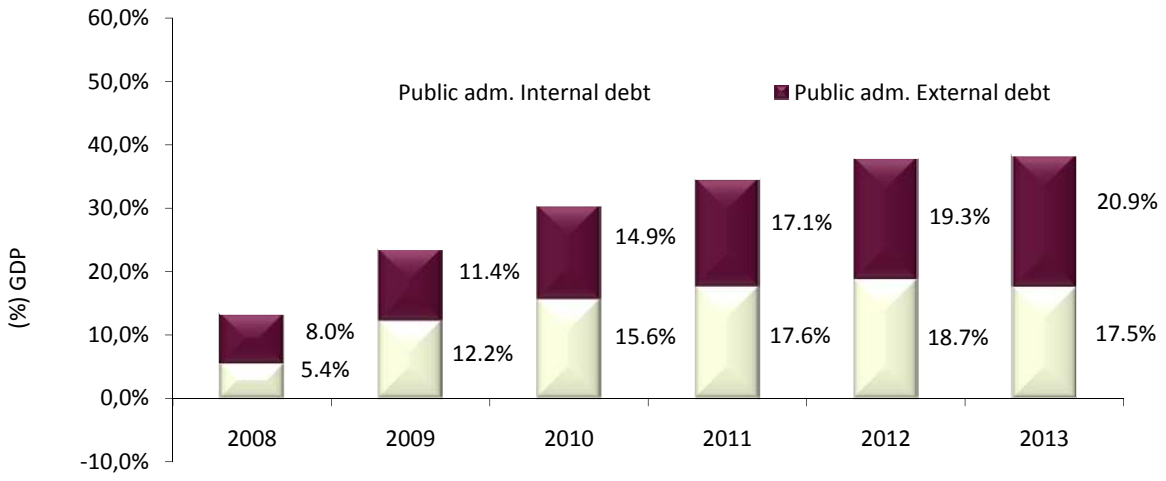
Foreign investment interest in the Romanian capital market will be supported in the medium term also by the stabilization of indebtedness parameters. At the end of December 2013, the government debt (EU methodology) was 38.4% of GDP (below the 60% ceiling set by the Maastricht Treaty), a low share as compared to other EU states. The share of government debt in GDP nearly tripled as compared with 2008, being financed externally by more than 50%.

Table I 3 Evolution of government debt in EU

	2009	2010	2011	2012	2013
UE-28	74.4	79.9	82.4	85.2	87.1
Euro area	80.0	85.5	87.4	90.7	92.6
Romania	**23.6**	**30.5**	**34.7**	**38.0**	**38.4**
Bulgaria	14.6	16.2	16.3	18.4	18.9
Hungary	79.8	82.2	82.1	79.8	79.2
Poland	50.9	54.9	56.2	55.6	57.0
Czech Republic	34.6	38.4	41.4	46.2	46.0
Germany	74.6	82.5	80.0	81.0	78.4
France	79.2	82.7	86.2	90.6	93.5
Spain	54.0	61.7	70.5	86.0	93.9
Italia	116.4	119.3	120.7	127.0	132.6

Source: Eurostat

Figure I 5 Evolution of government debt

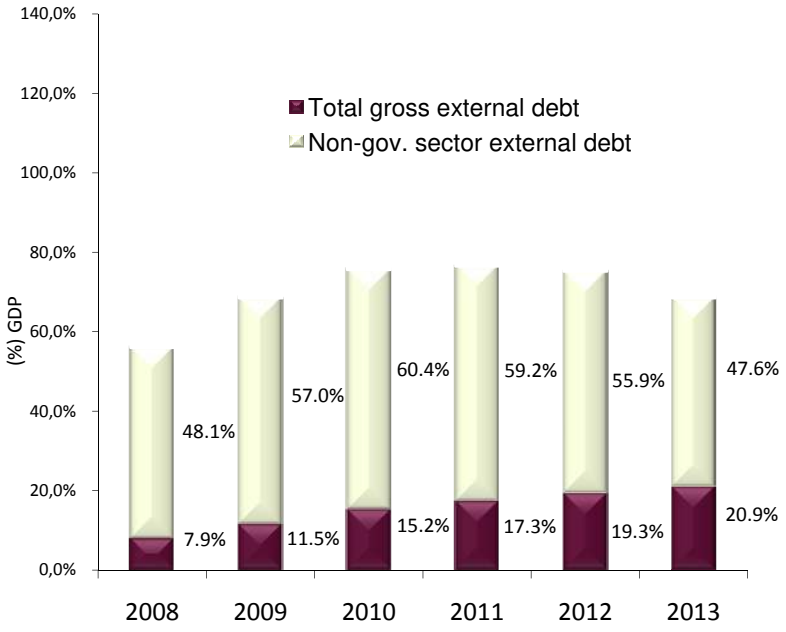


Source: MFP, FSA calculations

The credibility of the macroeconomic adjustment policies supported by the IMF, EU and World Bank, increased the interest of non-resident investors in Romanian government bonds starting from 2011, proved by significant inflows of portfolio investment. Government bonds in the medium and long term have become a significant component of direct external public debt, evolving from 2.4% of GDP in 2010 to 9.6% of GDP at the end of December 2013. For the period between 2014 and 2017 it is estimated that the share of government debt in GDP shall not exceed 40%, given public deficits up to 2.0% (EU methodology) and an average annual economic growth of 2.8% (2014-2017 Convergence Program).

The external government debt accumulation had a significant impact on the increase in total external debt of Romania with 12.5 percentage points of GDP at the end of 2013 as compared to 2008.

Figure I 6 Evolution of external debt



In the case of the non-governmenta sector, the share of external debt ir GDP returned in 2013 to the level of 2008, as a result of repayments of loans to international financia institutions in recent years and of the improvement of the saving behaviour.

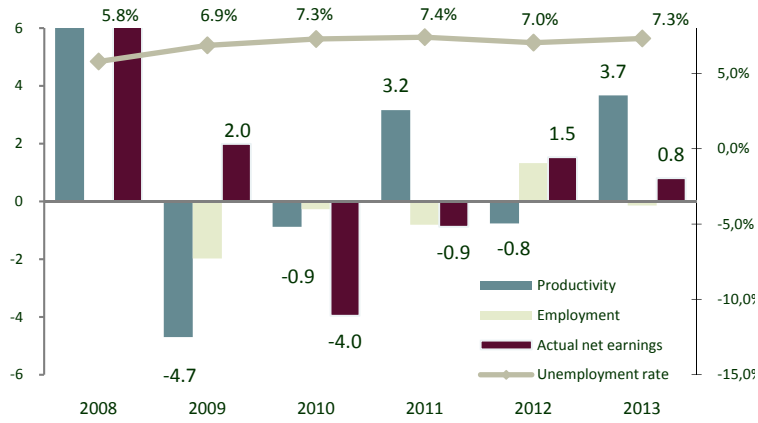
Source: NBR, FSA calculations

1.7. Productivity, Unemployment and Earnings

Unsustainable growth in the period of economic boom as a result of the economy's overheating through the excess of domestic demand, deepening of deficits, speculative inflows of external capital was emphasized through the fact that the productivity pace was exceeded by that of earnings. The impact of the economic crisis was felt in 2009 more on competitiveness than on revenues through the reduction by 4.7% in labour productivity and growth in real earnings by 2%, which continued in 2010 by adjustment of the declining purchasing power by 4%.

Figure I 7 Dynamics of productivity, occupation and actual earnings

Productivity growth superior to the growth in the real average salary in 2011 and 2013 was largely the result of the positive circumstantial evolution in the agricultural sector and, to a lesser extent, due to the decisions of the business environment. Productivity-related performance did not lead to an improvement matching the indicators of standards of living.



Source: Eurostat, FSA calculations

In 2013, the unemployment rate returned to a level of 7.3%, given the slight variation in the total number of employees, including those in the hidden economy (surplus of 29 thousand employees in 2013 as compared to 78 thousand in 2012) and the deterioration of the purchasing power (0.8%) of employees in the private sector. The growth in the average purchasing power of the population at a pace lower than that of the previous year (+0.8% as compared to +1.5%) was made possible by the indexation of salaries in the public sector. Budgetary employees' real average salaries increased significantly by 7.4% in 2013.

Table I 4 Population and number of employees

(thousand persons)	2008	2009	2010	2011	2012	2013
Total population*	20,537.9	20,367.4	20,246.8	20,147.7	20,096.0	20,020.1
Employed population	9,664.2	9,520.6	9,488	9,364.7	9,482.8	9,432.2
Number of employees	6,705.6	6,474.5	6,296.9	6,366.1	6,444.2	6,473.3

Source: Eurostat (ESA methodology)

** For 2008-2011, the stable population measured as at 1 July, and for 2012-2013, as at 1 January*

The low rate of growth in salaries influenced the activity of the services sector, of which the most affected were trade, transportation and financial services.

1.8. Inflation and Exchange Rate

The annual inflation rate in December 2013 as compared to December 2012 reached the minimum 1.55%, being determined also by the basic effect of rising prices in September 2012. Factors such as the appreciation of the national currency, the reduction in the prices of imported goods and the persistence of the deficit from the first 9 months of 2013 influenced the reduction of annual inflation. In the case of food goods, a phenomenon of deflation (-1.8%) occurred as compared to December of the previous year.

Table I 5 Evolution of inflation and exchange rate

(%)	2008	2009	2010	2011	2012	2013
Evolution of consumption prices (end of year)	6.30	4.74	7.96	3.14	4.95	1.55
Evolution of consumption prices (annual average)	7.85	5.59	6.09	5.79	3.33	3.98
GDP deflation evolution	15.25	4.22	5.72	4.00	4.69	3.48
Evolution of industrial production prices (annual average)	15.30	1.87	6.34	7.10	5.42	2.09
Exchange rate (EUR - RON) (annual average)	3.68	4.24	4.21	4.24	4.46	4.42
Evolution of real earnings (%)	16.5	-1.6	-3.7	-1.8	1.0	0.8

Source: NBR, NIS, NPC (spring prognosis), FSA calculations

The annual average inflation was 3.98% exceeding the level recorded in 2012 (3.33%) The rate of growth in the GDP deflator in 2013 (3.48%) was below the level recorded in the previous year (4.69%) due to the influence of the industrial production prices which reduced the pace of growth from 2.09% (as compared to 5.42% in 2012).

1.9. European Economic Context

Starting with the second quarter of 2013, the real GDP (seasonally adjusted) in the Euro area evolved on a moderate upward trend with 0.2%-0.3% each quarter over the preceding period, and the majority of European states came out of the recession. The growth over the EU average in developed economies, such as Germany and the United Kingdom, but also in emerging economies, such as Poland, Hungary, Romania, was noted. The other developed economies such as Spain and Italy came out of recession later and, together with France, evolved on a nearly stationary trend, due to financial difficulties caused by the high level of budgetary deficit and government debt.

Low inflation allowed ECB to ease monetary policy even further causing the reduction of the nominal interest rates in the Euro area. In the case of Romania, NBR reduced the interest rate monetary policy to 3.5% in February 2014, to re-launch the crediting of the private sector in the medium term.

The unemployment rate remains high in the EU (10.7%), with very large differences among Member States. Of the developed states, Germany (5.2%) and Great Britain (7.1%) recorded low values of unemployment (between June 2013 and April 2014), followed by France (10.3%) and Italy (12.5%) to position themselves around the Euro area average (11.9 percent). At the opposite pole were Spain (25.7%) and Greece (27.2 %). Lower unemployment than the EU average was recorded in Austria (4.9%), the Czech Republic (6.7%), Romania (7.3%), and Belgium (8.5%).

2. DIMENSION OF NON-BANKING FINANCIAL MARKETS

The three sectors supervised by FSA, insurance, capital market and private pensions, have had divergent developments during the period covered from the initiation of the financial crisis. Even within the same sector, some of them had very different dynamics.

Market capitalization and daily average liquidity of transactions dropped significantly during the crisis, and subsequently made only a partial recovery due in part to new listings. However, the net assets of open-end investment funds (subcomponent of the capital market) have seen spectacular growth in this period (+286% between 2009 and 2013, reaching, at its end, at about 13 billion lei[2]), mainly as a result of the rise of fixed-income instruments funds administered by major banking groups on the Romanian market.

The private pension funds sector has shown a consistent and stable positive trend in the past 5-6 years, due to both the gradual accumulation of new contributions and to the growth in their share from 3.5% to 4% of participants' income, and also to prudent investments made by administrators mainly in fixed-income instruments which led to the net capital accumulations per year.

The 2013 year was positive for capital market ratios and for private pension funds market ratios, both in terms of market size and performance. Stock exchange capitalization and assets of undertakings for collective investment increased significantly, new issuers were listed, stock exchange indices recorded significant appreciations, and the profitability ratios of investment and pensions funds were higher than inflation.

At the opposite pole lies the insurance and reinsurance market, whose size (measured by the value of gross written premiums) declined both in nominal terms and in real terms over the period between 2008 and 2013. Throughout 2012, the evolution in real terms of insurance and reinsurance market was positive, but insignificant. After this stabilization, 2013 brought a new downward trend (-1.6% in nominal terms and -5.37% in real terms).

The various developments outlined above are natural considering that some sectors are more influenced by the events and trends of external financial markets, others have a greater dependence on the standards of living, consumers' financial culture and confidence towards the proper functioning of market mechanisms, and by the fact that some financial products regulated and supervised by FSA are compulsory and others are optional.

The insurance market, the capital market and the private pensions market, both individually and cumulatively, still have a reduced dimension by reference to the size of the national economy, being significantly less developed as compared to the banking market. In terms of social impact, the private pension funds market is currently the most important of the three markets supervised by FSA. The private pension funds market included, at the end of 2013, 6.04 million participants in Pillar II and approximately 0.31 million participants in Pillar III. In recent years, the total assets of the undertakings for collective investment regulated on the capital market exceeded the total assets of insurance undertakings. However, the insurance market remains more powerfully interconnected with the economy.

[2] Source: FSA data for 2013, and AFA data for the period between 2009 and 2012.

2.1. Insurance Penetration Degree (GWP/GDP)

Beyond the fact that Romania ranks last among the countries of the European Union with regard to the insurance penetration degree[3], such indicator had a declining trend during the period between 2008 and 2011. This downward trend was, however, common to several European states, being equally the result of domestic economic environment and international financial situation.

In 2012 the insurance penetration degree stagnated around 1.41%, while in 2013 there was again a decrease to 1.29%.

Table I 6 Insurance penetration degree in GDP (%)

Symbol	insurance penetration degree in GDP (%)	2008	2009	2010	2011	2012
AT	Austria	5.73	5.94	5.87	5.50	5.30
BE	Belgium	8.45	8.35	8.32	7.95	8.59
BG	Bulgaria	2.58	2.43	2.28	2.11	2.03
CH	Switzerland	9.37	9.67	9.62	9.55	9.63
CY	Cyprus	4.50	4.83	4.85	4.80	4.72
CZ	Czech Republic	3.37	3.61	3.89	3.83	3.79
DE	Germany	6.65	7.22	7.17	6.82	6.81
DK	Denmark	8.72	9.12	8.85	9.33	8.60
EE	Estonia	2.01	2.20	2.06	1.75	1.70
ES	Spain	5.45	5.85	5.38	5.69	5.45
FI	Finland	8.52	9.39	10.42	9.61	10.32
FR	France	9.48	10.59	10.70	9.47	8.89
GR	Greece	2.18	2.33	2.36	2.34	2.23
HR	Croatia	2.82	2.86	2.86	2.78	2.75
HU	Hungary	3.35	3.24	3.18	2.97	2.74
IE	Ireland	7.45	7.68	8.05	6.99	6.47
IS	Island	2.71	2.72	2.77	2.72	2.75
IT	Italia	5.84	7.75	8.10	6.98	6.71
LU	Luxembourg	4.56	4.60	4.85	3.89	4.43
LV	Latvia	2.08	1.70	1.48	0.94	0.93
MT	Malta	4.60	4.77	5.03	4.59	3.86
NL	The Netherlands	13.21	13.55	13.27	13.15	12.54
NO	Norway	4.08	4.34	4.34	4.31	4.49
PL	Poland	4.63	3.82	3.82	3.71	3.88
PT	Portugal	8.91	8.61	9.45	6.82	6.61
RO	**Romania**	1.74	1.77	1.59	1.40	1.41
SE	Sweden	7.50	8.03	8.13	7.63	6.37
SI	Slovenia	5.42	5.84	5.90	5.60	5.72
SK	Slovakia	3.15	3.23	3.03	2.92	2.97
TR	Turkey	1.21	1.29	1.28	1.32	1.40
UK	Great Britain	13.48	12.90	11.95	12.05	12.51

Source: InsuranceEurope, Eurostat

[3] calculated as ratio between the value of the gross written premiums (cumulated for the life and non-life insurance) and the gross domestic product

2.2. Insurance Density

Romania has one of the lowest values of insurance density[4] in the European Union. As in the case of the insurance penetration degree, a negative development was established for the period 2008-2012, not only for Romania, but also for most Member states. Table I 7 reveals that Romania is the only country for which in 2012 the gross written premiums were, on average, less than EUR 100/*per capita*. In 2013, the value of such indicator dropped to EUR 91.83/*per capita*[5]. The standards of living below the EU average, the effects of the economic crisis on consumer behaviour of individuals and on the strategies of economic agents, as well as the insufficient financial culture are factors that contribute to a low level of expenditure allocated to the budgets of firms and households to ensure against risks, in addition to those required by law.

Table I 7 Insurance density (EUR/*per capita*)

Symbol	Insurance density (EUR/*per capita*)	2008	2009	2010	2011	2012
AT	Austria	1948.4	1967.9	2002.5	1961.3	1932.5
BE	Belgium	2734.5	2635.7	2720.9	2674.0	2921.1
BG	Bulgaria	120.0	112.0	109.0	110.6	110.9
CH	Switzerland	4348.5	4551.7	5124.0	5758.0	5966.1
CY	Cyprus	982.2	1008.2	1018.0	1009.5	967.7
CZ	Czech Republic	498.2	489.0	553.8	567.6	550.8
DE	Germany	2003.6	2093.6	2187.5	2177.6	2216.7
DK	Denmark	3731.9	3691.8	3771.5	4028.8	3771.8
EE	Estonia	243.3	229.2	221.0	211.4	221.5
ES	Spain	1299.9	1332.4	1222.1	1291.4	1214.3
FI	Finland	2975.9	3030.8	3473.7	3367.5	3667.2
FR	France	2856.5	3097.2	3199.4	2910.9	2761.6
GR	Greece	454.6	480.4	469.5	439.2	389.4
HR	Croatia	311.0	297.7	295.2	287.0	281.5
HU	Hungary	352.7	295.6	306.4	294.7	267.6
IE	Ireland	2987.4	2747.2	2790.5	2483.0	2309.9
IS	Island	873.6	739.9	827.3	861.1	907.4
IT	Italia	1538.0	1957.1	2078.6	1815.2	1726.0
LU	Luxembourg	3483.2	3283.8	3753.7	3124.8	3578.6
LV	Latvia	218.6	147.0	127.1	92.7	101.8
MT	Malta	670.6	689.0	783.0	738.2	633.6
NL	The Netherlands	4775.7	4699.7	4688.0	4717.7	4485.9
NO	Norway	2665.4	2454.2	2819.4	3072.9	3484.5
PL	Poland	441.3	311.0	352.0	356.6	384.5
PT	Portugal	1442.8	1365.2	1536.1	1098.6	1031.4
RO	**Romania**	**118.2**	**102.7**	**97.4**	**91.6**	**92.1**
SE	Sweden	2712.6	2525.9	3032.0	3114.3	2729.9
SI	Slovenia	998.5	1013.9	1022.1	986.5	981.6
SK	Slovakia	375.7	374.1	367.2	373.3	391.2
TR	Turkey	85.1	78.8	96.7	99.3	n.a.
UK	Great Britain	4032.2	3322.4	3323.2	3402.4	3794.1

Source: Insurance Europe, Eurostat

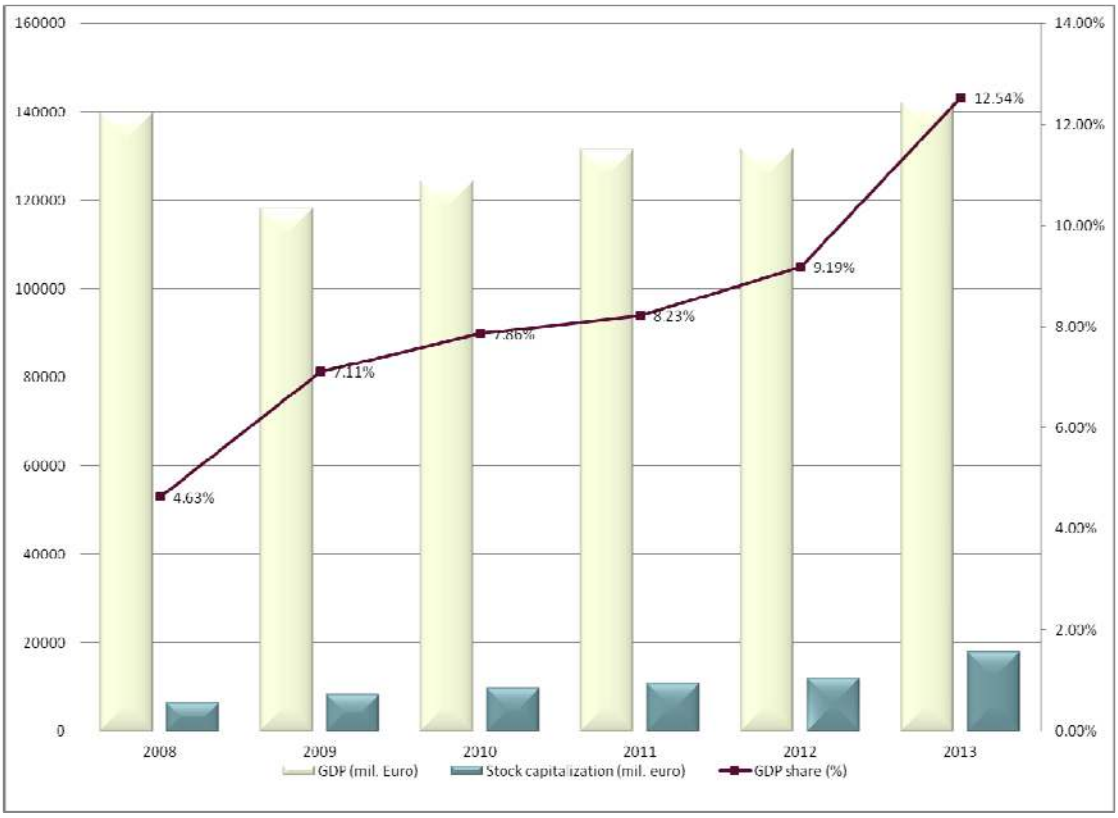
[4] Calculated as ratio between the EUR value of the gross written premiums and size of the total population

[5] The value of the gross written premiums was 405.82 lei *per capita* at an average exchange rate of EUR/RON 4.4190 calculated by NBR for 2013.

2.3. Stock Exchange Capitalization Share in GDP

2013 brought two new major listings, Nuclearelectrica and Romgaz, which fact led to a significant growth of Bucharest Stock Exchange capitalization and boosted trading liquidity on this market in the last months of the year. As a result, the stock exchange capitalization in GDP grew to 12.54%, the highest level over the past 6 years.

Figure I 8 Evolution of total capitalization of local undertakings traded on the Bucharest Stock Exchange

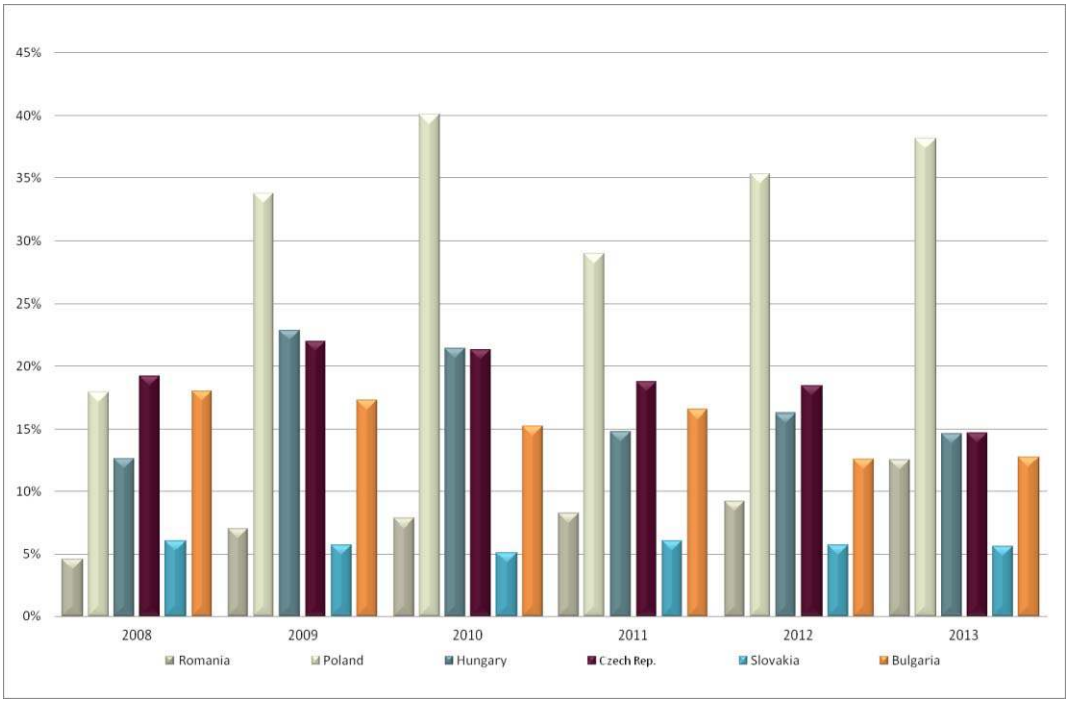


Source: Eurostat, FSA calculations

The new listings and the positive evolution of local indexes (whose profitability ratios in 2013 were one of the largest in Europe) brought Romania to a ratio between the size of the markets regulated by shares and the overall economy level close to that recorded by the majority of the neighbouring countries, except for Poland, which remains one of the regional leaders hardly equalled in this field.

At the same time, they also improved the capitalization structure, reducing the share of financial undertakings in the key market indices and creating more opportunities for portfolio diversification. However, Romania's major economic sectors, such as construction and building materials, automotive industry, telecommunications and information technology, food industry, health care services, trade and agriculture are still under-represented on the capital market.

Figure I 9 Evolution of market capitalization/GDP for Romania and neighbouring countries



Source: Eurostat, FSA calculations

2.4. GDP Share of the Assets of Undertakings for Collective Investment and Insurance Undertakings

The evolution of the total assets of the undertakings for collective investment and insurance undertakings in relation to the size of the national economy indicates that, while the insurance sector stagnated, the importance of pension funds increased. For these, the ratio between the total assets managed and GDP grew more than four times during 2009-2013, in particular as a result of new monthly contributions and the large number of participants.

The evolution of the undertakings for collective investment (UCI) during the period 2009-2013 was positive, mainly due to the fact that, in 2010, Fondul Proprietatea was included in this class. Throughout 2013, the nominal growth in the total assets managed by UCI was 13.7% and was largely due to the new capital subscribed by investors to open-end investment funds (+42.9%, especially in the fixed-income instruments segment). At the same time, the SIF assets increased in 2013, but at a smaller scale (+6.55), while Fondul Proprietatea assets decreased slightly (-0.8%). In both cases, the explanation for less favourable evolutions refers to the closed-end nature of the two types of entities[6] and of significant dividends that were distributed during the year 2013.

Table I 8 Total assets as share of GDP

	2009	2010	2011	2012	2013
Insurance undertakings	3.27%	3.21%	3.10%	3.23%	2.92%
Pension funds	0.52%	0.89%	1.23%	1.75%	2.35%
Undertakings for collective investment	2.24%	5.43%	5.08%	4.38%	5.70%

Source: NIS, FSA

[6] Unlike open-end investment funds where investors may continuously carry out subscriptions and withdrawing, closed-end investment funds and investment undertakings do not receive additional capital from investors other than in special situations (e.g. capital increases).

2.5. Share of Government Securities Held by the Entities Supervised by FSA in Total Government Debt

Investments in government securities have always had a significant share in the investment portfolios of all entities regulated and supervised by FSA on the three non-banking financial markets.

At the end of 2013 they had about 15% of the internal government debt, being an important and stable financing source of the public budget deficit. In addition to government securities, undertakings for collective investment also had important holdings of municipal bonds.

Table I 9 Contribution of the entities supervised by FSA upon financing the government debt (ESA95 Methodology) in 2013

Types of entities	Total government debt (%)	Internal government debt (%)
Insurance undertakings	1.89%	4.16%
Pension funds	3.47%	7.63%
Undertakings for collective investment	1.33%	2.92%
Total	6.69%	14.71%

Source: FSA

2.6. Share of Banking Investments Held by the Entities Supervised by FSA in Total Deposits

With regard to banking investments, the importance of the entities supervised by FSA is reduced. The aggregate values of deposits and current accounts held by insurance undertakings, pension funds and undertakings for collective investment represent only approximately 2.21% of the total deposits in Romanian banks as at 31 December 2013. Within them, more than half belong to open-end investment funds. In general, holdings at banks are used by entities in the capital market, private pensions sector and insurance market, as short-term management instruments of the liquidity reserve[7].

2.7. Number of Participants in the Financial Markets Supervised by FSA

According to the data centralized by FSA, on 31.12.2013, insurance undertakings held a total of number of 16,168,668 insurance contracts in force, of which 4,539,654 life insurance contracts, 2,464,186 voluntary home insurance contracts and 736,318 compulsory home insurance contracts.

In December 2013, private pension funds within Pillar II (mandatory) had a number of 6,039,261 participants and those in Pillar III (voluntary) 313,348 participants.

According to AFA[8] data, at the end of 2013, the aggregate number of investors in open-end investment funds was 271,866, of which 262,034 natural persons.

The above data show that financial products and activities supervised by FSA in the three sectors have a direct influence on a large part of Romanian society, even though the share of these activities in the national economy is low as compared to other fields, such as banking.

[7] More than half of the total value of deposits formed by the entities of the non-bank financial sectors had in 2013 maturity dates less than 6 months. Investments in deposits are generally perceived as being more risky than those in state securities and the yield curve on deposits was flattened in the past year.

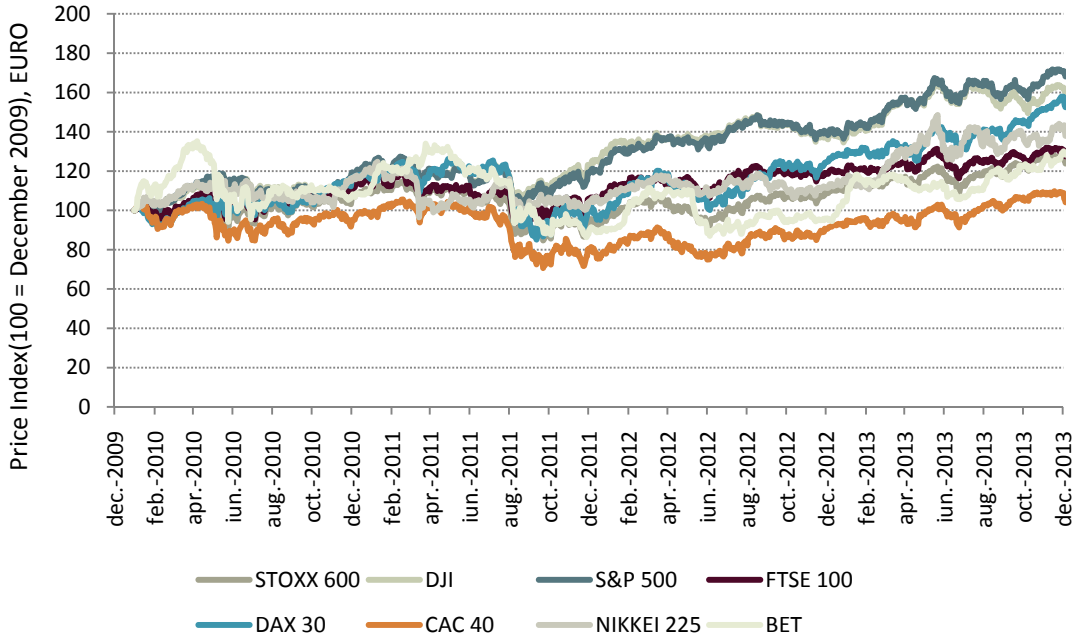
[8] Association of Fund Administrators of Romania.

3. INFLUENCE OF INTERNATIONAL CONTEXT ON THE MARKETS SUPERVISED BY FSA

Starting with the second half of 2010, the indices of the main international stock exchanges had a major upward trend, during which corrections were small and short as duration. Relaxed monetary policies (especially in terms of quantitative stimuli used) of the main central banks and the attractive level (as compared to the historic average) of multiples of price[9] in the first part of the period referred to were the main factors in the growth in prices of stock assets.

In May 2013, the first clear indications appeared as to the intention of the Federal Reserve Bank (FED) of the United States of America to initiate the transition to a regime of less stimulating monetary policy. The first step of the transition was a gradual reduction in the size of the monthly programs of asset purchase (reduction of quantitative stimuli). Figure I 10 and Figure I 11 show that markets, regardless of the degree of development or type of instruments traded, have reacted to this event. Later, FED rhetoric continued in the same direction, but was much nuanced, making it obvious that the speed with which stimuli will be withdrawn will also take into account the reaction of the markets and the economy and that a growth in interest rates of monetary policy is not expected in the short term. This may explain the fact that the markets reacted differently and, in many cases, corrections were of short duration and low amplitude.

Figure I 10 Evolution of key international stock market indexes between 2009 and 2013



Source: Thomson Reuters Datastream

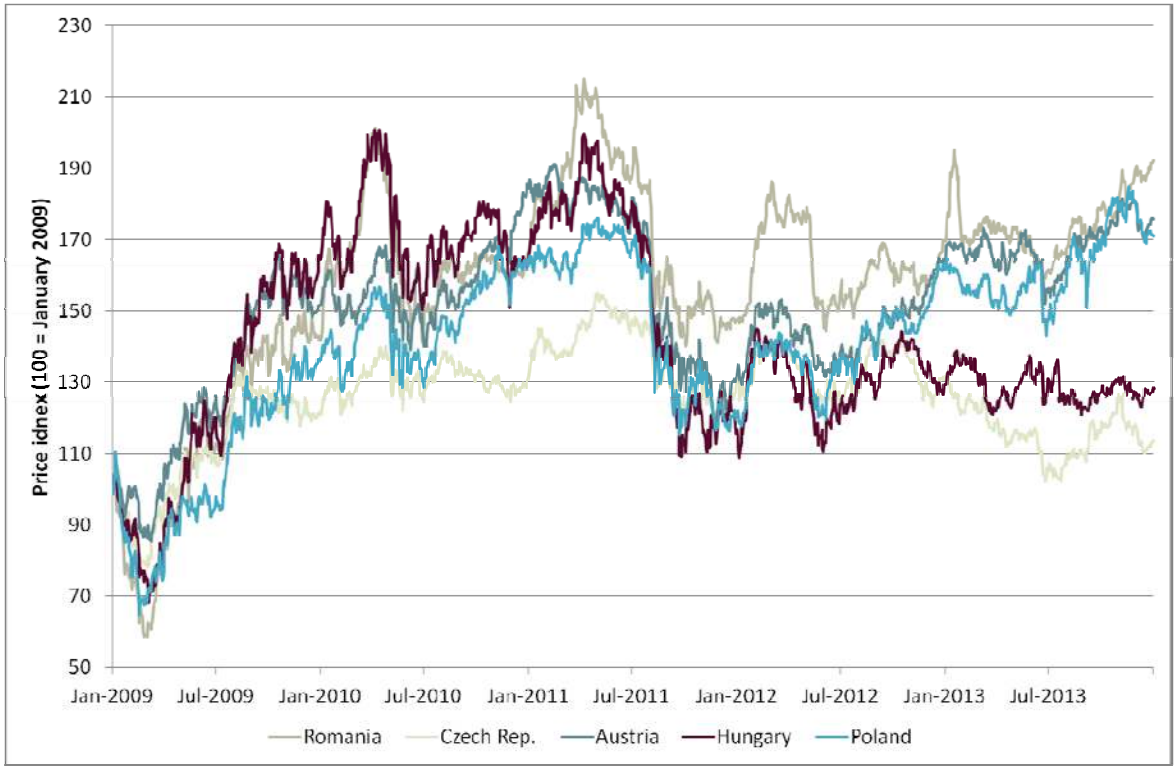
[9]The ratio between the current market price and the profit per share estimated for the next 12 months ("forward P/E ratio"), the ratio between the current market price and the net asset value per share ("P/B ratio") and the ratio between the market value of the undertakings' assets and gross operating surplus estimated to be generated by it ("enterprise value/EBITDA ratio").

The withdrawal trend of speculative capital from emerging markets was noted within the first six months of 2013. The reaction was different and linked to the regime of capital flows, to the depth of financial markets and, to a lesser extent, to the countries' economic fundamentals.

Capital withdrawn from some emerging markets considered more vulnerable were directed towards mature markets of shares (which sustained their positive direction also in the second part of 2013, leading in some cases to revisiting their historic maximum before the crisis), but also to emerging markets shares and government bonds considered more robust (some of them at the periphery of the Euro area). They caused a positive direction of stock exchanges, increase of correlations between indices of developed capital markets and reduction of correlations among emerging markets themselves and in relation to mature markets.

In the evolution of the general index of the stock market of Romania, in 2013, a slight reduction during the first part of the year was felt, which can be seen as a reaction to the accelerated growth at the end of 2012.

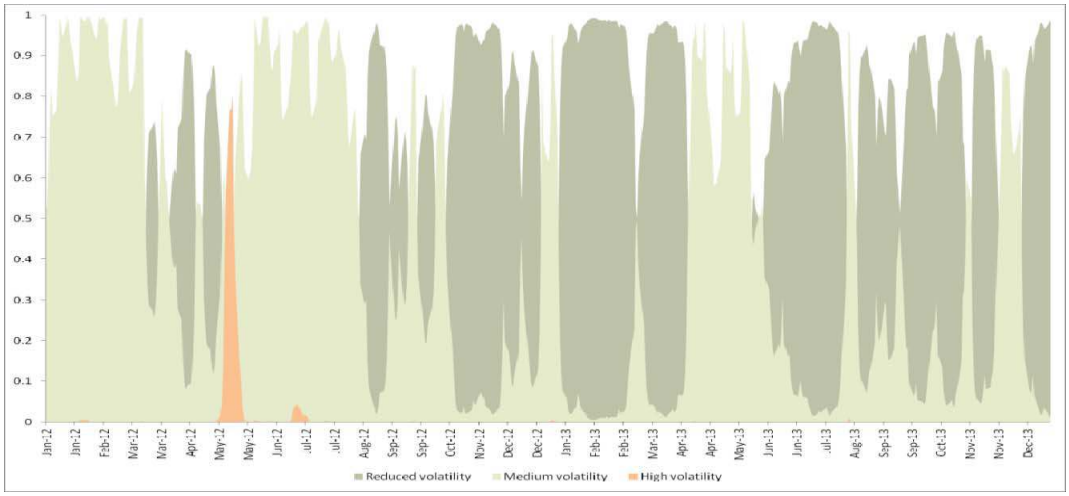
Figure I 11 Long term evolution of key regional stock market indexes (Central and Eastern Europe)



Source: Thomson Reuters Datastream

The qualitative nature conclusions above are also supported by the quantitative study of the evolution of the Romanian stock market index volatility. Figure I 12 shows that during the most part of 2013, the Romanian stock exchange was characterized by a low volatility regime. The only notable exception was April-July when volatility increased moderately, and the market changed to a medium volatility regime. This period, when the Romanian stock exchange's volatility was higher, overlaps the periods of correction of most of the mature and emerging markets and coincides with the moment of change of rhetoric of FED.

Figure I 12 Regimes of volatility of BET index between 2012 and 2013[10]

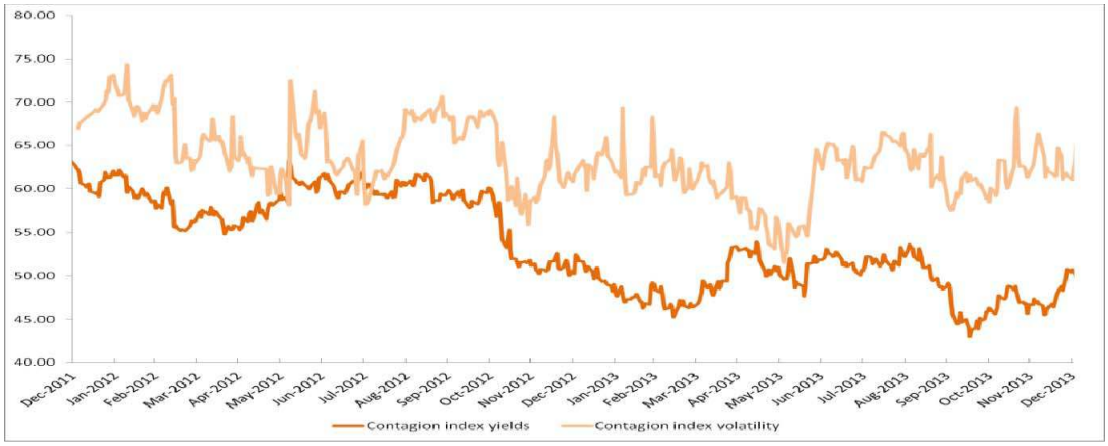


Source: BSE, FSA calculations

The first actual decision to reduce quantitative stimuli was announced by FED after the monetary policy meeting of 18 December 2013. From that meeting and continuing with all meetings during the first part of 2014, FED decided to reduce the monthly value of purchases of assets by 10 billion dollars.

Figure I 12 Regimes of volatility of BET index between 2012 and 2013 indicate that the Romanian market reacted to this external stimulus, volatility increased again during December, but only for a very short period of a few days. The explanation for the reaction of small amplitude and of a shorter duration than that of May 2013 is related to the fact that, in December, anticipations were already strongly anchored as a result of the intense and effective communication that FED has taken on various channels in the second part of the year.

Figure I 13 Dynamics of contagion indexes in yields and volatility[11]



Source: Thomson Reuters Datastream, FSA calculations

[10] The calculation methodology used is adjusted after "State-space models with regime switching: conventional and Gibbs sampling approaches-with applications" (Kim, C.J. and Nelson, C.R., 2000). Markov-Switching model for the BET index was Bayesian estimated. The sample used contains daily data during January 2012 and December 2013.

[11] The calculation methodology used is "Measuring Financial Asset Return and Volatility Spillovers with Application to Global Equity Markets" (Diebold, F. X. and Yilmaz, K., 2009). The index is formed of 10 stock exchange indices based on a Vector Autoregressive model (VAR) with 10 forecast steps for a 75-day estimation window by summing up the error of the variance of index forecast. The variables of the VAR model are equity indices Datastream for the United States of America, Great Britain, Germany, PIIGS countries (Portugal, Italy, Ireland, Greece, Spain), Austria, Romania, Hungary, the Czech Republic, Poland and Bulgaria. The sample used contains daily data during the period December 2011 and December 2013.

During periods of high volatility, relationships among markets become stronger, and the contagion phenomenon becomes more acute, and evolutions tend to synchronize more than during periods of low volatility. These features of the behaviour of capital markets are confirmed by Figure I 13 showing that the contagion indexes in yields and volatility between the Romanian stock exchange indexes and those of other regional and international markets experienced significant growth during the period April to July 2013 and November-December 2013.

Figure I 14 (left) shows, from a quantitative perspective, that about 68% of the Romanian stock exchange yield in 2013 is the result of both internal factors (evolution of economy, of undertakings, investors' behaviour, etc.), while the remaining 32% being the influence received from other markets. It is very interesting to note that the external influence on the Romanian stock exchange yield came almost exclusively from mature markets (US 9.3%, UK 13.3%, GER 4.2 percent). Basically, contagion with the emerging markets and frontier markets did not exist for the Romanian market in 2013.

A similar conclusion may be drawn also with regard to the volatility of the Romanian stock exchange in 2013. Figure I 14 shows that the volatility of the composite index of the BSE Datastream was 62% due to certain internal factors and only 38% to the contagion from other markets. The major source of contagion in 2013 have been the indexes of developed stock exchanges. The Romanian market volatility was hardly influenced by the volatility of the emerging and frontier stock exchanges in its neighbourhood.

Figure I 14 Dynamics of contagion indexes in yields and volatility (by countries)

	USA	Great Britain	Germany	GIIPS	Austria	Romania	Hungary	Czech Rep.	Polond	Bulgaria
USA	96.6	1.6	0.2	0.0	0.1	1.0	0.0	0.1	0.4	0.1
Great Britain	37.2	60.9	0.1	0.1	0.2	0.1	0.2	0.0	1.3	0.0
Germany	35.5	28.7	34.3	0.2	0.0	0.3	0.1	0.1	0.6	0.2
GIIPS	19.5	33.6	16.8	29.2	0.0	0.2	0.1	0.0	0.4	0.1
Austria	20.9	29.0	13.8	6.1	29.0	0.2	0.6	0.2	0.3	0.1
Romania	9.3	13.3	4.2	1.5	2.7	67.7	0.2	0.2	0.5	0.3
Hungary	9.5	20.7	10.4	4.2	2.6	2.8	48.9	0.1	0.5	0.3
Czech Rep.	6.4	13.3	6.3	3.1	1.8	2.4	4.4	60.3	1.4	0.6
Polond	12.7	25.9	10.6	3.0	1.6	2.6	5.7	2.2	35.5	0.1
Bulgaria	3.1	0.7	0.8	0.6	0.9	0.9	0.6	0.1	0.1	92.2

Contrib. to yields of other indexes

Contrib. to yields of other indexes

	USA	Great Britain	Germany	GIIPS	Austria	Romania	Hungary	Czech Rep.	Polond	Bulgaria
USA	91.1	0.4	0.6	0.4	1.4	4.2	1.1	0.0	0.8	0.0
Great Britain	24.7	71.2	0.5	0.2	1.4	1.4	0.2	0.1	0.2	0.2
Germany	33.5	22.4	41.5	0.1	1.9	0.2	0.1	0.2	0.0	0.1
GIIPS	8.9	36.6	4.7	48.8	0.0	0.0	0.1	0.0	0.6	0.2
Austria	17.3	32.4	8.6	8.0	32.2	0.0	0.4	0.9	0.3	0.0
Romania	8.7	17.0	0.8	6.0	4.0	62.2	0.9	0.1	0.3	0.0
Hungary	8.4	28.8	0.6	14.3	4.8	3.3	39.3	0.2	0.2	0.0
Czech Rep.	8.6	18.5	2.8	1.0	6.0	5.0	1.4	55.7	1.0	0.0
Polond	14.8	31.3	3.5	2.8	2.2	3.4	5.6	3.0	33.2	0.3
Bulgaria	0.3	0.3	0.0	0.2	0.0	0.1	0.8	0.0	0.5	97.9

Contrib. to volatility of other indexes

Contrib. to volatility of other indexes

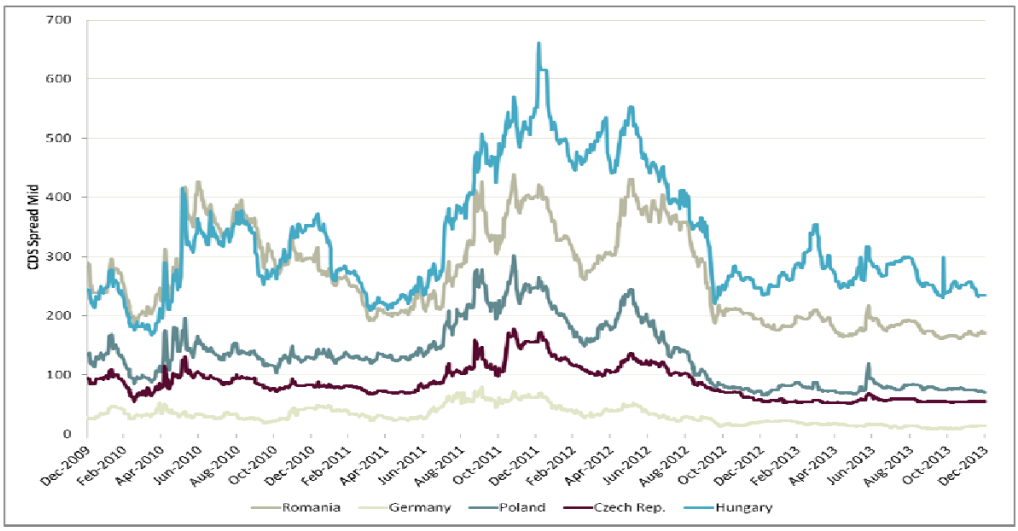
Source: Thomson Reuters Datastream, FSA calculations

The evolution of CDS[12] quotations in dollars for State bonds with a maturity of 5 years shows the same differentiation of the investors' perception for emerging markets, according to their characteristics and vulnerabilities. At the same time,

Figure I 15 shows the same reaction to the events of global monetary policy in May and December 2013. In particular, for Romania, the chart shows a sustained trend of improvement in the perception of investors about the country's macroeconomic risk, CDS rate returning to the level of December 2009, prior to the crisis of sovereign debts.

[12] Credit Default Swap (CDS), a derivative financial instrument, traded in the OTC market in general, whose underlying asset is the bonds issued by a legal entity (public or private), and whereby the issuer of CDS (the seller) undertakes to compensate the holder of CDS (the buyer) if the issuer of the bonds forming the support of CDS fails to pay on time the interest and/or principal for those bonds. The price of CDS is usually expressed in "basis points". A basis point is equivalent to 0.01% of the value of the underlying asset.

Figure I 15 Evolution of Credit Default Swaps quotations between 2009 and 2013

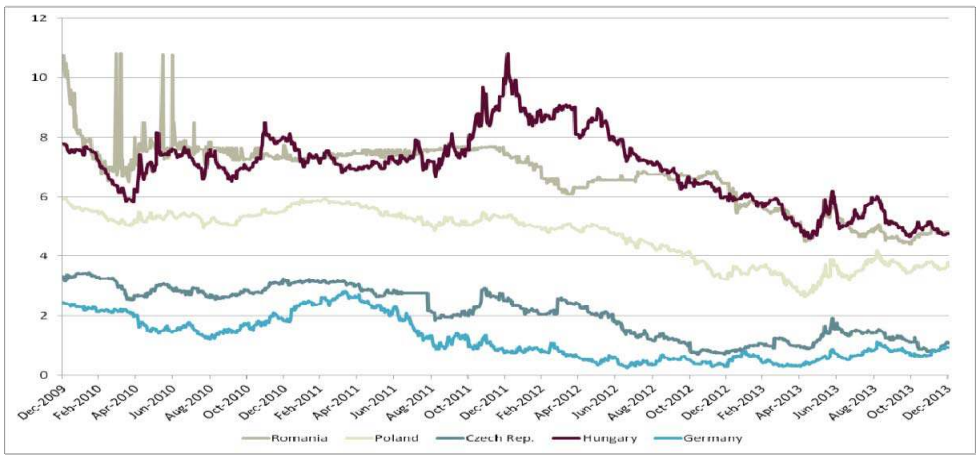


Source: Thomson Reuters Datastream

Figure I 16 shows the evolution of yields to maturity[13] for government bonds for five years issued in Euro on external markets. Although the risk perception of the country risk expressed by CDS quotation is better in the case of Romania than Hungary, the cost at which they borrow had a similar evolution in 2013.

The overall trend in 2013 for the market yields of Romanian government bonds for 5 years in Euro decreased, except for the reaction to the events in May and December 2013, which could be seen in both the stock quotations, as well as in those of CDS, and which is common to all the mature and emerging markets in the area. However, a particularly interesting behaviour may be seen on the government bond market, and not on the stock exchange market and CDSs market: while the yield trend for Germany, the Czech Republic and Poland was slightly upward from the end of 2012 and almost throughout the entire 2013, in the case of Romania and Hungary the trend was rather downward or for consolidation.

Figure I 16 Evolution of government bond yield index for 5 years



Source: Thomson Reuters Datastream

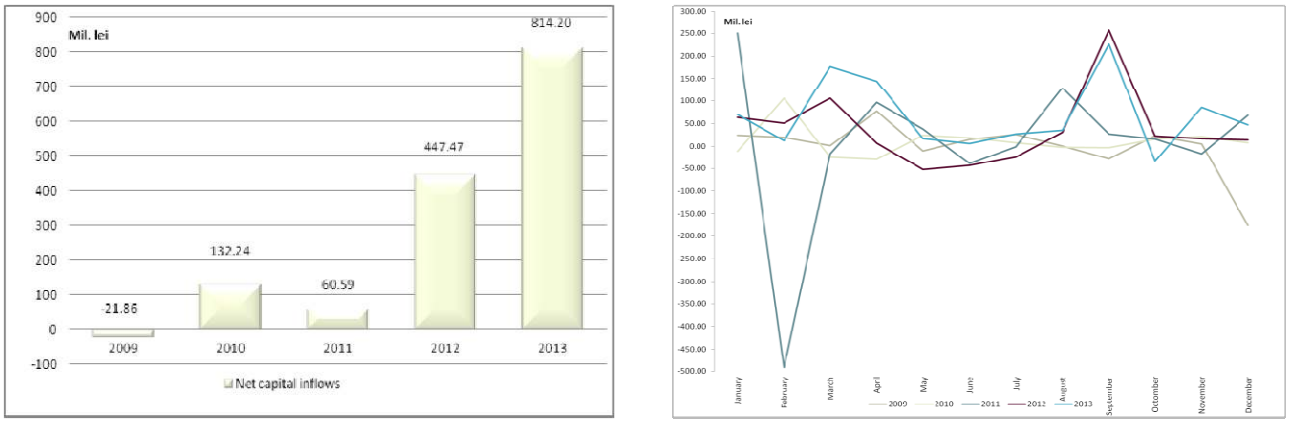
[13] Redemption Yield

3.1. Evolution of Foreign Investments on the Romanian Capital Market

In 2013, foreign capital net inflows on the Romanian capital market increased significantly as compared to the period 2009-2012, which highlighted that foreign investors are interested again in the financial instruments available on the Romanian capital market. This evolution was part of a broader trend, at international level, large investment funds still showing interest in emerging and frontier markets in Europe, even if the FED signals to gradually reduce the asset purchasing program led to reluctance to some emerging markets outside the European continent.

As regards the total gross capital inflows on the market in Romania, they amounted to 2.71 billion in 2013 as compared to 2.04 billion lei in 2012, while the total gross outflows were 1.89 billion lei in 2013 as compared to 1.59 billion lei in 2012. Thus, the net capital flow was 814.2 million lei, almost double by reference to 447.47 million lei in 2012.

Figure I 17 Net foreign investments on the Romanian capital market

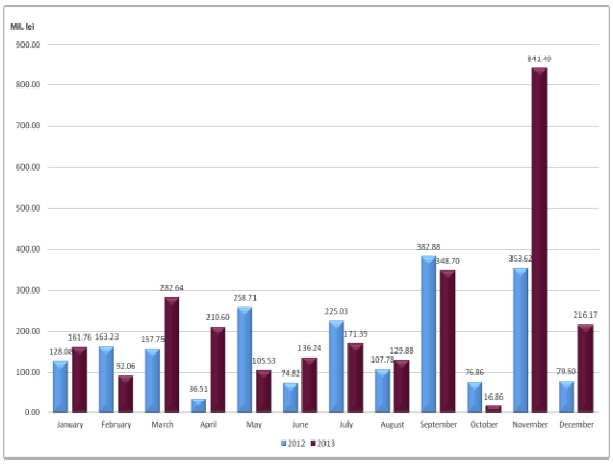


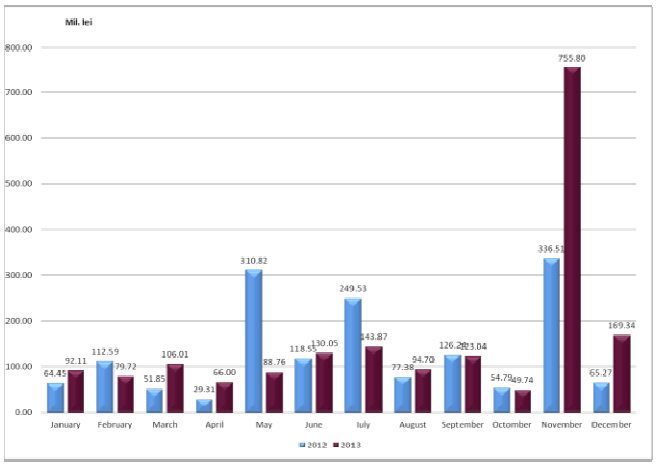
Source: FSA

During the economic crisis, major foreign capital withdrawals were made from the trading accounts held with intermediaries on the Romanian capital market. The net capital inflow in 2009 was negative, and between 2010 and 2011, it remained positive, but at reduced levels. In 2012, net inflows increased significantly exceeding the value corresponding to 2008 (415.28 million lei), and in 2013 was almost double as compared to that of 2008.

In 2013, the monthly average of the volume of foreign capital inflows amounted to 226.11 million lei as compared to 170.4 million lei in 2012, while the monthly average of the volume of external capital net inflows was 67.85 million lei as compared to 37.28 in 2012. The annual average of external capital net inflows between 2009 and 2013 was 286.53 million lei, 131 million lei higher than the annual average of external capital net inflows between 2008 and 2012 (154.61 million lei).

Figure I 18 Dynamics of foreign capital inflows (left) and outflows (right)





Source: FSA

3.2. Stock Purchase and Sale by Non-residents on the Romanian Capital Market

As regards stock purchases, in 2013, resident persons in Great Britain held the highest share, *i.e.* 40.64% of total purchases that exceeded 3.77 billion lei (stocks). As compared to 2012, British residents almost doubled their stock purchases, from 807.91 million lei in 2012 to more than 1,533 billion lei in 2013. Investors from Austria ranked second at stock purchases, with a share of 22.91%, followed by those in the U.S., with a share of 14.24%. The occupants of the first three positions achieved approximately 78% of the total stock purchases carried out by non-residents on the Romanian capital market.

Most sales of shares were made by investors from the same three countries as above. British investors have had a share of 42.69% of all sales. The second position was occupied by Austria (22.09%), while the U.S. investors ranked third with a share of 7.20%.

Table I 10 List of purchases and sales of shares made by non-residents in 2013

No.	PURCHASES			SALES		
	Country	Value (lei)	% of Total	Country	Value (lei)	% of Total
1	Great Britain	1,533,447,519.49	40.64%	Great Britain	1,342,650,192.12	42.69%
2	Austria	864,536,736.39	22.91%	Austria	694,675,380.60	22.09%
3	USA	537,174,665.84	14.24%	USA	226,326,202.93	7.19%
4	Luxembourg	115,350,533.51	3.06%	Cyprus	181,998,038.99	5.79%
5	Greece	112,215,999.65	2.97%	Greece	158,759,247.95	5.05%
6	Estonia	91,791,389.07	2.43%	Luxembourg	105,911,413.04	3.37%
7	Sweden	66,532,682.99	1.76%	Sweden	104,877,525.18	3.33%
8	Cyprus	52,576,564.36	1.39%	Estonia	88,105,386.94	2.80%
9	Slovenia	51,868,030.85	1.38%	Poland	26,658,791.57	0.85%
10	Others	347,836,152.31	9.22%	Others	215,055,284.96	6.84%
	Total	**3,773,330,274.46**	**100.00%**	**Total**	**3,145,017,464.28**	**100.00%**

Source: FSA

Particular interest was expressed for the Class *Mutual funds and other similar financial entities* (over 50% of non-residents' total purchases and sales). The five SIFs and Fondul Proprietatea, issuers that have a significant share in the capitalization and liquidity of Bucharest Stock Exchange, are included in such class.

Non-resident investors also considered attractive areas such as *Other monetary intermediation* (12.09% share in total purchases and 7.74% share in total sales) where the four banks traded on BSE (Erste Bank, BRD-GSG, Banca Transilvania, Banca Comercială Carpatica) are included, which also contributes significantly to the liquidity and market capitalization, and two of them are part of the majority of the market reference indices. A significant proportion of the non-resident investors' transactions was represented by *Crude petroleum extraction* area (8.34% share in total purchases and 20.34% share in the total sales) where OMV Petrom is included.

A conclusion of the above would be that about 2/3 of the non-residents' activity on the markets regulated by shares of Romania was directed to the top 15 undertakings on the market according to the capitalization and liquidity criterion.

Table I 11 Areas of interest for non-resident investors in 2013

No.	PURCHASES			SALES		
	Category	Value (lei)	% of Total	Category	Value (lei)	% of Total
1	Mutual funds and other similar financial entities	2,094,176,166.78	55.50%	Mutual funds and other similar financial entities	1,834,273,262.55	58.32%
2	Other monetary intermediation	456,342,415.96	12.09%	Crude petroleum extraction	639,742,255.09	20.34%
3	Crude petroleum extraction	314,712,343.48	8.34%	Other monetary intermediation activities	243,536,843.84	7.74%
4	Other financial intermediation n.e.c.	268,958,116.18	7.13%	Other financial intermediation n.e.c.	195,020,160.09	6.20%
5	Crude petroleum extraction	240,194,057.38	6.37%	Transport via pipelines	64,124,168.55	2.04%
6	Growing of cereals (except rice), leguminous crops and oil seeds	217,625,235.73	5.77%	Administration of financial markets	44,757,336.74	1.42%
7	Transport via pipelines	80,810,964.41	2.14%	Manufacture of wire products, chain and springs	33,612,882.06	1.07%
8	Administration of financial markets	51,314,644.55	1.36%	Growing of cereals (except rice), leguminous crops and oil seeds	29,219,769.48	0.93%
9	Manufacture of oils and fats	20,126,326.90	0.53%	Retail sale in non-specialized stores, with predominating sale of non-food products	7,685,830.48	0.25%
10	Others	29,070,003.09	0.77%	Others	53,044,955.40	1.69%
	Total	**3,773,330,274.46**	**100.00%**	**Total**	**3,145,017,464.28**	**100.00%**

Source: FSA

As compared to the previous year, although the share of stock purchases/sales of investors in *Mutual funds and other similar financial entities* dropped from 76.71% in purchases, and 64.40% in sales, in 2012 to 55.50% in purchases and 58.32% in sales in 2013, the amount in lei of such transactions was significantly higher.

In 2013, areas such as *Crude petroleum extraction*, *Growing of cereals (except rice), leguminous crops and oil seeds* and *Transport via pipelines* held proportions higher than in previous years, showing an increased interest of investors in such areas and a tendency of sectoral diversification of their portfolios on the Romanian market.

3.3. Adjustments to the Structure of the Private Pension Funds Investment

In 2013, as compared to 2012, private pension funds reduced exposure on fixed-income instruments of portfolios in favour of investments in shares and bank investments. Modification of strategic asset allocation was made in a context in which the Bucharest Stock Exchange offered good prospects for growth, and two new listings that were highly attractive to institutional investors, among which private pension funds.

Although the policy of the National Bank of Romania was one of monetary relaxation by gradually reducing interest rates, private pension funds opted for placing a higher percentage of assets in bank deposits. Administrators, however, expressed a preference for short-term deposits, more than half having a maturity of less than one month.

Figure I 19 Private pension funds – strategic allocation of assets in 2013

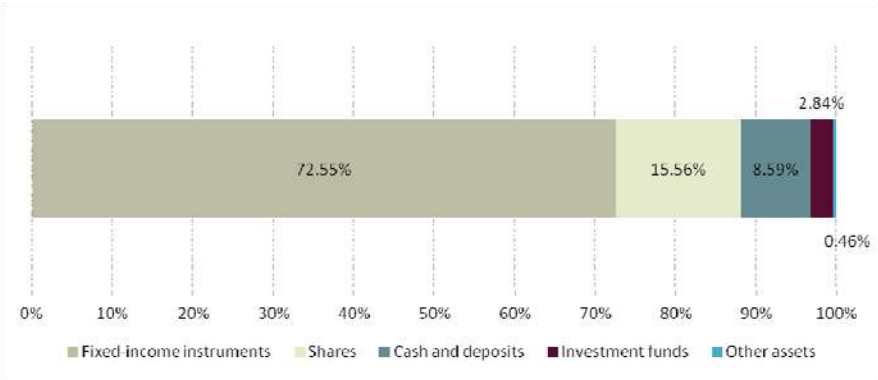
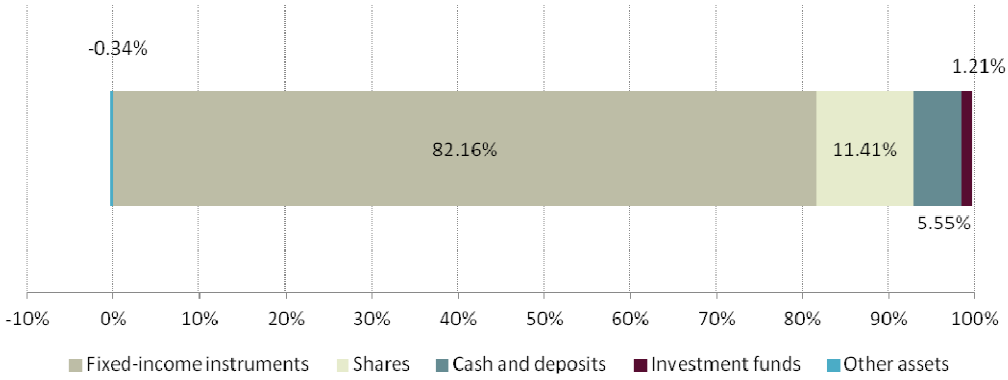


Figure I 20 Private pension funds - strategic allocation of assets in 2012



Source: FSA

4. INSURANCE MARKET

Methodological Notes

Annexes relating to insurance undertakings, included herein, and the analysis of specific aggregated indicators were made for 38 insurance undertakings that conducted the insurance/reinsurance activity in 2013, of which:

- 20 undertakings conducted non-life insurance activity;
- 10 undertakings conducted life insurance activity;
- 8 undertakings conducted both type of insurance.

As compared to the 2012 Report of the Insurance Supervisory Commission, this report includes insurance market changes for the following insurance/reinsurance undertakings:

By Decision No. 705/11.09.2013, FSA approved the transfer of portfolio from Alico Asigurari Romania SA to Metropolitan Life Asigurari SA, as well as the merger by absorption of Alico Asigurari Romania SA by Metropolitan Life Asigurari SA and the withdrawal of the operation authorization of the absorbed undertaking.

In 2013, under the law of establishment, 9 branches authorized in other EU Member States-France, Belgium, Great Britain, Poland, Austria and Sweden, conducted their activity in Romania. They reported a volume of gross written premiums in Romania of 258,885,828 lei with a nominal growth by 19.50% as compared to 2012, and in real terms by 14.93%.

The structure by insurance classes of the total volume of premiums written in Romania by the 9 branches was as follows:

- 205,301,624 lei, *i.e.* 79.30% of total, for non-life insurance;
- 53,584,204 lei, 20.70% of total, for life insurance.

With regard to the structure by non-life insurance classes, the underwriting situation in Romania of 9 branches was as follows:

- 26.55 %, Class XIV – Credit Insurance;
- 23.70 %, Class III – Insurance for Land transportation means other than rail transport;
- 18.16 %, Class VIII – Insurance against fire and other natural disasters;
- 12.02%, Class XVI – Financial loss insurance;
- 19.57%, other classes.

For life insurance, the branches of the insurance undertakings authorized in the European Union Member States that operate on the territory of Romania made underwriting only for the AI Classes – life insurance, annuities and additional life insurance and AIII – Life insurance and annuities linked to investment funds.

As in the previous years, indicators specific to the insurance activity provided herein – gross written premiums, insurance penetration degree, insurance density, gross claims paid, etc. – do not include the activity of branches of insurance undertakings authorized in other Member States of the European Union opened in Romania, under the law of establishment. According to the European regulations in force, such branches are subject to supervision by the competent authorities of the Member States of origin, the

indicators specific to the activity conducted being included in the technical and financial statements reported to such authorities.

The real growth rates of the indicators specific to insurance activities and insurance intermediation, analysed herein, were determined by using the average inflation rate between December 2012 and December 2013, published by the National Institute of Statistics (NIS) which was at 3.98% for the calculation of indicators having the nature of flow type and 1.55% for the determination of indicators having the nature of stock.

NIS reported for 2013 an estimated value of gross domestic product (GDP) of 628,581.3 million lei in current prices. In real terms, by adjusting GDP with its deflator, a growth of 3.5% was registered as compared to 2012.

The number of inhabitants of Romania, considered upon the calculation of certain specific indexes of the insurance market, was 20,020.1 thousand as at 1 January 2013 (source EUROSTAT, according to the calculations made further to the results of the population census).

The exchange rate published by the National Bank of Romania on 31.12.2013, *i.e.* lei/EUR 4.4847 was used to express certain indexes herein in EUR.

The financial statements as at 31.12.2013 presented by Astra SA were made and undertaken by KPMG Audit SRL without including the opinion of the external auditor, Deloitte Audit SRL.

4.1. Share Capital of Insurance Undertakings

According to the audited annual financial statements submitted to FSA by the insurance undertakings, on 31.12.2013, the aggregate value of the subscribed share capital at the market level was 3,466,278,606 lei, while that of share capital subscribed and paid in was 3,461,691,166 lei.

The difference of 4,587,440 lei between the value of the subscribed share capital and that of the capital subscribed and paid in, resulted from the amounts subscribed but unpaid by the shareholders of EUROINS ROMANIA ASIGUARRE REASIGURARE SA.

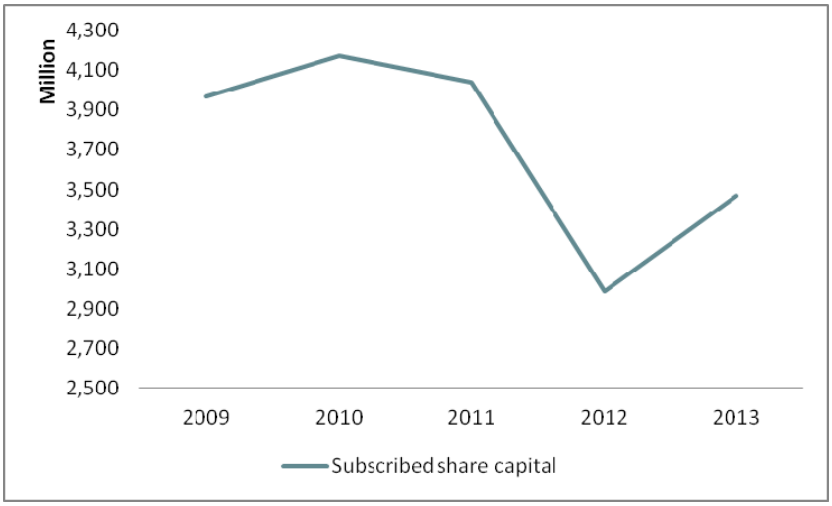
As compared to the aggregate value of 2,985,886,114 lei of the share capitals subscribed to the insurance undertakings at the end of 2012, the value as at 31.12.2013 recorded a growth by 480,392,492 lei, which means a nominal growth by 16.09%.

Table I 12 Evolution of share capital subscribed between 2009 and 2013

Year	Share capital subscribed (lei)	Nominal growth as compared to previous year (%)	Inflation rate (end of period) (%)	Real growth as compared to previous year (%)
2009	3,970,678,526	37.90	4.74	31.66
2010	4,175,309,300	5.15	7.96	-2.60
2011	4,038,239,446	-3.28	3.14	-6.23
2012	2,985,886,114	-26.06	4.95	-29.55
2013	3,466,278,606	16.09	1.55	14.32

Source: FSA

Figure I 21 Dynamics of the share capital subscribed between 2009 and 2013



Source: FSA

Over the past 5 years, the value of aggregate subscribed share capital at the level of insurance undertakings dropped by 12.70%, from 3,970,678,526 lei, at the end of 2009, to 3,466,278,606 lei at the end of 2013.

On 31.12.2013, the value of the share capital subscribed and paid in was 3,461,691,166 lei, up by 16.04% as compared to that as at 31.12.2012 (2,982,981,252 lei).

In 2013, the following operations took place:

a) Share capital increases totalling 577,504,105 lei of which:
   - 245,633,718 lei from the merger by absorption of Alico Asigurări România SA by Metropolitan Life Asigurări SA.
   - 331,870,387 lei from payments related to share capital increases.

b) Share capital decreases of 98,794,191 lei, registered by 3 insurance undertakings:
   - Alico Asigurări România merged with Metropolitan Life Asigurări SA, whereby the cumulated value of their share capital of 78,515,911 lei was eliminated as a result of the merger by absorption;
   - Chartis România transferred its portfolio of shares to Chartis Europe LTD London (ISC Decision No. 159/15.03.2012) and its operation authorization was withdrawn upon request, having a share capital of 10,192,000 lei.
   - The difference of 10,086,280 lei consists of share capital decreases in accordance with the provisions of Article 153[24] of Company Law No. 31/1990, as subsequently amended and supplemented.

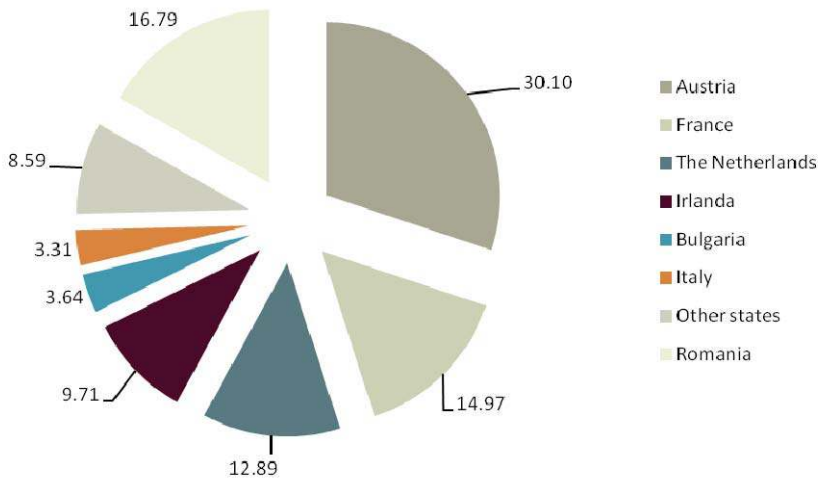
On 31.12.2013, the participation share of foreign investors in the insurance undertakings' share capital subscribed and paid in was 83.21%, and that related to the Romanian capital was 16.79% out of the total.

With regard to the country of origin of the capital, foreign investors held the following shares as at 31.12.2013 in the total value of the share capital subscribed and paid in by the insurance undertakings:

- Austria, 30.10%;
- France, 14.97%;
- The Netherlands, 12.89%;
- Ireland, 9.71%;
- Bulgaria, 3.64%;
- Italy, 3.31%;

- Germany, 2.84%;
- Greece, 2.22%;
- Cyprus, 1.21 %;
- Great Britain, 1.05%;
- Luxembourg, 0.95%;
- Moldavia, 0.32%;
- USA, 0.0002%;
- Turkey, 0.0001%.

Figure I 22 Structure by countries of the participation in the share capital of insurance undertakings of Romania (%)



Source: FSA

4.2. Gross Written Premiums

In 2013, the gross written premiums, cumulated for the two insurance classes – non-life and life – totalled 8,124,654,841 lei, showing a decrease by 132,260,109 as compared to 2012, *i.e.* a decrease of 1.60%, in nominal terms, and 5.37% in real terms.

The insurance market in Romania is dependent on the automobile insurance segment, which represented 65.12% of the total gross written premiums relating to the Class of non-life insurance in 2013.

If the underwriting for Class III Insurance for Land transportation means other than rail transport had a nominal decrease by 7.92% as compared to 2012, the underwriting of Class X - Civil liability insurance for motor vehicles had a growth of 15.19%.

The growth in the level of underwriting for MTPL insurance was influenced by legislative changes relating to MTPL insurance charging brought in January 2013 through the entry into force of the provisions of Order No. 3/2013, *amending and supplementing the Rules on the compulsory insurance against civil liability for damage caused by vehicle accidents, implemented by Order of the President of the Insurance Supervisory No. 14/2011*, *i.e.* MTPL insurance rates should be calculated by classes of homogeneous risks. In addition,

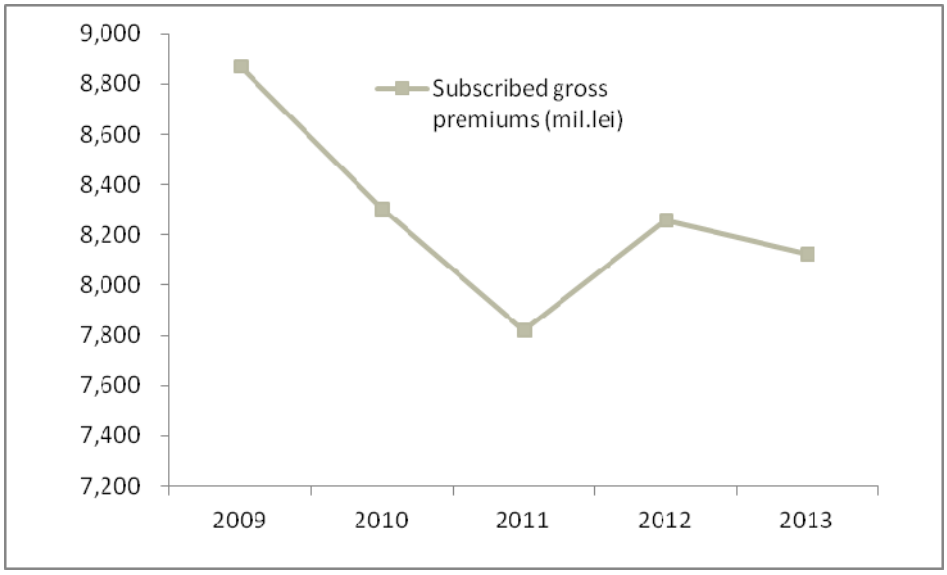
for each class of risk, the risk premium shall include an estimate of the damage frequency and of the average damage, and premium rates shall be set so that, with a probability of 99.5%, the premiums estimated for the next 12 months must cover all related expenses.

Table I 13 Dynamics of gross written premiums for non-life and life insurance between 2009 and 2013

Year	Gross written premiums (lei)	Nominal growth as compared to the previous year (%)	Annual average rate of inflation (%)	Real growth as compared to the previous year (%)
2009	8,869,746,957	-0.74	5.59	-6.00
2010	8,305,402,152	-6.36	6.09	-11.74
2011	7,822,309,952	-5.82	5.79	-10.97
2012	8,256,914,950	5.56	3.33	2.15
2013	8,124,654,841	-1.60	3.98	-5.37

Source: FSA

Figure I 23 Dynamics of gross written premiums between 2009 and 2013



Source: FSA

The structure of the gross written premiums by geographic areas is the following:

- Bucharest (including also Ilfov County), by 50.32% out of total;
- North-western area (Counties: Bihor, Bistrița–Năsăud, Cluj, Maramureş, Sălaj and Satu-Mare), by 8.07%;
- Central area (Alba, Braşov, Covasna, Harghita, Mureş, Sibiu), by 7.45%;
- South area (Argeş, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova, Teleorman), by 7.01%;
- South-eastern AREA (Brăila, Buzău, Constanța, Galați, Tulcea, Vrancea), by 7.42%;
- North-eastern area (Bacău, Botoșani, Iași, Neamț, Suceava, Vaslui), by 6.46%;
- West area (Arad, Caraș - Severin, Hunedoara, Timiș), by 5.19%;
- South-western area (Dolj, Gorj, Mehedinți, Olt, Vâlcea), by 4.41%.

The underwriting of the 8 insurance undertakings in Romania in other EU countries (Belgium, Bulgaria, Estonia, Finland, France, Italy, Latvia, Lithuania, Poland, Slovakia, Hungary and Spain) contributed also to the total volume of gross written premiums. The total volume of these underwritings was 298,158,065 lei and represented 3.67% of the total gross premiums written on the insurance market.

The insurance penetration degree of in the Gross Domestic Product (GDP) registered a decline as compared to the level recorded in 2012, mainly influenced by the growth of the Gross Domestic Product.

In 2013, the insurance penetration degree in GDP, determined as the ratio between the gross written premiums for non-life and life insurance and GDP stood at 1.29%, registering a decrease by 0.11 percentage points as compared to 2012. The insurance penetration degree of non-life insurance in GDP stood at 1.03%, while that of life insurance was at 0.26%. As compared to 2012, the ratio recorded a decrease by 0.07 percentage points for non-life insurance, and the ratio for life insurance recorded a decrease by 0.04 percentage points.

Insurance density, another indicator specific to the insurance sector, is determined as the ratio between the volume of gross written premiums and the number of inhabitants. According to the calculations made by FSA, in 2013, this indicator showed 405.82 lei/*per capita,* decreasing by 5.05 lei/*per capita* as compared to 2012 (410.87 lei/*per capita*). For comparison, the resident (stable) population as at 1 January 2012-2013, determined by the National Institute of Statistics based on the final results of the 2011 RPL, was used. According to the new records, for 2012, the population was adjusted downward by approximately 1.2 million inhabitants.

In the non-life insurance sector, insurance density was at 324.19 lei/*per capita*, a level increasing by 3.01 lei/*per capita* as compared to 2012. For the Class of life insurance, the value of such indicator was 81.63 lei/*per capita,* a level decreasing by 8.07 lei/*per capita* as compared to 2012.

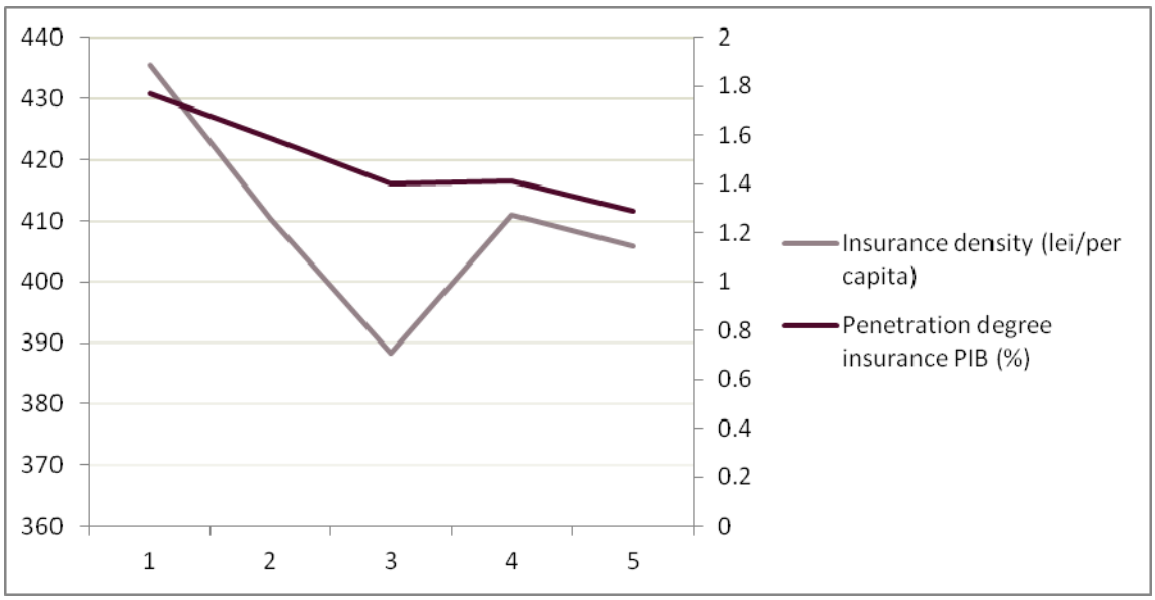
Table I 14 Evolution of penetration degree and density of insurance between 2009 and 2013

Indicator	2009	2010	2011	2012	2013
Insurance penetration degree in GDP (%)	1.77	1.59	1.40	1.41	1.29
Insurance density (lei/*per capita*)	435.49	410.21	388.25	410.87	405.82
Resident (stable) population (thousand persons)*	20,367.4	20,246.8	20,147.7	20,096.0	20,020.1

Source: NIS, Eurostat, FSA calculations

** For 2008-2011 the stable population measured as at 1 July, and for 2012-2013, as at 1 January*

Figure I 24 Evolution of penetration degree and density of insurance between 2009 and 2013



Source: FSA

Structure by classes of insurance of the total volume of gross written premiums, as at de 31.12.2013, was as follows:

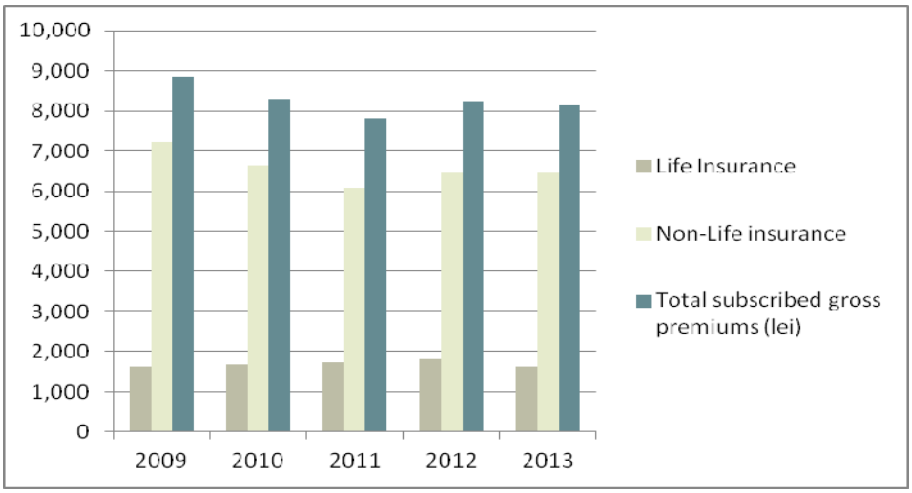
- 6,490,358,402 lei, gross written premiums for non-life insurance class, representing 79.88% out of total;
- 1,634,296,439 lei, gross written premiums for the life insurance class, representing 20.12% out of total.

Table I 15 Structure of gross written premiums between 2009–2013

Gross written premiums		2009	2010	2011	2012	2013
Life insurance	Total (lei)	1,628,162,635	1,665,668,554	1,738,366,854	1,802,519,132	1,634,296,439
	Share in total GWP (%)	18.36	20.06	22.22	21.83	20.12
Non-life insurance	Total (lei)	7,241,584,322	6,639,733,598	6,083,943,098	6,454,395,818	6,490,358,402
	Share in total GWP (%)	81.64	79.94	77.78	78.17	79.88
Total GWP (NLI+LI) (lei)		8,869,746,957	8,305,402,152	7,822,309,952	8,256,914,950	8,124,654,841

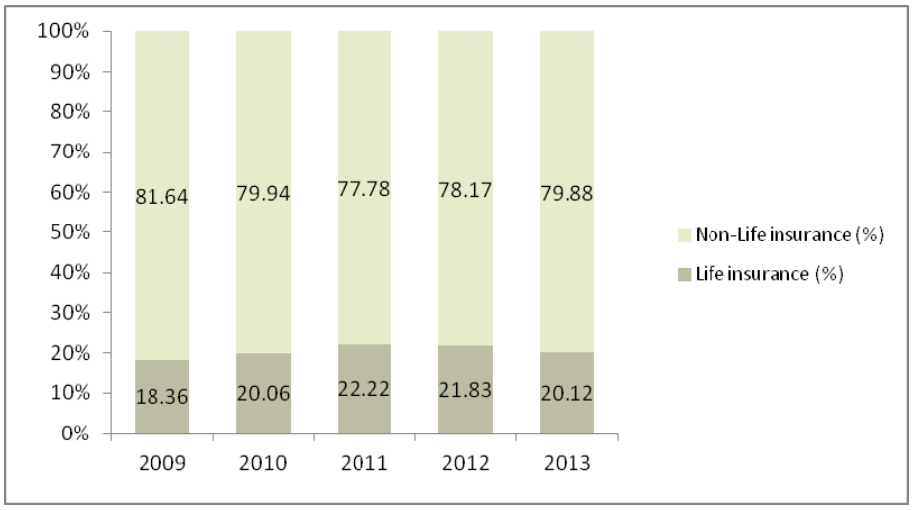
Source: FSA

Figure I 25 Dynamics of gross written premiums, by total and classes of insurance between 2009 and 2013



Source: FSA

Figure I 26 Dynamics of the structure of gross written premiums by Class of insurance between 2009 and 2013



Source: FSA

The insurance market in Romania is characterized by a high degree of concentration. In 2013, 80.49% of the total volume of written premiums was made by 10 out of the 38 insurance undertakings conducting the insurance/reinsurance activity.

Table I 16 Undertakings with largest volumes of gross written premiums and their total share on the market (non-life and life insurance)

No.	Undertaking	Total written premiums (non-life and life insurance) (lei)	Total market share (%)
1.	ASTRA SA	921,493,884	11.34
2.	ALLIANZ – TIRIAC ASIGURARI SA	918,775,736	11.31
3.	OMNIASIG VIG	881,103,941	10.84
4.	GROUPAMA ASIGURARI SA	717,601,525	8.83
5.	UNIQA ASIGURARI SA	570,149,623	7.02
6.	ING ASIGURARI DE VIATA SA	559,593,663	6.89
7.	ASIROM VIENNA INSURANCE GROUP SA	544,098,985	6.70
8.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	6.21
9.	CARPATICA ASIG SA	483,069,445	5.95
10.	GENERALI ROMANIA SA	438,707,010	5.40
TOTAL (1-10)		6,539,370,556	80.49
TOTAL		8,124,654,841	100

Source: FSA

According to the data centralized by FSA, on 31.12.2013, the insurance undertakings cumulatively held, for the two classes of insurance, a total number of 16,168,668 insurance contracts in force, increasing by 789,041 contracts as compared to 2012, when 15,379,627 insurance contracts were in force. As regards the non-life insurance segment, 11,629,014 contracts were in force, *i.e.* 71.92% out of the total. As compared to 2012, as regards the non-life insurance segment, the number of contracts in force decreased by 198,785 contracts. As regards the life insurance segment, 4,539,654 contracts were in force, representing 28.08% out of the total. As compared to the end of 2012, a growth by 987,826 of the life insurance contracts in force was recorded.

According to the data of NIS (methodology of the National Accounts), in 2013, the employed population comprised 9,432.2 thousand persons, of which 6,473.3 represents the number of declared employees, including those in the informal sector. By referring the number of people employed under employment contracts for an indefinite period of time, as reported by insurance undertakings in 2013, to the total number of employees in Romania, it results that the insurance industry has a share of 0.19%.

4.2.1 Gross Written Premiums for Non-Life Insurance

In 2013, the total amount of gross written premiums for non-life insurance was 6,490,358,402 lei, with a nominal growth of 0.56% as compared to 2012, which means a decrease in real terms of 3.29%.

On 31.12.2013, the distribution of gross written premiums by classes of policyholders was as follows: 40.13% - gross premiums written by natural persons, totalling 2,604,770,340 lei; 59.87% - gross premiums written by legal persons, of 3,885,588,062 lei.

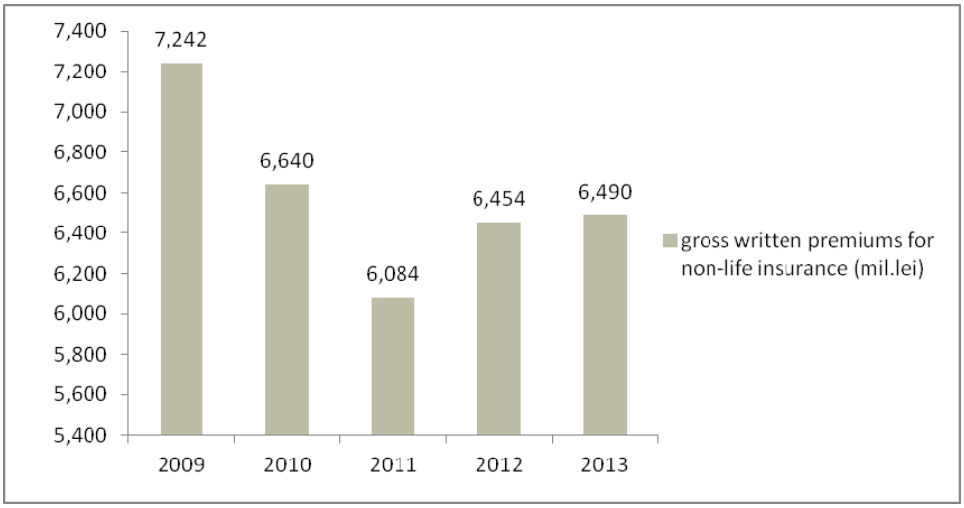
In 2013, the value of the gross premiums written for non-life insurance contracts concluded by natural persons dropped in nominal terms by 4.23% as compared to 2012. The value of the gross written premiums related to the contracts concluded by legal persons increased by 4.05% as compared to the previous year.

Table I 17 Dynamics of gross written premiums for non-life insurance between 2009 and 2013

Year	Gross written premiums for GI (lei)	Nominal growth as compared to the previous year (%)	Annual average inflation rate (%)	Real growth as compared to the previous year (%)
2009	7,241,584,322	2.45	5.59	-2.97
2010	6,639,733,598	-8.31	6.09	-13.57
2011	6,083,943,098	-8.37	5.79	-13.39
2012	6,454,395,818	6.09	3.33	2.67
2013	6,490,358,402	0.56	3.98	-3.29

Source: FSA

Figure I 27 Evolution of gross written premiums for non-life insurance between 2009 and 2013



Source: FSA

The analysis of the data reported by the 28 insurance undertakings which underwrite non-life insurance premiums reveals that 10 undertakings cumulated 5,959,980,987 lei, which represents 91.83% out of the total of this segment of activity.

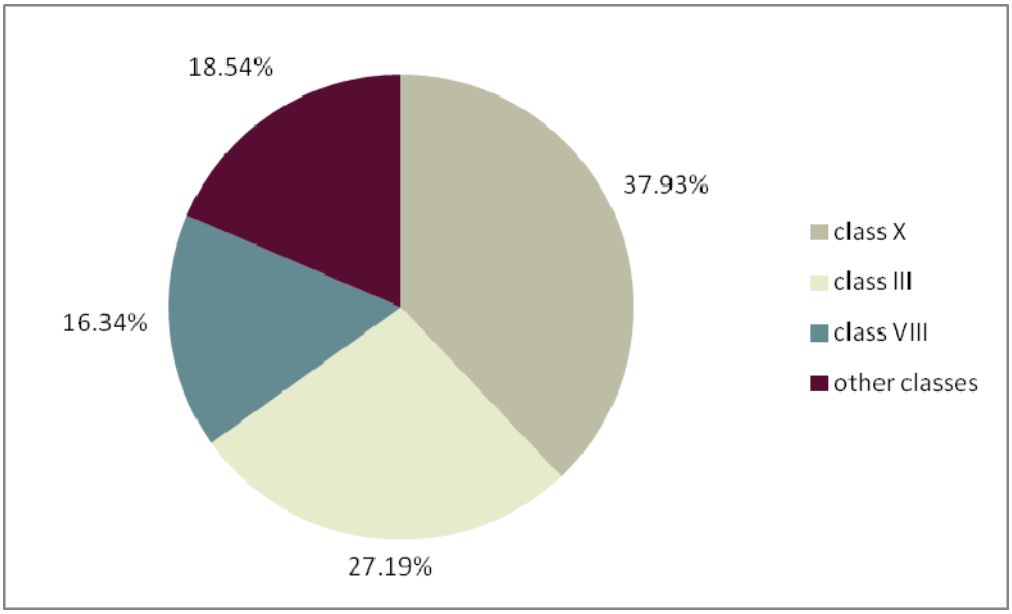
Table I 18 Undertakings with largest underwriting for non-life insurance in 2013

No.	Undertaking	Written premiums from non-life insurance (lei)	Non-life insurance market share (%)
1.	ASTRA SA	907,211,516	13.98
2.	OMNIASIG VIG	881,103,941	13.58
3.	ALLIANZ - TIRIAC ASIGURARI SA	824,062,484	12.70
4.	GROUPAMA ASIGURARI SA	675,478,631	10.41
5.	UNIQA ASIGURARI SA	570,149,623	8.78
6.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	7.78
7.	CARPATICA ASIG SA	483,069,445	7.44
8.	ASIROM VIENNA INSURANCE GROUP SA	455,086,301	7.01
9.	GENERALI ROMANIA	354,319,719	5.46
10.	CITY INSURANCE SA	304,722,582	4.70
TOTAL (1- 10)		5.959.980.987	91.84
Other undertakings		530.377.415	8.16
TOTAL GWP non-life insurance		6.490.358.402	100

Source: FSA

With regard to the structure by classes of insurance of gross written premiums for non-life insurance, the largest share, *i.e.* 81.46%, was cumulatively held by the following: Class III - Insurance for Land transportation means other than rail transport, Class X - Civil liability insurance for motor vehicles and Class VIII- Insurance against fire and other natural disasters.

Figure I 28 Structure by classes of gross written premiums from non-life insurance



Source: FSA

The largest share in the total gross written premiums for non-life insurance was held by Class X- Civil liability insurance for motor vehicles (37.93%), followed by Class III- Insurance for Land transportation means other than rail transport (27.19%), and Class VIII- Fire and other natural disasters insurance (16.34%).

In 2013, the evolution of the gross written premiums for the three classes of insurance was as follows:

- **Class III - Insurance for Land transportation means other than rail transport (Casco)**, for which the volume of gross written premiums was 1,764,820,758 lei, nominal decrease by 7.92% as compared to 2012 and by 11.44% in real terms. Underwriting on this class of insurance had a downward trend starting from 2008, at the same time with the beginning of the economic-financial crisis.
- **Class VIII - Fire and other natural disasters insurance,** for which the volume of the gross written premiums totalled 1,060,344,929 lei, down in nominal terms by 1.93% as compared to 2012.

The evolution of such class was negative although both the underwriting for voluntary home insurance and those for compulsory insurance increased as compared to 2012.

- **Class X - Civil liability insurance for motor vehicles,** for which the volume for gross written premiums was 2,461,675,830 lei, up in nominal terms by 15.19% as compared to 2012.

The undertakings which wrote premiums of significant values for the 3 insurance classes are as follows:

- for **Class III - Insurance for Land transportation means other than rail transport:**
    - ALLIANZ - ȚIRIAC ASIGURĂRI SA, with 374,007,033 lei, representing 21.19% of the total volume of underwriting at this class;

    - GROUPAMA ASIGURĂRI SA, with 327,521,447 lei, representing 18.56% of the total volume of underwriting at this class;
    - OMNIASIG VIG, with 311,821,237 lei, representing 17.67% of the total volume of underwriting at this class;
- for **Class VIII – Fire and other natural disasters insurance**:
    - OMNIASIG VIG, with 218,283,429 lei, representing 20.59% of the total volume of underwriting at this class;
    - ASTRA SA, with 159,771,515 lei, representing 15.07% of the total volume of underwriting at this class;
    - ALLIANZ - ȚIRIAC ASIGURĂRI SA, with 153,724,309 lei, representing 14.50% of the total volume of underwriting at this class;
- for **Class X - Civil liability insurance for motor vehicles**:
    - EUROINS ROMANIA ASIGURARE REASIGURARE SA, with 466,314,975 lei, representing 18.94% of the total volume of underwriting at this class;
    - CARPATICA ASIG SA, with 413,808,421 lei, representing 16.81% of the total volume of underwriting at this class.
    - ASTRA SA, with 403,086,440 lei, representing 16.38% of the total volume of underwriting at this class.

In 2013, 25 insurance undertakings reported gross written premiums for non-life insurance including natural disaster risks amounting to 6,541,286,494 lei. Of the total value of gross written premiums for the class of non-life insurance for such undertakings, gross written premiums for natural disasters risks amounted to 2,455,713,117 lei, which represented 38.07% out of the total.

4.2.2 Gross Written Premiums for Life Insurance

The aggregate value of gross written premiums in 2013 for life insurance reported by insurance undertakings authorized for this class of insurance was 1,634,296,439 lei, down in nominal terms by 9.33% as compared to 2012, *i.e.* down by 12.80% in real terms.

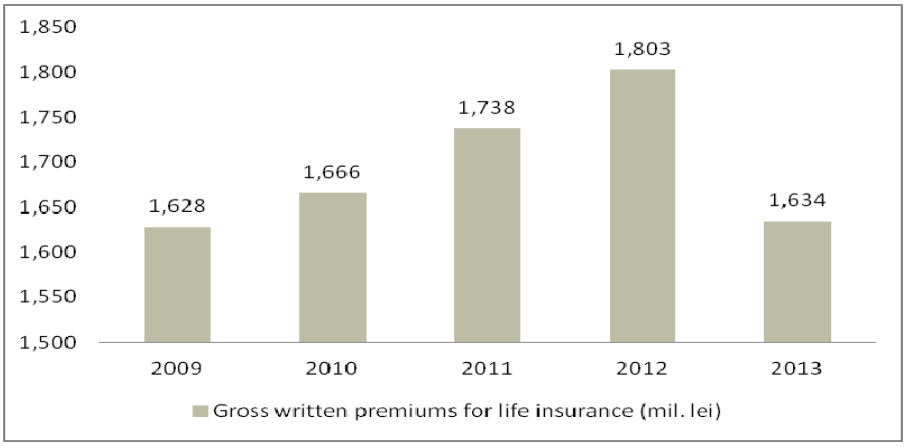
The volume of gross written premiums for life insurance represents 20.12% of total gross written premiums of the insurance market, on the two of its segments – non-life and life insurance.

Table I 19 Dynamics of gross written premiums for life insurance between 2009 and 2013

Year	Gross written premiums from life insurance (lei)	Nominal growth as compared to the previous year (%)	Annual average inflation rate (%)	Real growth as compared to the previous year (%)
2009	1,628,162,635	-12.84	5.59	-17.46
2010	1,665,668,554	2.30	6.09	-3.57
2011	1,738,366,854	4.36	5.79	-1.35
2012	1,802,519,132	3.69	3.33	0.35
2013	1,634,296,439	-9.33	3.98	-12.80

Source: FSA

Figure I 29 Gross written premiums for life insurance



Source: FSA

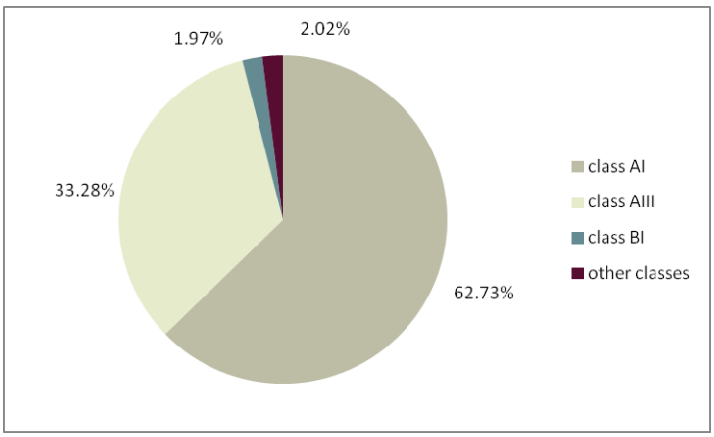
The data presented show that although between 2009 and 2012 the volume of gross written premiums for life insurance recorded a positive growth rate, the volume of gross written premiums for life insurance recorded in 2013 is a little higher than that recorded in 2009.

With regard to the structure of the life insurance portfolio, in 2013, two classes of insurance – AI Life insurance, annuities and additional life insurance and AIII-Life insurance and annuities linked to investment funds – cumulated a volume of gross written premiums of 1,569,040,589 lei, representing 96.01% of total written premiums for life insurance.

- gross written premiums for **Class AI – Life insurance, annuity and additional life insurance,** of 1,025,144,246 lei, represented 62.73% of total underwritings for life insurance, down in nominal terms of 7.36%, *i.e.* downward trend of 10.91% in real terms as compared to 2012;
- gross written premiums for **Class AIII – Life insurance and annuities linked to investment funds**, of 543,896,343 lei, represented 33.28% of total, down in nominal terms of 13.15% as compared to 2012, *i.e.* downward trend of 16.47% in real terms.

In 2013, the insurance related **Class B1 - Insurance against accidents** (**including occupational accidents and diseases**) recorded a nominal growth of 2.36% (decrease by 1.56% in real terms) as compared to 2012. This class of insurance holds a share of 1.97% of total gross written premiums related to life insurance.

Figure I 30 Distribution of gross written premiums by classes of life insurance



Source: FSA

The life insurance sector was characterized also in 2013 by a high degree of concentration, so that 10 undertakings held a share of 89.63% of the total volume of written premiums in this segment, with cumulative underwriting of 1,464,871,890 lei.

Table I 20 Undertakings with largest volume of underwriting for life insurance

No.	Undertaking	Gross written premiums for life insurance (lei)	Market share (%)
1.	ING ASIGURARI DE VIATA SA	559,593,663	34.24
2.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	213,350,111	13.05
3.	METROPOLITAN ASIGURARI SA	140,546,162	8.60
4.	ALICO ASIGURARI ROMANIA SA	121,761,688	7.45
5.	ALLIANZ - TIRIAC ASIGURARI SA	94,713,252	5.80
6.	ASIROM VIENNA INSURANCE GROUP SA	89,012,684	5.45
7.	GENERALI ROMANIA SA	84,387,291	5.16
8.	BRD ASIGURARI DE VIATA SA	69,569,678	4.26
9.	GRAWE ROMANIA ASIGURARE SA	49,814,467	3.05
10.	GROUPAMA ASIGURARI SA	42,122,894	2.58
Total (1- 10)		1,464,871,890	89.64
Other undertakings		169,424,549	10.36
Total		1,634,296,439	100

Source: FSA

As compared to 2012, the share held by the top 10 undertakings in the volume of underwriting for life insurance decreased by 2.28 percentage points, *i.e.* from 91.91% to 89.63%.

4.3. Gross Claims Paid

In 2013, insurance undertakings paid a total volume of gross claims for non-life insurance and life insurance of 4,545,123,441 lei, a downward trend of 4.39% in nominal terms as compared to 2012. In real terms, the decrease was 8.05%.

The undertakings conducting the activity of non-life insurance paid gross claims totalling 4,217,170,526 lei, down by 5.31% in nominal terms as compared to 2012, which represents a real loss by 8.93%.

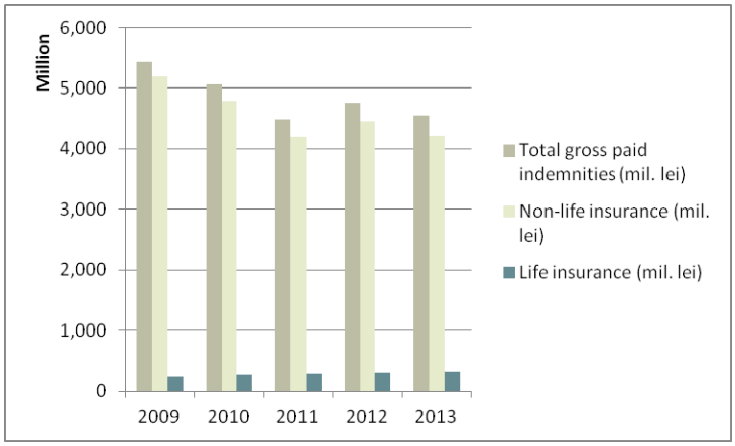
For the life insurance segment, gross claims and maturities paid by the insurance undertakings had a value of 327,952,915 lei, which represented a nominal growth by 9.37% and real growth by 5.18% as compared to 2012.

Table I 21 Dynamics of gross claims paid for non-life and life insurance between 2009 and 2013

Year	Gross claims paid for non-life and life insurance	Nominal growth as compared to the previous year (%)	Annual average inflation rate (%)	Real growth as compared to the previous year (%)
2009	5,435,503,756	24.57	5.59	17.97
2010	5,069,483,669	-6.73	6.09	-12.09
2011	4,483,069,265	-11.57	5.79	-16.41
2012	4,753,573,042	6.03	3.33	2.62
2013	4,545,123,441	-4.39	3.98	-8.05

Source: FSA

Figure I 31 Dynamics of gross claims paid by total and classes of insurance between 2009 and 2013



Source: FSA

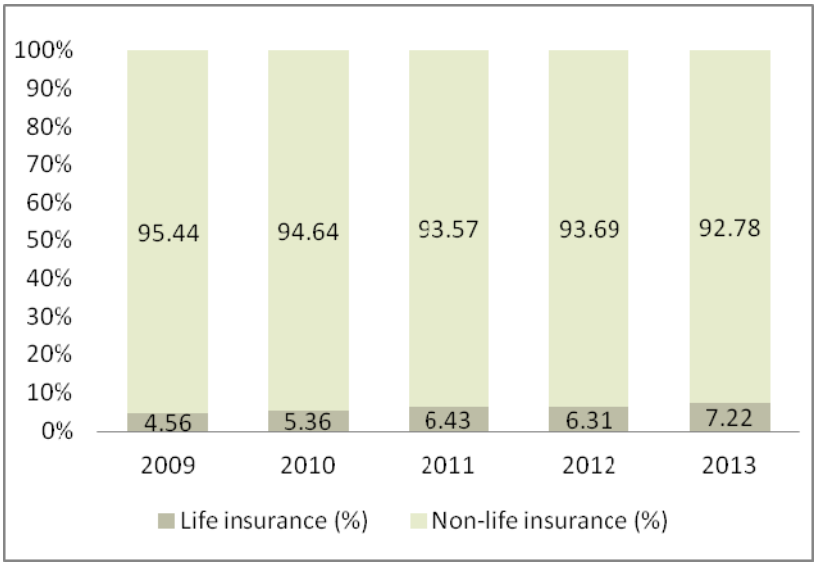
On 31.12.2013, the share of gross claims paid for non-life and life insurance in total gross written premiums for the two classes of insurance was 55.94%.

Table I 22 Structure of gross claims paid for the two classes of insurance between 2009 and 2013

Categories of insurance		2009	2010	2011	2012	2013
Life insurance	**Total (lei)**	248,023,136	271,922,669	288,396,876	299,855,424	327,952,915
	Share total claims (%)	4.56	5.36	6.43	6.31	7.22
Non-life insurance	**Total (lei)**	5,187,480,620	4,797,561,000	4,194,672,389	4,453,717,618	4,217,170,526
	Share total claims (%)	95.44	94.64	93.57	93.69	92.78
Total gross claims paid (lei)		5,435,503,756	5,069,483,669	4,483,069,265	4,753,573,042	4,545,123,441

Source: FSA

Figure I 32 Dynamics of the structure of gross claims paid by Class of insurance between 2009 and 2013



Source: FSA

4.3.1. Gross Claims Paid for General Insurance

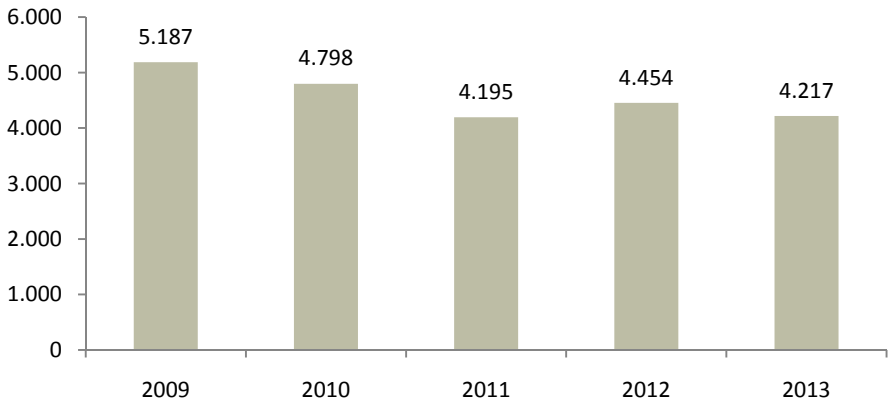
In 2013, the value of the gross claims paid by the insurance undertakings conducting non-life insurance activities was 4,217,170,526 lei, down by 5.31% in nominal terms as compared to 2012. In real terms, the decrease was 8.93%.

Table I 23 Dynamics of gross claims paid for non-life insurance between 2009 and 2013

Year	Gross claims paid (lei)	Nominal growth as compared to the previous year (%)	Annual average inflation rate (%)	Real growth as compared to the previous year (%)
2009	5,187,480,620	25.19	5.59	18.56
2010	4,797,561,000	-7.52	6.09	-12.83
2011	4,194,672,389	-12.57	5.79	-17.35
2012	4,453,717,618	6.18	3.33	2.75
2013	4,217,170,526	-5.31	3.98	-8.93

Source: FSA

Figure I 33 Evolution of gross claims paid for non-life insurance between 2009 and 2013 (million lei)



Source: FSA

Of the total amount of gross claims paid in 2013 for the class of non-life insurance, the value of losses occurred in previous years was 2,224,876,917, representing 52.76% of the total.

The amount recovered from reinsurance undertakings, to which the insurance undertakings ceded some of the risks assumed, was 1,424,011,300 lei, and represented 33.77% of the total volume of gross claims paid for non-life insurance.

Cumulatively, the gross claims paid by 10 insurance undertakings represented 96.48% of the total claims paid at the level of the non-life insurance segment.

Table I 24 Insurance undertakings with largest volume of gross claims paid for non-life insurance

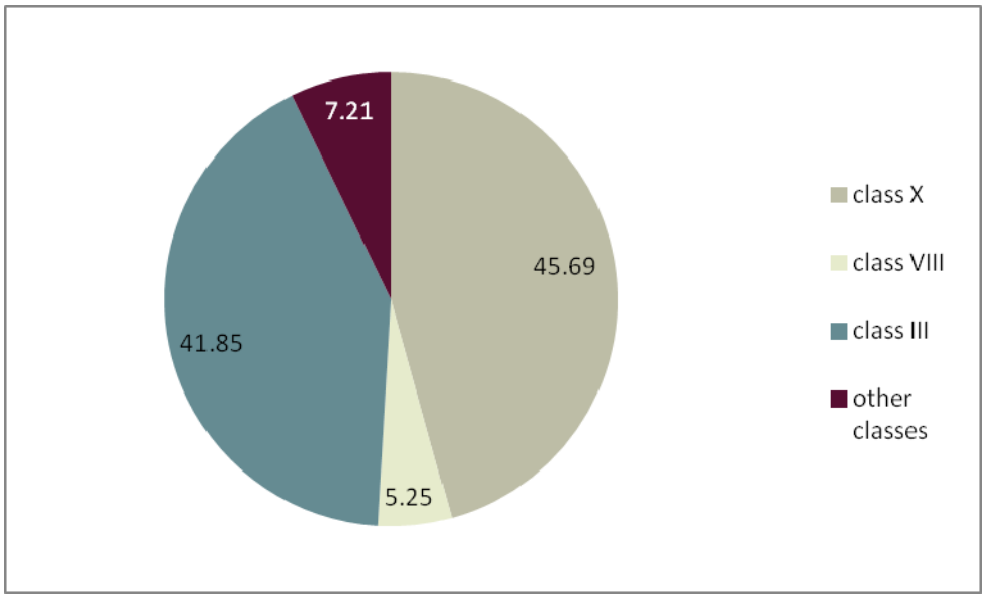
No.	Undertaking	Gross claims paid for non-life insurance (lei)	Share of total (%)
1.	OMNIASIG VIG	793,552,126	18.82
2.	ASTRA SA	522,107,612	12.38
3.	GROUPAMA ASIGURARI SA	520,305,597	12.34
4.	ALLIANZ - TIRIAC ASIGURARI SA	478,331,005	11.34
5.	UNIQA ASIGURARI SA	425,610,410	10.09

No.	Undertaking	Gross claims paid for non-life insurance (lei)	Share of total (%)
6.	ASIROM VIENNA INSURANCE GROUP SA	406,581,177	9.64
7.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	322,579,155	7.65
8.	CARPATICA ASIG SA	276,510,062	6.56
9.	GENERALI ROMANIA SA	244,423,986	5.80
10.	CITY INSURANCE SA	78,800,551	1.86
Total (1 – 10)		**4,068,801,681**	**96.48**
Other undertakings		148,368,845	3.52
Total GIP (lei)		**4,217,170,526**	**100**

Source: FSA

Significant shares of gross claims paid by the insurance undertakings were recorded on the following classes of insurance: **Class X- civil liability insurance for motor vehicles, Class III- Insurance for Land transportation means other than rail transport, Class VIII- Fire and other natural disasters insurance.**

Figure I 34 Structure by classes of gross claims paid for non-life insurance (%)



Source: FSA

In 2013, the evolution of gross claims paid for the main classes of insurance was as follows:

- for **Class X - Civil liability insurance for motor vehicles** gross claims of 1,926,727,090 lei were paid, representing 45.69% of the total value of gross claims for non-life insurance. The value of the claims paid for insurance included in such class, a nominal growth by 3.44%, representing in real terms a decrease by 0.52%, as compared to 2012.

Five insurance undertakings cumulated a value of 1,349,679,337 lei for the claims paid, for the insurance included in such class, *i.e.* a share of 70.05% of total gross claims paid for Class X. Such undertakings are:

- ASTRA SA, with a value of gross claims paid of 339,375,491 lei;
- EUROINS ROMÂNIA SA, with a value of the gross claims paid of 299,782,438 lei;
- CARPATICA ASIG SA with a value of the gross claims paid of 257,570,636 lei;
- ASIROM VIENNA INSURANCE GROUP SA with a nominal value of the gross claims paid of 230,845,167 lei;
- OMNIASIG VIG, with a value of the gross claims paid of 222,105,605 lei.

- for **Class III - Insurance for Land transportation means other than rail transport** gross claims of 1,764,679,546 lei were paid, representing 41.85% of the total of gross claims paid for social non-life insurance, down by 9.37% in nominal terms, *i.e.* down by 12.84% in real terms, compared to 2012.

Five out of the 21 undertakings that paid claims for such type of insurance recorded an aggregate value of the gross claims paid of 1,451,666,506 lei, representing 82.26% of the total value of the claims paid for such class, as follows:

- OMNIASIG VIG, with a value of the gross claims paid of 483,832,246 lei;
- GROUPAMA ASIGURARI SA, with a value of the gross claims paid of 285,075,276 lei;
- ALLIANZ - ȚIRIAC ASIGURĂRI SA, with a value of the gross claims paid of 281,273,385 lei;
- UNIQA ASIGURARI SA, with a value of the gross claims paid of 266,936,056 lei;
- ASIROM VIENNA INSURANCE GROUP SA, with a value of the gross claims paid of 134,549,543 lei.

Claims paid for car insurance (Casco and MTPL, and for insurance included in Classes III and X) represented 87.54% of the total gross claims paid for the class of non-life insurance. As compared to 2012, aggregate claims paid for car insurance recorded a nominal decrease by 3.11%, which in real terms means a decrease by 6.82%.

- for **the Class VIII – Fire and other natural disasters insurance**, 25 insurance undertakings paid claims of 221,300,510 lei, representing a share of 5.25% of the total payments related to non-life insurance. The level of such claims recorded a nominal growth by 1.27% as compared to 2012, and in real terms, a decrease by 2.61%.

Gross claims of 63,317,820 lei were paid for voluntary home insurance, representing 28.61% of the value of the gross claims paid for Class VIII. As compared to 2012, the value of the gross claims paid for voluntary home insurance recorded a nominal decrease by 17.42%.

Five insurance undertakings cumulatively paid gross claims of 179,395,163 lei, representing 81.06% of the total value of the claims related to Class VIII. Such undertakings are:

- OMNIASIG VIENNA INSURANCE GROUP SA, with a value of 53,021,803 lei;
- ALLIANZ - ȚIRIAC ASIGURĂRI SA, with a value of 45,210,253 lei;
- ASTRA S.A., with a value of 38,425,452 lei;
- GROUPAMA ASIGURARI S.A., with a value of 23,345,330 lei;
- ASIROM VIENNA INSURANCE GROUP SA, with a value of 19,392,325 lei.

4.3.2. Gross Claims Paid for Life Insurance

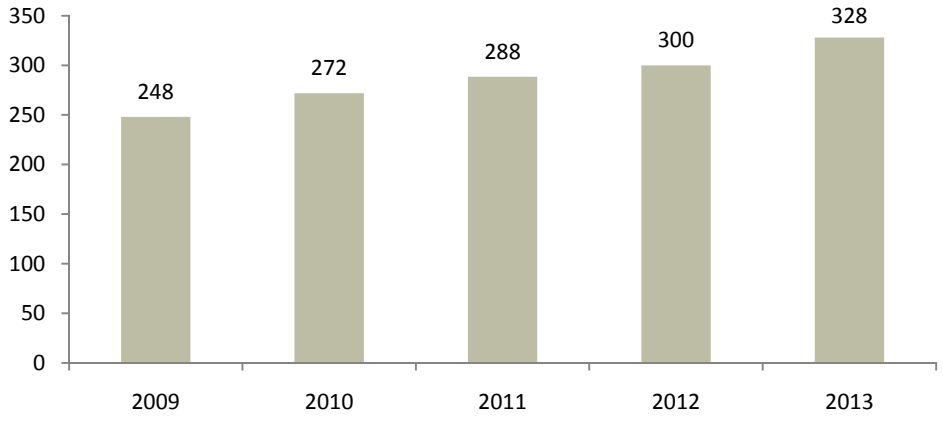
In 2013, the value of the gross claims paid for life insurance was 327,952,915 lei, up by 9.37% in nominal terms, *i.e.* by 5.18% in real terms, compared to 2012. Such amount included also the payments made by the insurance undertakings corresponding to the matured insurance contracts, representing 58.91% of the total.

Table I 25 Dynamics of gross claims paid for life insurance between 2009 and 2013

Year	Gross claims paid (lei)	Nominal growth as compared to the previous year (%)	Annual average inflation rate (%)	Real growth as compared to the previous year (%)
2009	248,023,136	12.81	5.59	6.84
2010	271,922,669	9.64	6.09	3.34
2011	288,396,876	6.06	5.79	0.25
2012	299,855,424	3.97	3.33	0.62
2013	327,952,915	9.37	3.98	5.18

Source: FSA

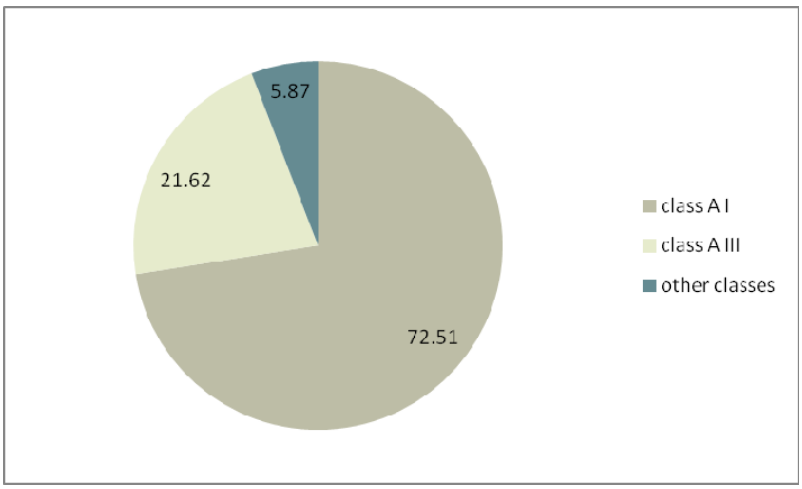
Figure I 35 Evolution of gross claims paid for life insurance between 2009 and 2013 (million lei)



Source: FSA

The most significant shares of the total of gross claims paid were held by the following Classes: **AI – Life insurance, annuity and additional life insurance and Class AIII – Life insurance and annuities linked to investment funds**.

Figure I 36 Structure by classes of gross claims paid for life insurance (%)



Source: FSA

Table I 26 Insurance undertakings with largest volume of claims paid for life insurance

No.	Undertaking	Gross claims paid (lei)	Share of total (%)
1.	ING ASIGURARI DE VIATA SA	122,540,471	37.37
2.	ASIROM VIENNA INSURANCE GROUP SA	54,691,378	16.68
3.	METROPOLITAN LIFE ASIGURARI SA	23,719,336	7.23
4.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	21,336,603	6.50
5.	GENERALI ROMANIA SA	19,122,126	5.83
6.	GROUPAMA ASIGURARI SA	15,843,502	4.83
7.	ALICO ASIGURARI ROMANIA SA	15,286,004	4.66
8.	ALLIANZ - TIRIAC ASIGURARI SA	13,435,681	4.10
9.	AXA LIFE INSURANCE SA	10,092,767	3.08
10.	EUREKO ASIGURARI SA	6,691,750	2.04
Total (1-10)		302,759,618	92,32
Other undertakings		25,193,297	7,68
Total GIP (lei)		327,952,915	100

Source: FSA

Surrender Values Paid for Life Insurance

In 2013, the volume of the amounts paid as surrender values (total and partial) at the policyholder's requests recorded a nominal value by 1.93% (decrease of 1.97%, in real terms) as compared to 2012, from 429,798,249 lei to 438,075,853 lei.

The total paid surrender values hold a share of 78.39% of the aggregate value of surrender values paid in 2013. They recorded a nominal growth by 11.23% and in real terms a growth by 6.97% as compared to 2012. The partially paid surrender values were 94,666,773 lei, representing 21.61% of all surrender values paid, recording a nominal decrease by 21.81%, compared to 2012 and a real decrease by 24.80%.

4.4. Home Insurance

The gross written premiums for voluntary and compulsory home insurance totalled 646,463,991 lei in 2013, representing 60.97% of the underwriting corresponding to Category VIII – Fire and other natural disasters insurance.

Voluntary home insurance generated a volume of underwritings of 586,210,016 lei, representing 55.29% of all gross written premiums corresponding to Class VIII. Compulsory insurance represented 5.68% of total Class VIII, with a volume of gross written premiums of 60,253,975 lei.

Table I 27 Evolution of gross written premiums and gross claims paid for compulsory and voluntary home insurance

Year	Indicators	Total gross written premiums paid corresponding to Category VIII – Fire and other natural disasters insurance (lei)	Fire and other natural disasters insurance (Class VIII), of which:	
			Voluntary home insurance	Compulsory home insurance
2011	Gross written premiums	1,178,020,775	638,532,825	35,310,758
	Gross claims paid	238,387,105	47,013,398	327,310
2012	Gross written premiums	1,081,228,539	565,773,166	24,200,893
	Gross claims paid	218,520,305	76,678,178	276,689
2013	Gross written premiums	1,060,344,929	586,210,016	60,253,975
	Gross claims paid	221,300,510	63,317,820	473,496

Source: FSA

At the end of 2013, 2,464,186 voluntary home insurance contracts were in force (as compared to 3,324,910 contracts in 2012), representing 65.66% of the total of 3,752,693 contracts in force corresponding to the insurance included in Class VIII. As regards the compulsory home insurance segment, 736,318 contracts were in force, representing 19.62% of the total.

On 31.12.2013, the coverage ratio of the housing sector in Romania, obtained by reporting the number of compulsory and voluntary insurance contracts to the total number of dwellings (approximately 8.5 million housing, according to NIS), was 37.65%.

Table I 28 Evolution of key indicators for voluntary home insurance (2011-2013)

Indicators	2011	2012	2013	Absolute growth 2013/2012
Number of contract in force at the end of the year (piece)	4,392,647	3,324,910	2,464,186	-860,724
Gross written premiums (lei)	638,532,825	565,773,166	586,210,016	20,436,850
Reinsurance ceded gross premiums (lei)	130,750,782	154,127,843	163,256,197	9,128,354
Share of ceded gross premiums in total gross written premiums (%)	20.48	27.24	27.85	-
Gross claims paid (lei)	47,013,398	76,678,178	63,317,820	-13,360,358

Source: FSA

Table I 29 List of indicators for compulsory* home insurance (2011-2013)

Indicators	2011	2012	2013	Absolute growth 2013/2012
Number of contracts in force at the end of the year (piece)	574,229	331,131	736,318	405,187
Gross written premiums (lei)	35,310,758	24,200,893	60,253,975	36,053,082
Reinsurance ceded gross premiums (lei)	25,883,655	14,424,191	36,894,680	22,470,489
Share of ceded gross premiums in total gross written premiums (%)	73.30	59.60	61.23	-
Gross claims paid (lei)	327,310	276,689	473,496	196,807

**Insurance Pool against Natural Disasters (PAID)*

Source: FSA

4.5. Technical Reserves

The analysis of the data in the financial statements submitted to FSA reveals that, on 31.12.2013, the insurance undertakings established gross technical reserves for non-life and life insurance activity of 13,320,064,000 lei, an upward trend of 7% in nominal terms, *i.e.* up by 5.37% in real terms as compared to 31.12.2012.

The gross technical reserves established for non-life insurance recorded a volume of 7,451,089,408 lei, representing a share of 55.94% of total. For life insurance, the undertakings established reserves of 5,868,974,592 lei, corresponding to a share of 44.06% of total.

On 31.12.2013, the part of gross technical reserves ceded to reinsurers was 1,962,593,026 lei, cumulatively for non-life insurance and life insurance, representing 14.73% of total gross technical reserves. As compared to 31.12.2012, the total value of the part of gross technical reserves ceded to reinsurers established for the two classes of insurance recorded a nominal decrease by 9.38% which in real terms represents a decrease by 10.76%.

4.5.1. Technical Reserves Established for Non-Life Insurance

With regard to the non-life insurance activity, on 31.12.2013, gross technical reserves of 7,451,089,408 lei were established by insurance undertakings, up by 6.87% in nominal terms, *i.e.* up by 5.24% in real terms, as compared to 31.12.2012.

The part of gross technical reserves ceded to reinsurers for non-life insurance was 1,891,111,277 lei, down by 8.74% in nominal terms (down by 10.13% in real terms) as compared to 2012. By reference to the total reserves for non-life insurance, the part ceded to reinsurers was 25.38% on a downward trend as compared to the previous year, when it was at 29.72%.

The structure of gross technical reserves for the class of non-life insurance was on 31.12.2013 as follows:

- **premium reserves**, of a gross value of 3,157,532,267 lei, representing 42.38% of the total value of gross technical reserves for non-life insurance. As compared to the balance at the end of 2012, the value of the premium reserves recorded a nominal growth of 1.37%, which means a real minus of 0.18%. Premium reserves' growth is in close correlation with the positive evolution of the volume of gross premiums written for non-life insurance which recorded a nominal growth by 0.56% as compared to 2012.

The part corresponding to reinsurance ceded gross premium reserves of 492,154,840 lei, represented 15.59% of gross premium reserves.

- **the outstanding claims-reported and claims incurred and not reported reserves** of 3,816,474,170 lei represented 51.22% of the value of gross technical reserves established for non-life insurance. The level of such technical reserves registered a nominal growth by 11.69% as compared to 31.12.2012, which in real terms represented a growth by 9.99%.

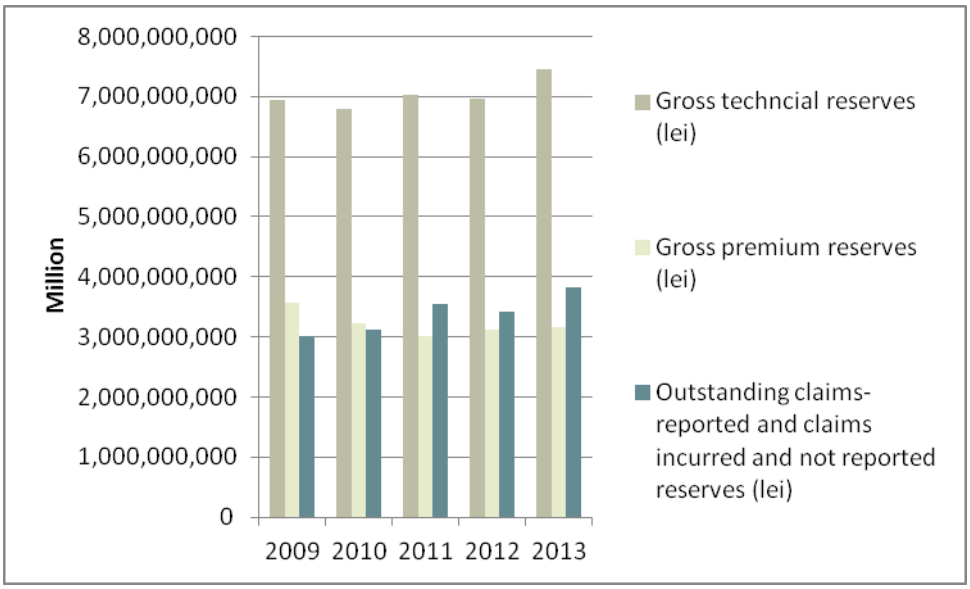
The part corresponding to reinsurance ceded outstanding claims reported and claims incurred and not reported reserves of 1,245,604,367 lei, represented 32.64% of total loss reserves, down by 7.25% in nominal terms, *i.e.* down by 8.67% in real terms as compared to the previous year.

Table I 30 Evolution of gross technical reserves for non-life insurance between 2009 and 2013

Year	Gross technical reserves (lei)	Gross premiums reserves (lei)	Outstanding claims-reported and claims incurred and not reported reserves (lei)
2009	6,931,624,256	3,576,537,375	3,003,255,595
2010	6,782,629,538	3,230,521,900	3,128,617,940
2011	7,022,466,930	3,017,386,502	3,543,612,908
2012	6,971,815,101	3,114,890,480	3,416,959,206
2013	7,451,089,408	3,157,532,267	3,816,474,170

Source: FSA

Figure I 37 Dynamics of gross technical reserves for non-life insurance between 2009 and 2013



Source: FSA

With regard to the structure by insurance classes of the gross technical reserves established by the undertakings for non-life insurance, on 31.12.2013, significant values were registered as follows:

- **Class III - Insurance for Land transportation means other than rail transport –** gross technical reserves of 1,771,058,903 lei. As compared to 31.12.2012, there was a nominal decrease by 9.72%, which in real terms represented a decrease by 11.10%. This negative evolution was caused by the decrease by 7.92% of the insurance underwriting corresponding to Class III. In total, the gross technical reserves established for non-life insurance, Class III held a share of 23.77%, decreasing as compared to 31.12.2012, when it represented 28.14% of total;
- **Class VIII - Fire and other natural disasters insurance –** gross technical reserves of 1,014,827,448 lei, representing 13.62% of total. This type of reserves recorded a nominal value by 7.16%, which in real terms represented a decrease by 5.52% as compared to 31.12.2012.
- **Class X - Civil liability insurance for motor vehicles –** gross technical reserves of 3,185,704,151 lei, up by 8.58% in nominal terms (up by 6.92% in real terms), as compared to 2012. The reserves established for such class represented 42.75% of the total gross technical reserves established for non-life insurance, on an upward trend by 0.67 percentage points as compared to the share calculated at the end of 2012 (42.08%).

4.5.2. Technical Reserves Established for Life Insurance

With regard to the life insurance activity, on 31.12.2013, gross technical reserves of 5,868,974,592 lei, were established by insurance undertakings, up by 7.15% in nominal terms (up by 5.51% in real terms) as compared to 31.12.2012.

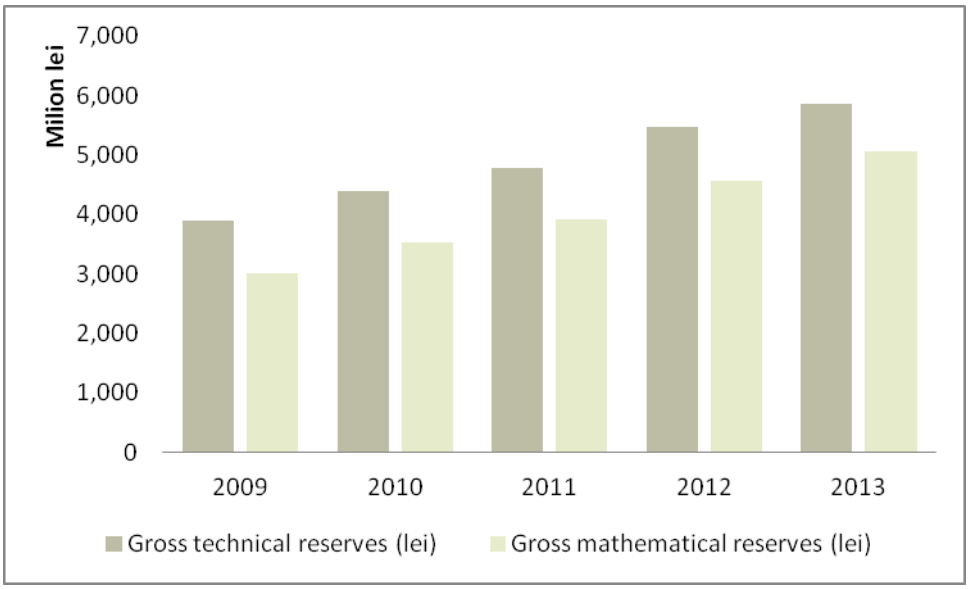
The value of the part corresponding to the reinsurance ceded technical reserves for such class of insurance was 71,481,750 lei, representing 1.22% of total gross technical reserves for life insurance. The value of the part corresponding to reinsurance ceded technical reserves for life insurance decreased by 23.57% in nominal terms, *i.e.* by 24.74% in real terms, as compared to 2012.

Table I 31 Evolution of gross technical reserves for life insurance between 2009 and 2013

Year	Gross technical reserves (lei)	Gross mathematical reserves (lei)	Share of mathematical reserves total (%)
2009	3,889,930,756	3,015,904,434	77.53
2010	4,383,572,919	3,535,862,556	80.66
2011	4,772,055,357	3,913,498,770	82.01
2012	5,477,203,711	4,563,022,452	83.31
2013	5,868,974,592	5,058,997,092	86.20

Source: FSA

Figure I 38 Dynamics of gross technical reserves for life insurance between 2009 and 2013



Source: FSA

The gross mathematical reserves of 5,058,997,092 lei represented 86.20% of total gross technical reserves established for life insurance, up by 10.87% in nominal terms (up by 9.18% in real terms), as compared to 31.12.2012.

In the total value of gross mathematical reserves, significant shares were held by mathematical reserves established for Class **AI** - Life insurance, annuities and additional life insurance 40.06%) and Class **AIII** - Life insurance and annuities linked to investment funds (59.81%).

4.6. Assets of Insurance Undertakings

4.6.1. Total Assets

On 31.12.2013, the total value of the balance sheet assets indicated in the insurance undertakings' financial statements was 18,357,707,937 lei, down by 3.18% in nominal terms as compared to 2012. In real terms, taking into account the inflation rate, the value of the insurance undertakings' assets decreased by 4.66%.

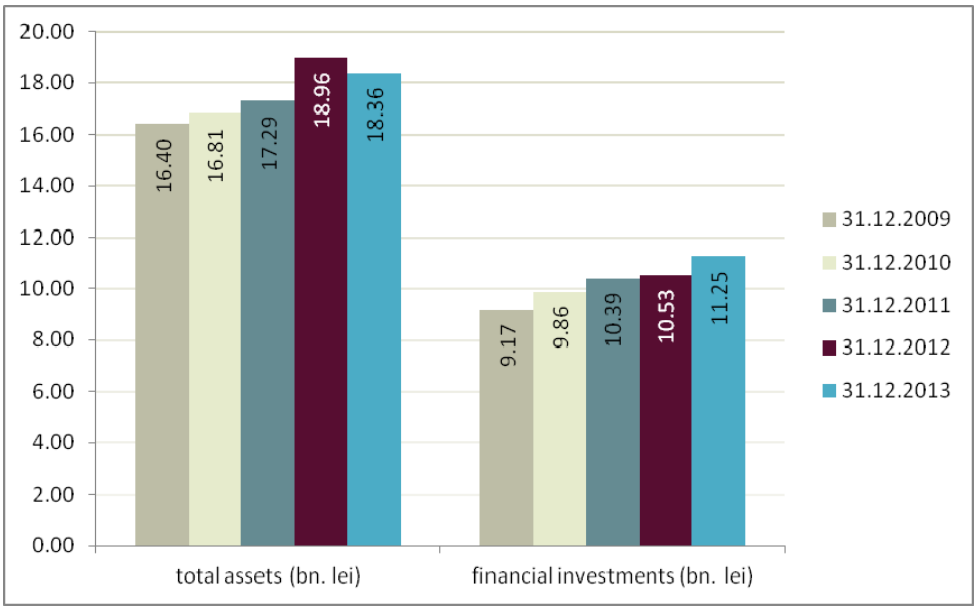
The total value of the balance sheet assets as at 31.12.2013 was influenced both by the decrease in the value of the assets of several insurance undertakings in 2013 (for example, Astra SA where assets decreased by 51% in 2013), and by the decrease in the number of insurance undertakings (37, as compared to 39 existing on 31.12.2012).

Table I 32 Balance sheet assets of insurance undertakings between 31.12.2009 and 31.12.2013

Date	Total balance sheet assets	Investments (lei)			
		total of which	Bonds and other fixed-income securities	Investments related to unit-linked life insurance	Other investments
31.12.2009	16,398,487,279	9,174,286,671	3,557,692,096	1,501,947,164	4,114,647,411
31.12.2010	16,805,591,185	9,857,781,064	4,515,307,549	1,880,392,260	3,462,081,255
31.12.2011	17,293,960,385	10,390,101,581	5,113,381,422	2,122,748,569	3,153,971,590
31.12.2012	18,960,424,182	10,525,710,723	4,925,977,303	2,629,080,446	2,970,652,974
31.12.2013	18,357,707,937	11,248,152,194	5,360,401,087	2,993,042,517	2,894,708,590

Source: FSA

Figure I 39 Evolution of total assets and financial investments between 31.12.2009 and 31.12.2013



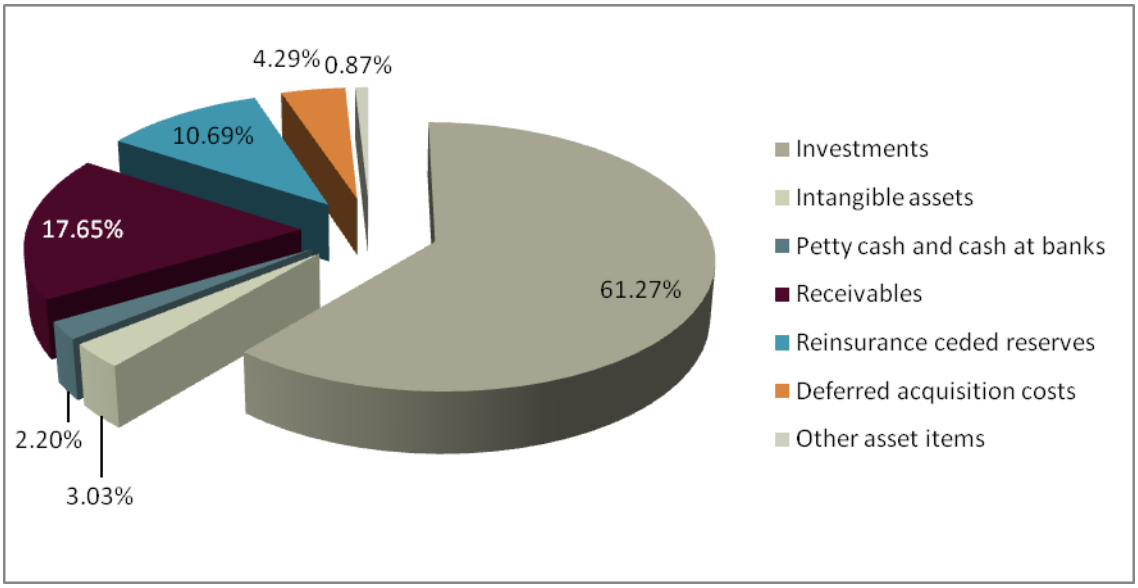
Source: FSA

In relation to GDP, the total value of the balance sheet assets held as at 31.12.2013 by the insurance undertakings in Romania represents a share of 2.92% as compared to 3.23% at the end of 2012.

The top 10 insurance undertakings, ranked according to their market share, hold balance sheet assets of 74.64% of the total, according to the data indicated in the financial statements.

The biggest share of the total assets, *i.e.* 61.27%, is held by investments which, on 31.12.2013, were 11,248,152,194 lei. As compared to the previous year, the value of investments registered a nominal growth by 6.86%, which in real terms represents a growth by 5.23%.

Figure I 40 Structure of insurance undertakings' assets as at 31.12.2013



Source: FSA

The main types of investments reported by insurance undertakings were as follows:

The value of investments made by insurance undertakings in shares was only 155,694,815 lei on 31.12.2013, the main investments being made in securities, bonds and UCITS.

The financial funds existing in the deposits established by the insurance undertakings with credit institutions were 919,968,842lei, the level being similar to that of the previous year (growth of only 0.97% in nominal terms, representing a decrease in real terms by 0.57%). By reference to the total value of investments, the deposits established with the credit institutions maintained the downward trend that began in 2008, when they represented 33.72%. At the end of 2013, they owned a share of 8.18% of total investments, on a downward trend by 0.48 points as compared to that of late 2012.

4.6.2. Assets Admitted to Cover Gross Technical Reserves for Non-Life Insurance

On 31.12.2013, the value of the assets admitted to cover the gross technical reserves for non-life insurance was 8,059,443,915 lei, slightly decreasing as compared to the level of 31.12.2012 (-0.95%). On 31.12.2013, the coverage ratio of the technical reserves with admitted assets for this type of insurance was 108.16%.

On 31.12.2013, the structure of the assets admitted to cover the gross technical reserves for non-life insurance was as follows:

- **The Government Securities and Treasury Bills issued by Member States** of 2,243,339,914 lei were used as assets by 18 insurance undertakings. The value of these investments recorded a nominal growth by 11.05% (9.35% real growth) as compared to 2012. Such class of assets represents 27.83% of the total assets admitted to cover the gross technical reserves, and participate in the coverage of 30.11% of gross technical reserves;

- **The securities issued by the authorities of the local public administration** amounted to 23,754,518 lei, up by 8.37% in nominal terms (up by 6.72% in real terms) as compared to 31.12.2012. Such class of assets held a share of 0.29% in total assets admitted, and participate in the coverage of 0.32% of gross technical reserves.

- **The securities traded on a regulated market and equity securities in the open-end investment funds** amounted to 376,024,796 lei, up by 13.19% in nominal terms (up by 11.46% in real terms) as compared to 31.12.2012. The share of such class of assets in total assets admitted was 4.67%. The coverage ratio of gross technical reserves with this class of assets was 5.05%.

  The structure of such assets category is as follows:
  - investments in bonds and other money market and capital market instruments totalled 231,108,683 lei and were reported by seven insurance undertakings. These assets hold a share of 61.46% of all securities traded on a regulated market;
  - shares and other variable-yield equity interests cumulated 96,821,141 lei, which represented 25.75% of the securities traded on a regulated market. Ten insurance undertakings invested in this class of assets;
  - investments made in fund units of undertakings for collective investment and in other investment funds totalled 48,094,971 lei and held the lowest share of the investments in securities, *i.e.* 12.79%. For this type of assets, seven undertakings reported investments.

- **The available funds with deposits, current accounts and cash in hand** amounted to 847,673,122 lei down by 8.02% in nominal terms (down by 9.42% in real terms), as compared to 31.12.2012. Investments in such instruments represented 10.52% of total assets admitted. The coverage ratio of gross technical reserves with this class of assets was 11.38%;

- **The receivables from policyholders and intermediaries** of 1,841,045,035 lei, admitted to cover the technical reserves of 1,492,913,490 lei, held a share of 18.52% of total assets admitted, and cover 20.04% of the gross technical reserves on 31.12.2013. The value of such assets decreased by 10.62% as compared to 31.12.2012;

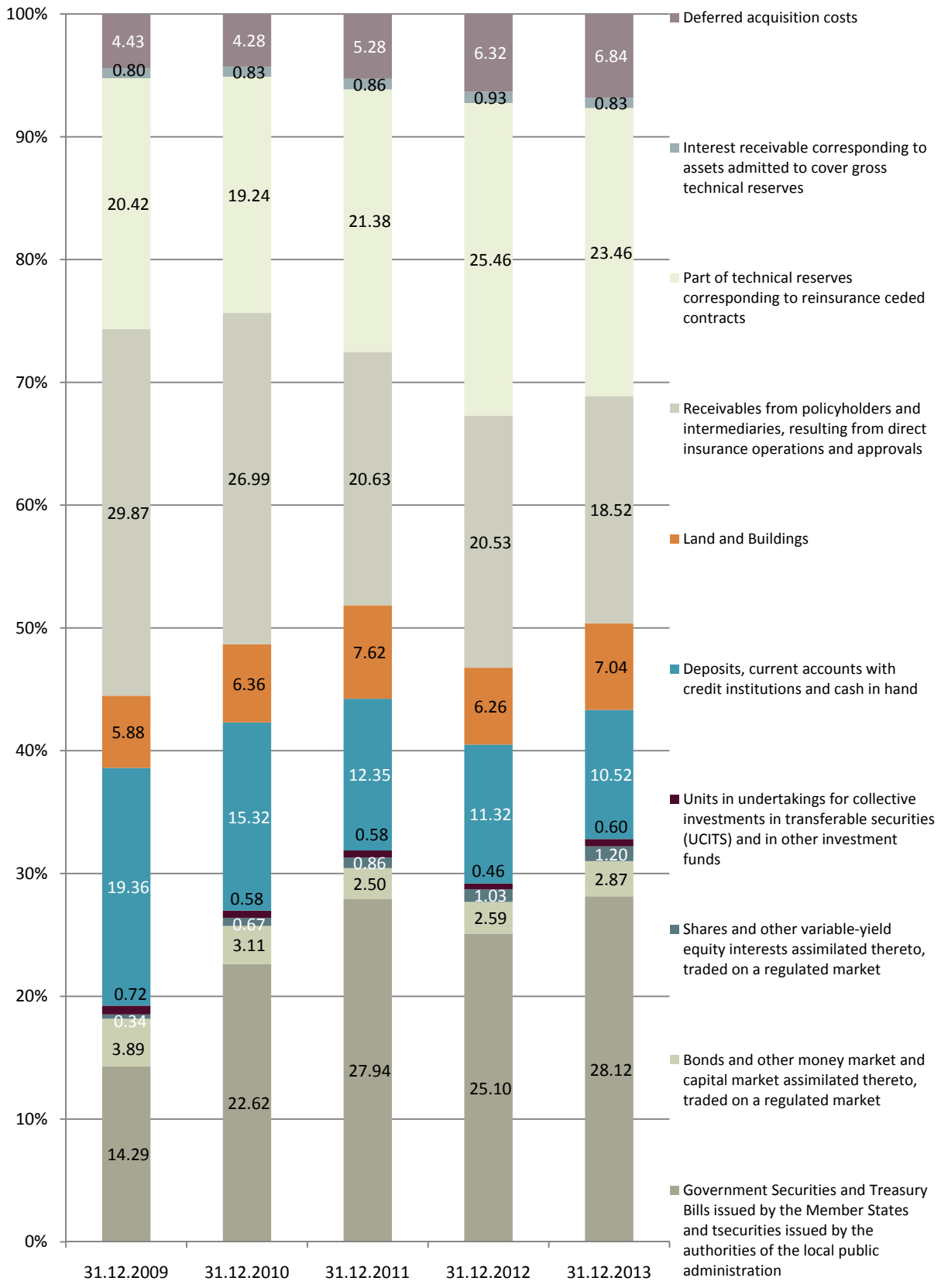
- **The part of technical reserves corresponding to reinsurance ceded contracts** of 1,891,059,333 lei held a share of 23.46% in total assets admitted, and covers 25.38% of the gross technical reserves. A nominal decrease by 8.74% (10.13% real decrease) was recorded as compared to 31.12.2012.

- **The land and buildings admitted to cover the technical reserves** amounted to 567,622,752 lei, up by 11.38% in nominal terms (up by 9.68% in real terms), as compared to 31.12.2012. This class of assets held a share of 7.04% of total assets admitted. The coverage ratio of gross technical reserves in land and buildings was 7.62% on 31.12.2013.

- **The interest receivable corresponding to assets admitted** amounted to 66,787,256 lei, down by 11.34% in nominal terms (down by 12.69% in real terms) as compared to 31.12.2012. The share of this class in total assets admitted was 0.83%, and participates with only 0.90% to cover gross technical reserves.

- **Deferred acquisition costs** of 549,631,447 lei held a share of 6.84% in total assets admitted to cover the gross technical reserves for non-life insurance. This class recorded a nominal growth by 6.95% (up by 5.32% in real terms), as compared to 31.12.2012. The coverage ratio of technical reserves with this class of assets was 7.36%.

Figure I 41 Evolution of the structure of assets admitted to cover the gross technical reserves for non-life insurance between 31.12.2009 and 31.12.2013



Source: FSA

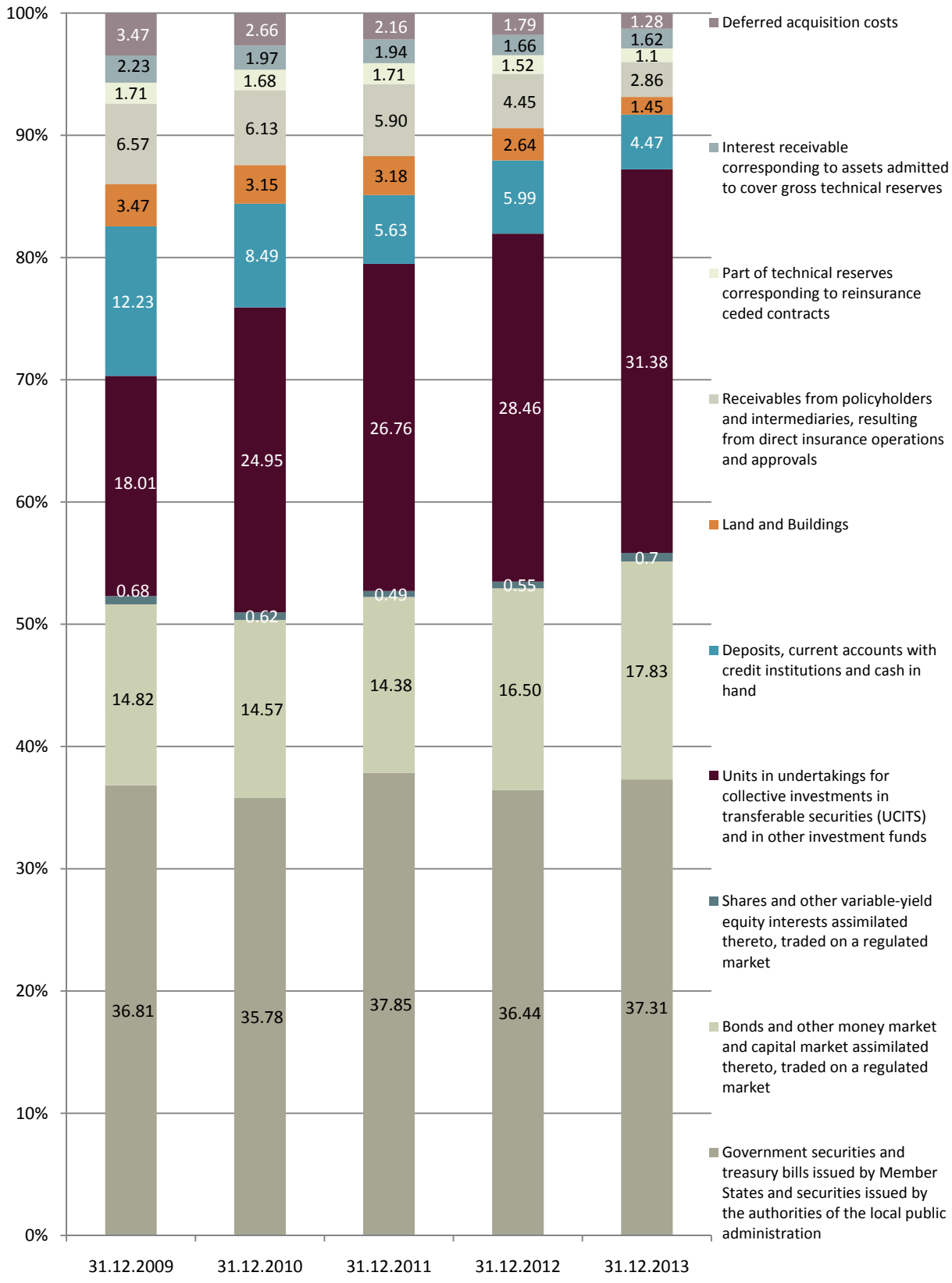
4.6.3. Assets Admitted to Cover Gross Technical Reserves for Life Insurance

The value of the assets covering the gross technical reserves for life insurance was, at the end of 2013, 6,414,915,796 lei, increasing by 4.77% as compared to the level recorded at the end of 2012. The coverage ratio of the gross technical reserves with admitted assets for the class of life insurance was 109.3%.

On 31.12.2013, the structure of the assets admitted to cover the gross technical reserves for life insurance was as follows:

- **The Government Securities and Treasury Bills issued by Member States** amounted to 2,360,202,497 lei, up by 7.08% in nominal terms (up by 5.45% in real terms) as compared to 31.12.2012. Investments made in these types of instruments represent 36.79% of total assets admitted to cover the technical reserves. The coverage ratio of gross technical reserves with this class of assets was 40.21%.
- **The securities issued by the authorities of the local public administration** represented investments of 33,088,171 lei, up by 21.91% in nominal terms (up by 20.05% in real terms) as compared to 31.12.2012. In total assets admitted to cover the gross technical reserves, this class held a share of 0.52%. The coverage ratio of gross technical reserves with investments in securities issued by the authorities of the local public administration was 0.56%.
- **The securities traded on a regulated market and equity securities in the open-end investment funds** represented total investments of 3,201,646,905 lei, up by 14.91% in nominal terms (up by 13.16% in real terms) as compared to 31.12.2012. The share of securities in total assets was 49.91%, and the coverage ratio of gross technical reserves with this class of assets was 54.55%.
- **The available funds with deposits, current accounts and cash in hand** amounted to 286,660,603 lei, down by 21.77% in nominal terms (down by 22.96% in real terms) as compared to 31.12.2012. The contribution of this type of assets to the total assets admitted to cover the gross technical reserves was 4.47%. The coverage ratio of gross technical reserves with the available funds with deposits, current accounts and cash in hand was 4.88%.
- **The receivables from policyholders and intermediaries** amounted to 183,587,289 lei, down by 32.67% in nominal terms (down by 33.70% in real terms) as compared to 31.12.2012. This category represented 2.86% of the total assets admitted to cover gross technical reserves for life insurance. The coverage ratio of gross technical reserves with receivables from policyholders and intermediaries was 3.13%.
- **The part of technical reserves corresponding to reinsurance ceded contracts** was 70,531,750 lei, down by 24.12% in nominal terms (down by 25.28% in real terms) as compared to 31.12.2012, accounting for 1.10% of total assets admitted. The coverage ratio of gross technical reserves with this asset category was 1.20%.
- **The land and buildings admitted for coverage** was 93,100,764 lei, down in nominal terms by 42.50% (by 43.38% in real terms) as compared to 31.12.2012. The share of this category in total assets was 1.45%. The coverage ratio of gross technical reserves with land and buildings was 1.59%.
- **The interest receivable** amounted to 103,900,681 lei, up by 2.29% in nominal terms, *i.e.* up by 0.73% in real terms, as compared to 31.12.2012. The share of this category in total assets admitted was 1.62%. The coverage ratio of gross technical reserves with interest receivable related to assets was 1.77%.
- **Deferred acquisition costs** amounted to 82,072,799 lei, down by 25.17% in nominal terms (down by 26.31% in real terms) as compared to 31.12.2012. The share of such assets in total assets admitted was 1.28%. The coverage ratio of gross technical reserves with deferred acquisition costs was 1.40%.

Figure I 42 Evolution of the structure of assets admitted to cover gross technical reserves for life insurance between 31.12.2009 and 31.12.2013



Source: FSA

4.6.4 Investments Made by Insurance Undertakings Abroad

On 31.12.2013, the value of investments of insurance undertakings in government securities and treasury bills, securities traded on a regulated market and equity securities in investment funds was 8,249,053,696 lei, of which 2,638,060,883 lei held abroad, representing 31.98% of the total. Insurance undertakings also make other types of investments abroad, such as land and/or buildings and bank deposits, which are not taken into account in this chapter.

As at 31.12.2013, investments made abroad in government securities and treasury bills, securities traded on a regulated market and equity securities in investment funds relating to the non-life insurance activity amounted to 212,799,015 lei (equivalent of 47 million Euros) and comprised:

- bonds - 63.59%;
- shares - 17.09%;
- equity securities in investment funds - 13.70%;
- government securities and treasury bills - 5.62%.

Significant investments in bonds were made in England (11.78%), Bulgaria (9.16%) Luxembourg (10.06%) and USA (4.30%), while in shares were made in the Member States of the European Union; investments in fund units of Undertakings for Collective Investment in Transferable Securities (UCITS) were made in Austria, while those in government securities made in the Member States of the European Union.

With regard to **life insurance**, investments abroad as at 31.12.2013 amounted to 2,425,261,868 lei (541 million euro) and comprised:

- 81.69%, *i.e.* 1,981,083,380 lei (442 million Euros) - investments made for unit-linked life insurance. Investments made abroad by insurance undertakings on behalf of clients who concluded unit-linked life insurance were largely directed, *i.e.* 87.43% respectively, in unit funds of UCITS with issuers from Member States, such as Luxembourg (88.80%), Germany (6.16%) Austria (4.59%) and other countries. Also, bonds held a share of 12.55% of all investments related to unit-linked life insurance and were directed to issuers in countries such as Austria (42.16), Great Britain (23.95%), Luxembourg (20.25%) and other countries.

- 18.31%, *i.e.* 444,178,488 lei (99 million Euros) - investments made for traditional life insurance. Investments made abroad by insurance undertakings related to traditional life insurance were directed to bonds (74.51%), government securities and treasury bills (15.21%) unit funds of UCITS (4.76%) and shares (552%). Total investments in corporate bonds amounted to 330,965,358 lei of which 32.36% was accounted for by U.S. issuers. Investments in EU bonds reached 223,853,629 lei, *i.e.* 67.64% of total. Significant investments in corporate bonds with European issuers were made in the following countries: Great Britain - 39.52%; Norway -14.34%.

4.7. Reinsurance Activity

In 2013, a number of 26 insurance undertakings concluded reinsurance agreements for non-life insurance, while 18 insurance undertakings concluded reinsurance agreements for life insurance.

In 2013, the total amount of reinsurance ceded written premiums was 2,319,056,875 lei, representing 28.54% of total gross written premiums by insurance undertakings in Romania for 2013. By reference to the value of reinsurance ceded written premiums during the previous year, the variation of 580,239,643 lei represents a nominal growth by 33.37%, *i.e.* by 28.27% in real terms.

For the category of non-life insurance, in 2013, the value of reinsurance ceded gross written premiums was 2,258,953,512 lei, representing 34.80% of total gross written premiums for non-life insurance.

As regards life insurance, the value of the reinsurance ceded premiums increased by 0.33%, remaining almost unchanged.

The reinsurance activity reported in 2013 increased by 1.5% as compared to the previous year, mostly due to the reinsurance accepted for the non-life insurance activity.

The key reinsurance indicators in 2012 and 2013 are as follows:

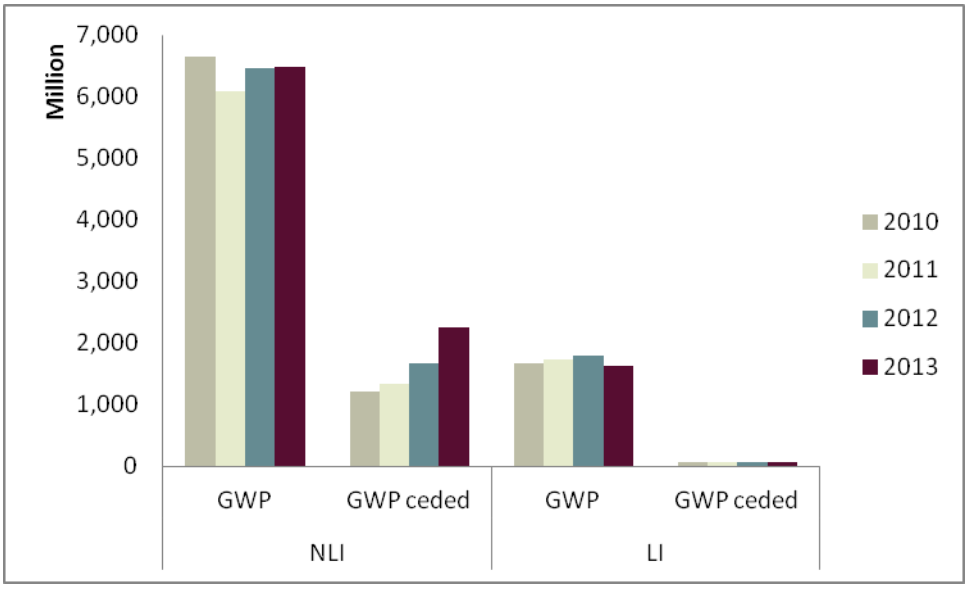
Table I 33 Key reinsurance indicators in 2013

Indicators	Life Insurance		Non-life insurance		Total (non-life + life)	
	2012	2013	2012	2013	2012	2013
Gross written premiums (lei)	1,802,519,132	1,634,296,439	6,454,395,818	6,490,358,402	8,256,914,950	8,124,654,841
Reinsurance premiums (lei)	39,044	44,433	35,255,931	35,778,914	35,294,975	35,823,347
Reinsurance commissions (lei)	0	0	7,657,045	7,794,593	7,657,045	7,794,593
Share of reinsurance commissions in corresponding premiums (%)	0	0	21.72%	21.79	21.69%	21.76%
Reinsurance ceded premiums (lei)	59,903,019	60,103,363	1,678,914,213	2,258,953,512	1,738,817,232	2,319,056,875
Share of ceded premiums in total gross written premiums (%)	3.32%	3.68%	26.01%	34.80%	21.06%	28.54%
Reinsurance commissions received (lei)	17,127,424	14,956,231	281,908,429	354,903,720	299,035,853	369,859,951
Share of reinsurance commissions received (%)	28.59%	24.88%	16.79%	15.71%	17.20%	15.95%
Revenues from reinsurance from recovered claims(lei)	16,738,291	16,865,640	937,128,744	1,424,011,256	953,867,035	1,440,876,896
Revenues from reinsurance from recovered claims in total reinsurance ceded gross written premiums (%)	27.94%	28.06%	55.82%	63.04%	54.86%	62.13%

Source: FSA

The reinsurance program adopted by the insurance undertakings and presented by them in the Annual Report on the reinsurance strategy in the 2013 financial year keeps at large the same reinsurers and types of reinsurance contracts concluded during the previous year.

Figure I 43 Dynamics of gross written premiums and reinsurance ceded gross written premiums between 2010 and 2013 (mil. lei)

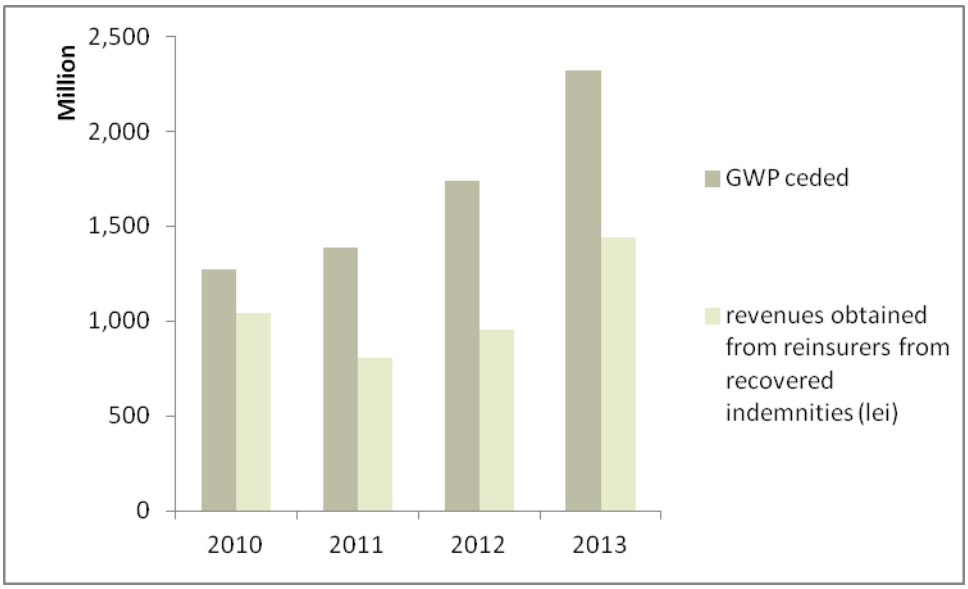


Source: FSA

Since reinsurance is the best solution to manage risks, to maintain solvency requirements, to level risk profile, to increase underwriting capacity, the undertakings, opted, as in the previous years, to conclude both proportional reinsurance treaties, such as surplus or share quota, and non-proportional treaties, such as excess of loss per risk/event or stop-loss reinsurance.

In 2013, the value of revenues from reinsurers from claims recovered based on reinsurance contracts was 1,440,876,896 lei and increased by 487,009,861 as compared to 2012, which represent an increase by 51.06% in nominal terms and by 45.28% in real terms.

Figure I 44 Dynamics of revenues obtained from reinsurers from recovered claims between 2010 and 2013 (mil. lei)



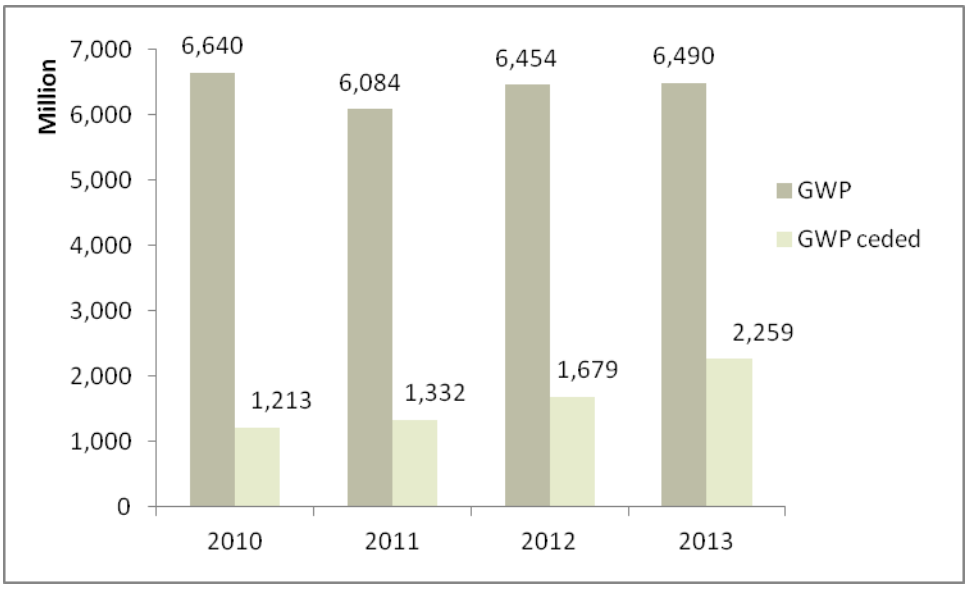
Source: FSA

4.7.1 Non-Life Insurance

In 2013, reinsurance ceded gross written premiums were 2,258,953,512 lei, representing 34.80% of total gross written premiums for non-life insurance. Consequently, on 31.12.2013, own retention ratio resulting from reports submitted by insurance undertakings was 65.20% of gross written premiums for non-life insurance.

There was an increase in the percentage representing reinsurance ceded as compared to the previous year when only 26.01% of the gross written premiums for non-life insurance was ceded to reinsurance. Thus, the values show a continuous concern of insurers in 2013 to reinsure against major risks, obtaining protection from reinsurers, mainly from Europe and the U.S.

Figure I 45 Dynamics of gross written premiums and reinsurance ceded gross written premiums for the class of non-life insurance between 2010 and 2013 (mil. lei)

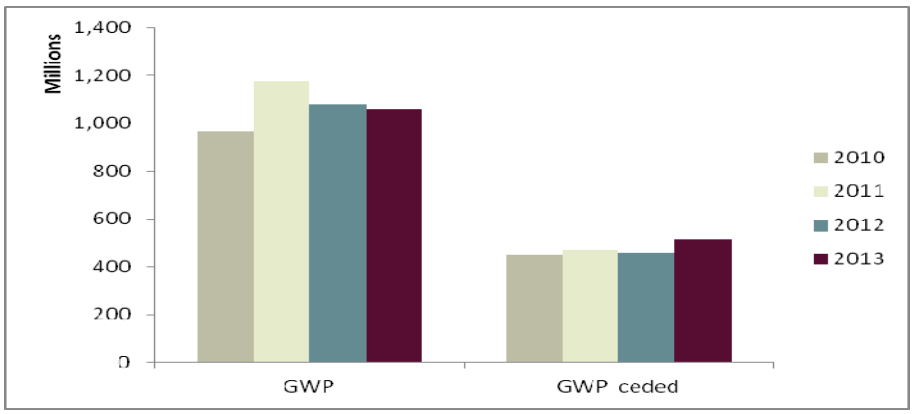


Source: FSA

The largest share of the total value of reinsurance ceded premiums was held by the following insurance classes:

- **Class VIII – Insurance against fire and other natural disasters** amounted to 514,941,382 lei, representing 48.56% of total gross written premiums for this insurance class, and 22.80% of total reinsurance ceded premiums for non-life insurance. As compared to the previous year, the value of the reinsurance ceded written premiums for this insurance class increased by 5.98% in nominal terms, *i.e.* up by 1.92% in real terms.

Figure I 46 Dynamics of gross written premiums and reinsurance ceded premiums related to the Class of non-life insurance VIII – Insurance against fire and other natural disasters between 2010 and 2013 (mil. lei)



Source: FSA

For losses occurred, the revenues from reinsurers from claims recovered amounted to 83,580,975 lei, representing 37.77% of gross claims paid for such class. Such claims decreased by 7.86% in nominal terms as compared to 2012.

- **Class X – Civil liability insurance for motor vehicles** amounted to 773,761,857 lei, representing 31.43% of written premiums for this insurance class and 34.23% of total reinsurance ceded premiums for non-life insurance. As compared to the previous year, the value of the reinsurance ceded written premiums for this insurance class significantly increased by 20.46% in nominal terms, *i.e.* by 15.85% in real terms.

Figure I 47 Dynamics of gross written premiums and reinsurance ceded premiums related to the Class of non-life insurance X – Compulsory motor vehicle liability insurance between 2010 and 2013 (mil. lei)

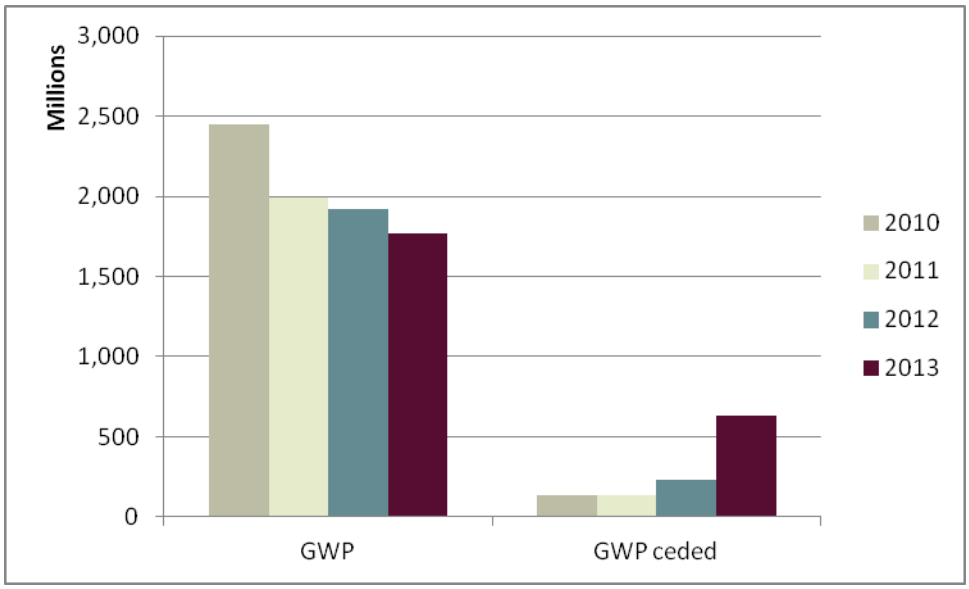
Source: FSA

For losses occurred, the revenues from reinsurers from claims recovered of 801,194,729 lei increased by 45.15% in nominal terms and by 39.59% in real terms as compared to 2012. The revenues from reinsurers from claims recovered represented 41.58% by reference to total gross claims paid for this class of insurance in 2013.

- **Class III – Insurance for Land transportation means other than rail transport** amounted to 628,176,861 lei, representing 35.59% of total written premiums for this insurance class and 27.81% of total reinsurance ceded premiums for non-life insurance. As compared to the previous year, the

value of the reinsurance ceded written premiums for this insurance class significantly increased by 169.31% in nominal terms and by 159.00% in real terms, although gross written premiums slightly decreased (by 7.92% in nominal terms).

Figure I 48 Dynamics of gross written premiums and reinsurance ceded premiums related to the Class of non-life insurance III – Insurance for Land transportation means other than rail transport, between 2010 and 2013 (mil. lei)



Source: FSA

The revenues from reinsurance from claims recovered for losses occurred was 448,431,096 lei, up by 193.09% in nominal terms, *i.e.* by 181.87% in real terms as compared to 2012. This amount represents 25.41% of total gross claims paid by insurers.

As compared to 2012, significant change of gross written premiums and reinsurance ceded were reported for other classes:

- **Class XV – suretyship insurance** amounted to 44,254,899 lei representing 21.06% of total gross written premiums for this insurance class and 1.96% of total reinsurance ceded premiums for non-life insurance.

As compared to the previous year, underwriting increased by 38.01% in conjunction with the growth in the value of reinsurance ceded written premiums by 20.71% in nominal terms, *i.e.* by 16.09% in real terms.

For losses occurred, the revenues from reinsurers from claims recovered of 5,138,394 lei, up by 1870.58% in nominal terms, *i.e.* by 1795.15% in real terms as compared to 2012.

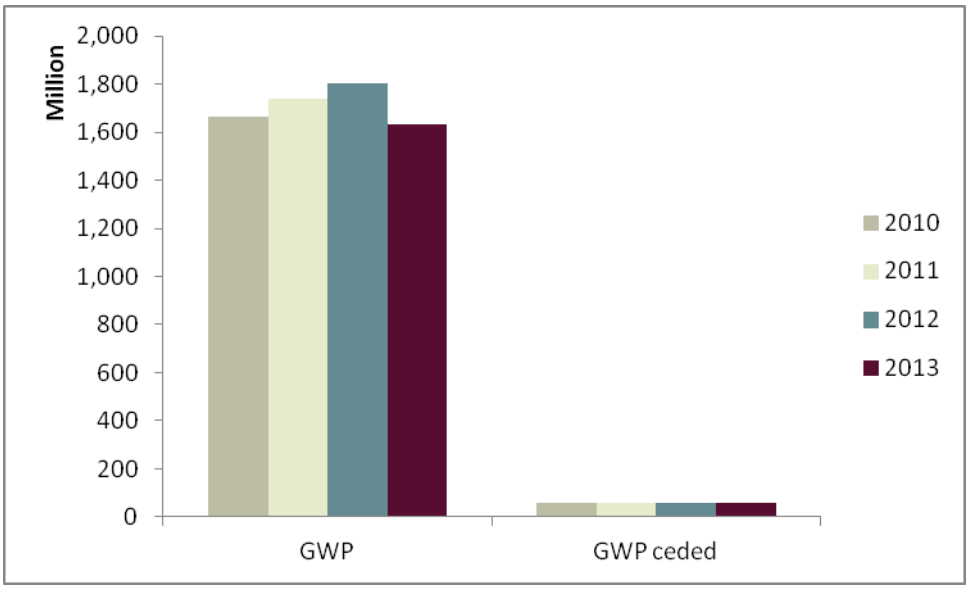
- **Class XIII - General liability insurance**; the volume of gross written premiums decreased by 14% as compared to the previous year, while reinsurance ceded gross written premiums increased by 28.50% in nominal terms, amounting to 118,995,940 lei.

The revenues from reinsurance from claims recovered for losses occurred was 19,439,237 lei, down by 58.73% in nominal terms, *i.e.* by 60.31% in real terms as compared to 2012.

4.7.2 Life Insurance

In 2013, reinsurance ceded gross written premiums amounted to 60,103,363 lei, a level relatively constant as compared to that of 2012, up by 0.33% in nominal terms, *i.e.* down by 3.51% in real terms.

Figure I 49 Dynamics of gross written premiums and reinsurance ceded gross written premiums for the class of life insurance between 2010 and 2013 (mil. lei)



Source: FSA

Reinsurance ceded gross written premiums represented 3.68% of total gross written premiums, approximately at the same level as that of 2012. Consequently, on 31.12.2013, own retention ratio of risks assumed by life insurance contracts was 96.32%, while net premiums amounted to 1,574,193,076 lei.

The most significant share of total reinsurance ceded premiums, *i.e.* 93.88%, was reported for Class I – Life insurance, annuities and additional life insurance. Therefore, the ceded premiums for this insurance class amounted to 56,425,176 lei, constant as compared to 2012.

The revenues from reinsurers from claims recovered amounted to 16,865,640 lei and represented 12.51% of the total gross claims paid in 2013 for life insurance of 134,773,646 lei.

The undertakings' reinsurance programs were not substantially modified as compared to 2012, both in terms of reinsurance ceded gross written premiums and their structure.

4.7.3 Analysis of Capital Requirements for Natural Disaster Risks according to Order No. 12/2012

The Rules on the authorization and performance of the natural disaster risks insurance and reinsurance activity enforced by Order No. 12/2012 includes the methodology for calculating the capital requirements for natural disaster risks (earthquake and floods), based on a uniform calculation of the probable maximum loss for all Romanian insurers.

The data provided by the 26 insurance undertakings authorized to write natural disaster risks as at 30.09.2013 revealed that the gross probable maximum loss calculated in accordance with the model provided in the Rules, is about 12.91 billion lei, of which 90.96% would be covered by reinsurers. On 30.09.2013, such undertakings had cumulatively a surplus of own funds (including net assets and net catastrophe reserve) of approximately 1.6 billion lei against the probable maximum loss incumbent upon them.

4.8. Acquisition and Administrative Costs

In 2013, the aggregate value of the acquisitions and administrative costs reported by insurance undertakings was 3,415,416,798 lei, up by 6.74% as compared to 2012, *i.e.* by 2.65% in real terms.

Acquisition costs amounted to 1,997,363,583 lei, representing 58.48% of total expenses, while administrative costs amounted to 1,418,053,215 lei, representing 41.52%.

In 2013, total acquisition and administrative costs represented 42.04% of gross written premiums in non-life and life insurance, up by 3.29 percentage points as compared to that of 2012.

Table I 34 Structure of acquisition and administrative costs by insurance classes

Indicator	Life insurance (lei)		Non-life insurance (lei)		Total (lei)	
	2012	2013	2012	2013	2012	2013
Acquisition costs	313,071,708	308,344,272	1,436,830,625	1,689,019,311	1,749,902,333	1,997,363,583
Administrative costs	415,538,962	400,795,073	1,034,178,649	1,017,258,142	1,449,717,611	1,418,053,215
Acquisition and administrative costs Total	728,610,670	709,139,345	2,471,009,274	2,706,277,453	3,199,619,944	3,415,416,798

Source: FSA

On 31.12.2013, the structure of acquisition and administrative costs was as follows:

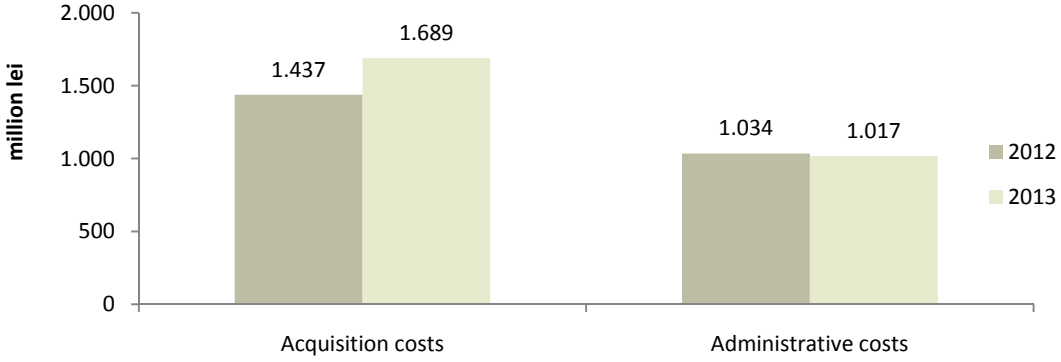
Non-life insurance*,* acquisition and administrative costs reported by insurance undertakings amounted to 2,706,277,453 lei (79.24% of total market), up by 9.52% in nominal terms as compared to 2012, *i.e.* by 5.33% in real terms.

The analysis by insurance classes of acquisition and administrative costs revealed that the most significant amounts were reported for Class X - Civil liability insurance for motor vehicles (1,003,391,973 lei), Class III - Insurance for Land transportation means other than rail transport (741,621,496 lei) and Class VIII - Insurance against fire and other natural disasters (458,781,518 lei). The aggregate value of acquisition and administrative costs reported for the two motor insurance Classes (III and X) amounted to 1,745,013,469 lei, *i.e.* 64.48% of total costs for non-life insurance and 41.29% of gross written premiums for the two classes.

As compared to 2012, acquisition and administrative costs for Class III - Insurance for Land transportation means other than rail transport, increased by 1.66% in nominal terms (and decreased by 2.23% in real terms).

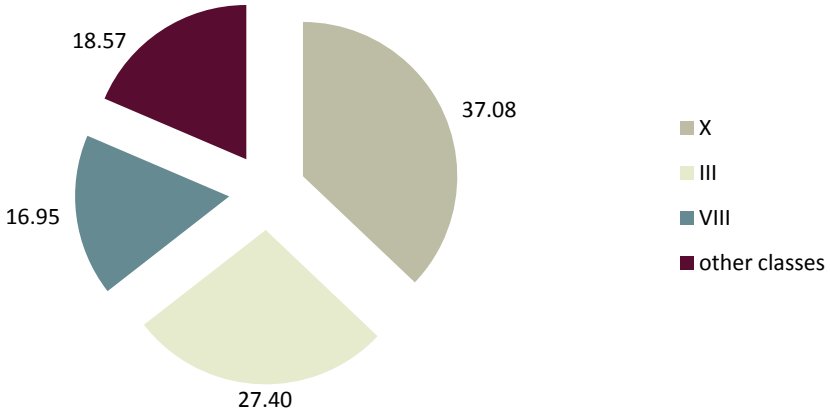
Acquisition and administrative costs for Class X - Civil liability insurance for motor vehicles increased by 19.17% in nominal terms (and decreased by 14.61% in real terms) compared to 2012.

Figure I 50 Evolution of acquisition and administrative costs for non-life insurance



Source: FSA

Figure I 51 Structure of acquisition and administrative costs by classes of non-life insurance (%) as at 31.12.2013



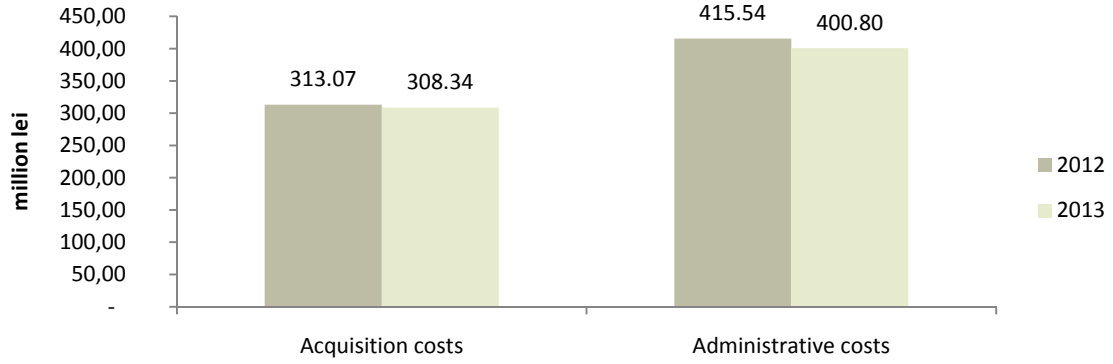
Source: FSA

Life insurance, acquisition and administrative costs reported for 2013 amounted to 709,139,345 lei (20.76% of total market), decreasing by 2.67% in nominal terms (by 6.40% in real terms) as compared to 2012.

For Class I – Life insurance, annuities and additional life insurance, acquisition and administrative costs reported by undertakings amounted to 546,342,614 lei (77.04% of total life insurance), increasing by 3.50% in nominal terms (decrease by 0.46% in real terms), as compared to 2012.

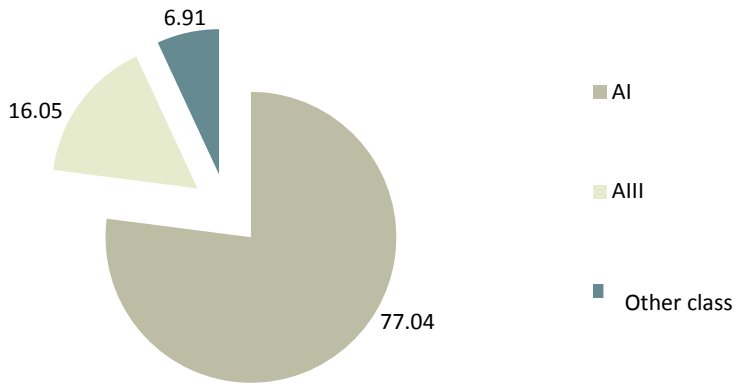
Acquisition and administrative costs for Class III – Life insurance and annuities linked to investment funds amounted to 113,779,642 lei (16.05% of total life insurance), decreasing by 24.31% in nominal terms, as compared to 2012, *i.e.* down by 27.21% in real terms.

Figure I 52 Evolution of acquisition and administrative costs for life insurance



Source: FSA

Figure I 53 Structure of acquisition and administrative costs by classes of life insurance (%) as at 31.12.2013



Acquisition Costs

In 2013, insurance undertakings reported acquisition costs of 1,997,363,583 lei, up by 14.14% in nominal terms (up by 9.77% in real terms), as compared to 2012.

The structure by insurance classes of acquisition cost was as follows:

- **Non-life insurance:** acquisition costs in 2013 amounted to 1,689,019,311 lei, up by 17.55% in nominal terms (up by 13.05% in real terms) as compared to 2012. This value represents 84.56% of total acquisition costs reported by undertakings for non-life and life insurance.
- **Life insurance:** acquisition costs amounted to 308,344,272 lei (15.44% of total acquisition costs reported for both categories of insurance), down by 1.51% in nominal terms (by 5.28% in real terms) as compared to 2012.

Administrative Costs

In 2013, insurance undertakings reported administrative costs of 1,418,053,215 lei, down by 2.18% in nominal terms (by 5.92% in real terms), as compared to 2012. The structure of administrative costs by both categories of insurance was as follows:

- **Non-life insurance:** administrative costs amounted to 1,017,258,142 lei, representing 71.74% of total administrative costs, down by 1.64% in nominal terms (by 5.40% in real terms), as compared to 2012.
- **Life insurance:** administrative costs amounted to 400,795,073 lei, representing 28.26% of total administrative costs, down by 3.55% in nominal terms (by 7.24% in real terms), as compared to 2012.

Table I 35 Loss rating of main classes of non-life insurance between 2011 and 2013

Class	2011			2012			2013		
	Costs ratio	Loss rating	Combined rating	Costs ratio	Loss rating	Combined rating	Costs ratio	Loss rating	Combined rating
Total non-life insurance, of which:	40.27%	73.20%	113.47%	38.90%	69.10%	108.00%	41.97%	71.60%	113.57%
Class III	33.81%	84.18%	117.99%	35.19%	92.82%	128.01%	38.68%	89.43%	128.11%
Class VIII	46.03%	16.19%	62.22%	37.98%	25.34%	63.32%	43.71%	24.61%	68.32%
Class X	40.58%	103.46%	144.04%	41.05%	83.68%	124.73%	42.56%	88.37%	130.92%

Source: FSA

In non-life insurance, the costs ratio, calculated as ratio between acquisition and administrative costs and earned gross premiums was 41.97%, up by 38.96%, as compared to that of 2012.

The loss rating, calculated as ratio between the gross losses occurred and gross premiums earned, was 71.60% in 2013, as compared to 69.10% of 2012, up by 3.62%.

The combined loss rating for non-life insurance, calculated as ratio between the gross losses occurred, acquisition and administrative costs and gross premiums earned, was 113.57% in 2013, as compared to 108% of 2012.

The analysis by non-life insurance classes reveals that this ratio increased both for Class III - Insurance for Land transportation means other than rail transport, Class VIII – Insurance against fire and other natural disasters, and also for Class X – Civil liability insurance for motor vehicles. For Classes III and X the combined loss rating exceeded the 100% ceiling, revealing that losses were reported for the two classes in the technical result.

4.9. The Solvency of Insurance Undertakings

The analysis of the solvency ratio established by each insurance category, in line with the European directives, was one of the priorities of prudential supervision also in 2013.

Table I 36 Evolution of available solvency margin (lei) for non-life and life insurance between 31.12.2009 and 31.12.2013:

Insurance category	Available solvency margin				
	31.12.2009	31.12.2010	31.12.2011	31.12.2012	31.12.2013
Non-life insurance	2,012,033,024	2,125,511,889	2,038,318,791	1,939,918,788	944,286,575
Life insurance	1,199,193,246	1,219,431,465	1,028,915,044	1,062,053,390	899,672,499

Source: FSA

Table I 37 continued Table I 36

Insurance category	Modification rate (%)				
	2010/2009	2011/2010	2012/2011	2013/2012	2013/2009
Non-life insurance	5.64	-4.10	-4.83	-51.32	-53.07
Life insurance	1.69	-15.62	3.22	-15.29	-24.98

Source: FSA

On 31.12.2013, the value of the available solvency margin for non-life insurance decreased by 995,632,213 lei in nominal terms, *i.e.* by 51.32%, as compared to 31.12.2012, due to the losses in the technical results in the non-life insurance sector in 2013.

On 31.12.2013, the value of the available solvency margin for life insurance decreased by 162,380,891 lei, in nominal terms, *i.e.* by 15.29%, as compared to 31.12.2012.

On 31.12.2013, of 28 undertakings conducting non-life insurance operations:

- 6 insurers have a solvency ratio over 1.5;
- 16 insurers have a solvency ratio between 1.05 and 1.5;
- 3 insurers have a solvency ratio between 1 and 1.05;
- 3 undertakings do not meet the solvency requirement. 2 of them are subject to financial redress, and one insurer increased its share capital thus meeting the solvency requirement.

Of 17 undertakings conducting life insurance operations:

- 13 insurers have a solvency ratio over 1.5;
- 3 insurers have a solvency ratio between 1.05 and 1.5;
- one insurer does not meet the solvency requirement, because it did not obtain all approvals required to the increase of the share capital until the end of the year.

4.10. Financial and Technical Results of Insurance Undertakings

The review of the data of the financial statements submitted by insurance undertakings in 2013 revealed that, as at 31.12.2013, 17 insurance undertakings reported profit, while 20 insurance undertakings reported loss.

The aggregate profit for the entire market amounted to 222,215,253 lei, up by 10.38% in nominal terms (up by 6.16% in real terms) as compared to 2012. The loss reported by the 20 insurance undertakings amounted to 1,506,025,310 lei, up by 188.01% in nominal terms (up by 176.99%, in real terms) as compared to the loss reported in 2012.

At market level, the 2013 net result 2013 was negative, and the aggregate loss amounted to 1,283,810,057 lei.

Table I 38 Net financial result between 2009 and 2013

Year	Net financial result (lei)	Absolute growth as compared to previous year (lei)
2009	- 103,215,754	479,241,677
2010	- 41,369,241	61,846,513
2011	- 325,866,554	-284,497,313
2012	- 321,586,576	4,279,978
2013	-1,283,810,057	-962,223,481

Source: FSA

Between 2009 and 2013, the insurance market reported loss. In 2013, losses increased significantly by 962,223,481 as compared to 2012.

On 31.12.2013, Astra SA reported a loss of 813,640 thousand lei, with a share of 54.03% of total loss on the insurance market. On 31.12.2013, Asirom VIG SA, BCR Asigurari de Viata VIG SA and Omniasig VIG SA reported a loss of 467,952 thousand lei, with a share of 31.07% of total loss on insurance market.

As regards the technical results of insurance undertakings in 2013, the situation for the non-life and life insurance activity was as follows:

- **Non-life insurance**: loss for insurance undertakings. The aggregate loss as provided by the financial statements of such undertakings amounted to 1,218,376,670 lei. As compared to the previous year, technical result for non-life insurance deteriorated.

Table I 39 Technical result for non-life insurance between 2009 and 2013

Year	Net financial result (lei)		Absoluter growth as compared to previous year (lei)	
	Profit	Loss	Profit	Loss
2009	111,273,144	432,143,703	-91,211,936	-436,789,725
2010	92,969,443	288,052,643	- 18,303,701	-144,091,060
2011	102,973,139	591,573,238	10,003,696	303,520,595
2012	106,914,091	569,594,999	3,940,952	-21,978,239
2013	106,847,209	1,325,223,879	-66,882	755,628,880

Source: FSA

- **Life insurance:** profitable for 12 insurance undertakings, whose technical results amounted to 149,091,189 lei, down by 15.91% as compared to 2012. Other 6 insurance undertakings reported a loss amounting to 75,488,139 lei, down by 24.98% as compared to 2012. Thus, in 2013, at market level, the insurance activity reported a positive technical result of 73,603,050 lei. As compared to the previous year, the technical result decreased by 3,076,173 lei.

Table I 40 Technical result for life insurance between 2009 and 2013

Year	Net financial result (lei)		Absoluter growth as compared to previous year (lei)	
	Loss	Profit	Profit	Loss
2009	248,736,055	92,078,859	109,541,331	38,926,012
2010	184,849,007	79,565,673	-63,887,048	12,513,186
2011	167,437,329	81,622,444	- 17,411,678	- 2,056,771
2012	177,302,111	100,622,888	9,864,782	-19,000,444
2013	149,091,189	75,488,139	-28,210,922	25,134,749

Source: FSA

4.11. Analysis of Insurance and/or Reinsurance Brokers' Activity

4.11.1. Assets and Share Capital of Insurance and/or Reinsurance Brokers

The annual financial statements sent by 464 insurance and/or reinsurance brokers revealed that the aggregate value of their balance sheet assets as at 31.12.2013 amounted to 536,400,670 lei, down by 12.78% in nominal terms (14.11% in real terms), as compared to 2012 (614,976,290 lei).

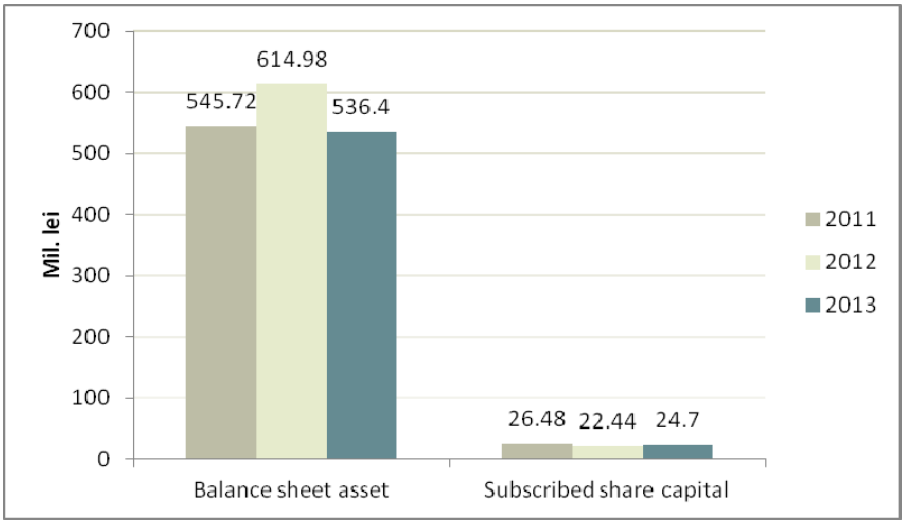
Assets higher than 1,600,000 lei were held by 50 insurance and/or reinsurance brokers. The aggregate value of the assets held by them amounted to 408,217,641 lei, *i.e.* 76.10% of total value of balance sheet assets held by insurance and/or reinsurance brokers as at 31.12.2013.

On the same date, the aggregate value of the share capital subscribed by insurance brokers was 24,704,222 lei, up by 10.08% in nominal terms (8.40% in real terms), as compared to 2012 (22,442,157 lei). The aggregate value of the share capitals paid in by insurance brokers was 24,686,222 lei.

The difference of 18,000 lei between the value of the share capital subscribed and that of the share capital subscribed and paid in resulted from the amount subscribed and not paid in by Rom Insurance Broker de Asigurare SRL until the approval date of the share capital increase by the specialized department of FSA.

50 insurance and/or reinsurance brokers reported share capital ranging between 85,000 lei and 2,766,740 lei, representing 53.00% of total share capital as at 31.12.2013 (24,704,222 lei), *i.e.* 13,093,872 lei.

Figure I 54 Evolution of balance sheet assets and share capital subscribed between 2011 and 2013



Source: FSA

4.11.2. Insurance Premiums Generated from Business Written by Insurance and/or Reinsurance Brokers

Insurance and/or reinsurance brokers, *i.e.* legal persons authorized in accordance with Law No. 32/2000 on insurance activity and insurance supervision, as subsequently amended and supplemented, negotiate insurance or reinsurance contracts on behalf of their clients, namely natural and legal persons, policyholders or prospective policyholders, provide assistance before and during the term of contracts or

concerning claims adjustment, as appropriate, establishing the circumstances of the insurance event, the size of the loss and make recommendations on the insurer's liability.

On 31.12.2013, the technical reports submitted by 445 insurance and/or reinsurance brokers reveal that the value of premiums generated from business written by insurance and/or reinsurance brokers amounted to 3,928,510,997 lei, of which 3,830,266,198 lei for non-life insurance and 98,244,799 lei for life insurance. As compared to 2012, when the value of such premiums was 3,603,663,044 lei, they increased by 9.01% in nominal terms (by 4.84% in real terms).

By referring the value of the insurance premiums generated from business written by insurance and/or reinsurance brokers to the total gross written premiums for non-life and life insurance (8,124,654,841), in 2013 insurance and/or reinsurance brokers accounted for 48.35% of the total volume of gross written premiums at market level (59.01% for non-life insurance and 6.01% for life insurance), an overall 4.7 percentage points more than 2012.

50 insurance brokers reported insurance premiums amounting to 2,781,592,534 lei, ranging between 16,000,000 lei and 242,000,000 lei. At the level of the brokerage market (3.928.510.997 lei), such premiums represented, in 2013, 70.81%, up by 1.49 percentage points as compared to the previous year (69.32%).

Table I 41 List of insurance brokers with the largest volume of intermediated premiums and their total share on the market in 2013

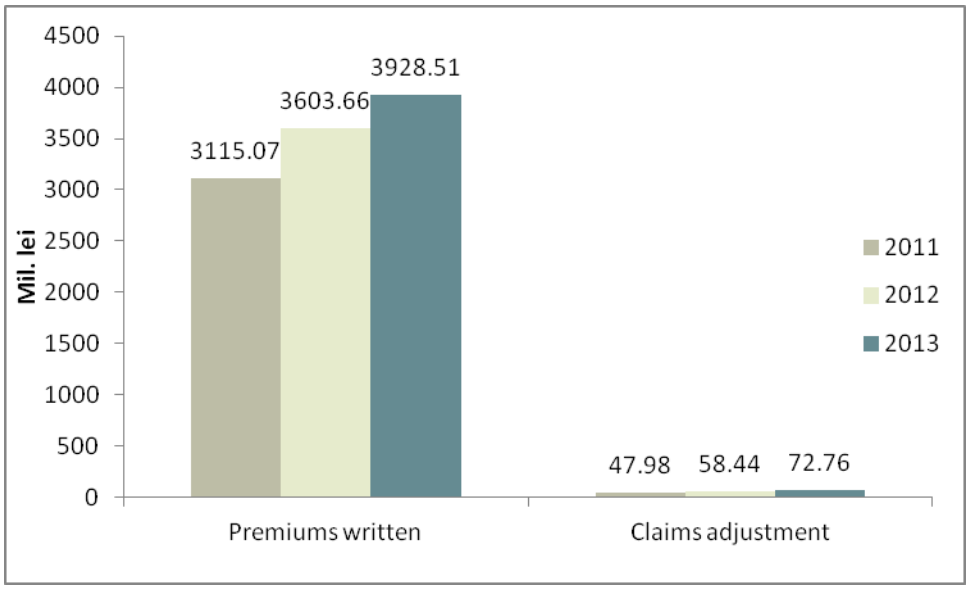
No.	Insurance Broker Name	Total Premiums	Share quota (%)
1	SAFETY BROKER DE ASIGURARE SRL	242,484,259	6.17
2	MARSH - BROKER DE ASIGURARE-REASIGURARE SRL	234,587,241	5.97
3	PORSCHE BROKER DE ASIGURARE SRL	151,759,889	3.86
4	DESTINE BROKER DE ASIGURARE SRL	146,448,546	3.73
5	UNICREDIT INSURANCE BROKER SRL	141,471,790	3.60
6	TRANSILVANIA BROKER DE ASIGURARE SRL	132,526,388	3.37
7	AON ROMANIA BROKER DE ASIGURARE - REASIGURARE SRL	94,923,261	2.42
8	CAMPION BROKER DE ASIGURARE SRL	77,821,496	1.98
9	RCI BROKER DE ASIGURARE SRL	76,531,712	1.95
10	MILLENIUM INSURANCE BROKER (MIB) SA	76,103,809	1.94
11	UNITY BROKER DE ASIGURARE REASIGURARE SRL	72,017,575	1.83
12	GRAS SAVOYE ROMANIA BROKER DE ASIGURARE-REASIGURARE SRL	66,335,060	1.69
13	DAW MANAGEMENT - BROKER DE ASIGURARE SRL	63,413,661	1.61
14	INTER BROKER DE ASIGURARE SRL	62,758,165	1.60
15	D&CA INSURANCE BROKER SRL	62,568,365	1.59
16	BUSINESSWIDE BROKER DE ASIGURARE SRL	60,147,649	1.53
17	DOMAS INSURANCE BROKER DE ASIGURARE SRL	53,504,932	1.36
18	MAXYGO BROKER DE ASIGURARE SRL	49,847,313	1.27
19	SRBA - BROKER DE ASIGURARE REASIGURARE SRL	48,690,392	1.24
20	OTTO BROKER DE ASIGURARE SRL	47,631,193	1.21
21	ALPINA BROKER DE ASIGURARE SRL	47,627,515	1.21
22	PROFESSIONAL BROKER DE ASIGURARE SRL	45,545,634	1.16
23	VBL BROKER DE ASIGURARE SRL	44,050,604	1.12
24	RAIFFEISEN BROKER DE ASIGURARE-REASIGURARE SRL	40,886,752	1.04
25	PIRAEUS INSURANCE REINSURANCE BROKER ROMANIA SRL	39,661,438	1.01
26	MERCEDES - BENZ INSURANCE BROKER SRL	36,599,551	0.93
27	PINTILIE BROKER DE ASIGURARE SRL	36,426,176	0.93
28	STAR BROKER DE ASIGURARE SRL	34,900,117	0.89
29	GLOBAL ASSURANCE BROKER DE ASIGURARE SRL	33,389,276	0.85
30	VECTOR BROKER DE ASIGURARE - REASIGURARE SRL	32,452,170	0.83
31	ASICONS BROKER DE ASIGURARE SRL	31,804,433	0.81
32	AMSTERDAM BROKER DE ASIGURARE SRL	28,234,411	0.72

No.	Insurance Broker Name	Total Premiums	Share quota (%)
33	OXIGEN INSURANCE - BROKER DE ASIGURARE SRL	25,912,109	0.66
34	ACTIV ASIGURARI - BROKER DE ASIGURARE-REASIGURARE SRL	25,426,589	0.65
35	ROM INSURANCE BROKER DE ASIGURARE SRL	23,980,682	0.61
36	ASIGEST BROKER DE ASIGURARE-REASIGURARE SA	23,735,536	0.60
37	INTERCAM BROKER D ASSURANCE SRL	22,997,234	0.59
38	LACOLI BROKER DE ASIGURARE SRL	22,375,965	0.57
39	PRESTIGE INSURANCE BROKER DE ASIGURARE SRL	21,595,568	0.55
40	ASKO ASSEKURANZ BROKER DE ASIGURARE SRL	20,792,765	0.53
41	PSG INSURANCE BROKER SRL	19,444,358	0.49
42	EXPERT BROKER DE ASIGURARE SRL	19,398,258	0.49
43	STEIN BESTASIG INSURANCE BROKER SRL (ANTERIOR STEIN INSURANCE)	18,612,536	0.47
44	KUNDEN BROKER DE ASIGURARE SRL	18,570,543	0.47
45	ZURICH BROKER DE ASIGURARE - REASIGURARE SRL	18,453,270	0.47
46	AUST INSURANCE BROKER DE ASIGURARE SRL	18,063,890	0.46
47	IVECO CAPITAL BROKER DE ASIGURARE-REASIGURARE SRL	17,887,906	0.46
48	SUD ASIG BROKER DE ASIGURARE SRL	17,441,901	0.44
49	ORIZONT BROKER DE ASIGURARE - REASIGURARE SA	17,291,845	0.44
50	TITAN BROKER DE ASIGURARE SRL	16,460,806	0.42
Total premiums by first 50 insurance brokers		**2,781,592,534**	**70.79**
Premiums reported by the rest of the insurance brokers		**1,146,918,463**	**29.21**
Total premiums		**3,928,510,997**	**100.00**

Source: FSA

Seven insurance and/or reinsurance brokers reported claims adjustments of 72,767,497 lei, up by 24.52% in nominal terms, and by 19.75% in real terms, as compared to 2012 (58,436,799 lei). By referring the value of the claims adjusted by insurance brokers to total claims paid by insurers in 2013 for non-life insurance (4,217,170,526 lei), insurance and/or reinsurance brokers adjusted 1.72% of the losses occurred in this sector of activity.

Figure I 55 Evolution of premiums generated from business written by insurance and/or reinsurance brokers and claims adjustment between 2011 and 2013



Source: FSA

4.11.3. Brokerage Insurance Revenues

On 31.12.2013, 464 insurance and/or reinsurance brokers obtained and reported total brokerage insurance revenues of 795,634,830 lei, up by 11.55% in nominal terms as compared to 2012 (713,274,641 lei), and by 7.28% in real terms.

The structure of brokerage insurance revenues as at 31.12.2013 by categories of revenues was as follows:

- 771.952.444 lei - revenues from writing insurance and reinsurance contracts reported by 455 insurance brokers, representing 97.02% of total brokerage insurance revenues, up by 11.85% in nominal terms (by 7.57% in real terms), as compared to 2012 (690,195,327 lei);
- 4,991,869 lei - revenues from risk assessment reported by 7 insurance and/or reinsurance brokers, representing 0.63% of total brokerage insurance revenues, up by 54.66% in nominal terms (by 48.74%, in real terms) as compared to 2012 (3,227,540 lei);
- 12,557,077 lei - revenues from claims adjustment reported by 16 insurance and/or reinsurance brokers, representing 1.58% of total brokerage insurance revenues, up by 2.11% in nominal terms (by 1.80% in real terms) as compared to 2012 (12,297,112 lei);
- 312,116 lei - revenues from damage inspection reported by 7 insurance and/or reinsurance brokers, increasing by 0.77% in nominal terms (and decreasing by 3.10% in real terms) as compared to the previous year (309,744 lei), representing 0.04% of total brokerage insurance revenues;
- 5,821,324 lei – revenues from other ancillary business reported by 50 insurance and/or reinsurance brokers, representing 0.73% of total brokerage insurance revenues, down by 19.65% in nominal terms (by 22.73% in real terms) as compared to 2012 (7,244,918 lei).

On 31.12.2013, 50 insurance and/or reinsurance brokers reported brokerage revenues exceeding 3,300,000 lei. The aggregate value thereof was 574,038,444 lei, representing 72.15% of total brokerage insurance revenues, *i.e.* 795,634,830 lei.

Table I 42 Insurance brokers reporting revenues over 3,300,000 lei in 2013

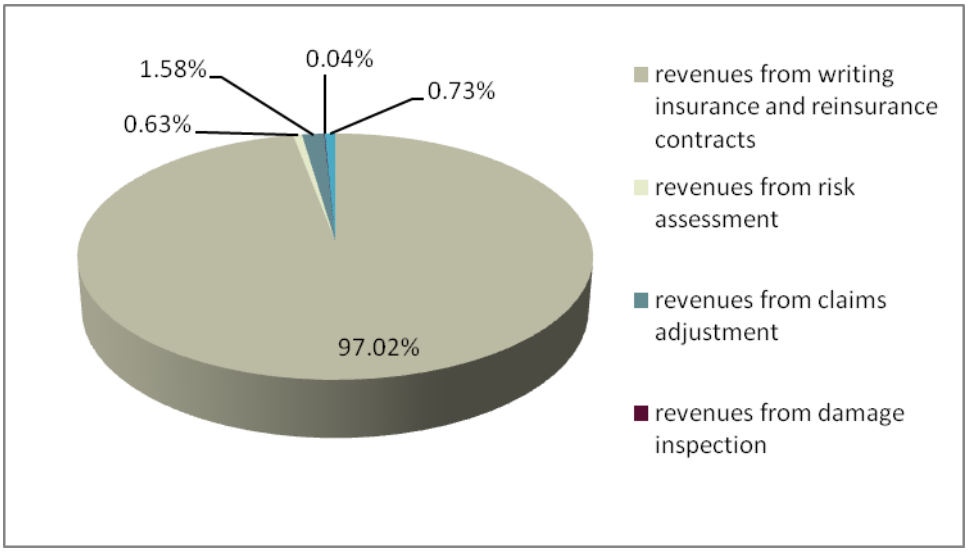
No.	Insurance Broker Name	Total of which	Revenues from writing insurance and reinsurance contracts	Revenues from risk assessment	Revenues from claims adjustment	Revenues from damage inspection	Revenues from other ancillary business
1	SAFETY BROKER DE ASIGURARE SRL.	46,869,734	46,869,734	0	0	0	0
2	DESTINE BROKER DE ASIGURARE SRL.	33,724,914	33,724,914	0	0	0	0
3	TRANSILVANIA BROKER DE ASIGURARE SRL.	32,387,968	32,387,968	0	0	0	0
4	MARSH - BROKER DE ASIGURARE-REASIGURARE SRL.	31,608,164	31,042,457	0	34,331	0	531,376
5	UNICREDIT INSURANCE BROKER SRL.	28,623,666	28,623,666	0	0	0	0
6	UNITY BROKER DE ASIGURARE REASIGURARE SRL	23,590,383	23,590,383	0	0	0	0
7	PORSCHE BROKER DE ASIGURARE SRL.	22,731,100	20,977,727	0	0	0	1,753,373
8	RCI BROKER DE ASIGURARE SRL.	20,688,581	20,688,581	0	0	0	0
9	CAMPION BROKER DE ASIGURARE SRL.	17,925,185	17,925,185	0	0	0	0
10	MILLENIUM INSURANCE BROKER (M.I.B.) SA	14,949,253	14,949,253	0	0	0	0
11	INTER BROKER DE ASIGURARE SRL.	14,818,936	14,818,936	0	0	0	0
12	PIRAEUS INSURANCE REINSURANCE BROKER ROMANIA SRL	14,366,697	14,366,697	0	0	0	0

No.	Insurance Broker Name	Total of which	Revenues from writing insurance and reinsurance contracts	Revenues from risk assessment	Revenues from claims adjustment	Revenues from damage inspection	Revenues from other ancillary business
13	DAW MANAGEMENT - BROKER DE ASIGURARE SRL.	13,707,671	13,707,671	0	0	0	0
14	BUSINESSWIDE BROKER DE ASIGURARE SRL.	13,173,407	13,173,407	0	0	0	0
15	AON ROMANIA BROKER DE ASIGURARE - REASIGURARE SRL	12,787,211	11,184,293	0	0	0	1,602,918
16	DOMAS INSURANCE BROKER DE ASIGURARE SRL.	12,760,792	12,760,792	0	0	0	0
17	MAXYGO BROKER DE ASIGURARE SRL.	11,393,636	11,393,636	0	0	0	0
18	ALPINA BROKER DE ASIGURARE SRL.	11,085,364	11,085,364	0	0	0	0
19	AMSTERDAM BROKER DE ASIGURARE SRL.	10,926,934	10,926,934	0	0	0	0
20	D&CA INSURANCE BROKER SRL.	10,852,420	10,826,739	0	0	0	25,681
21	GRAS SAVOYE ROMANIA BROKER DE ASIGURARE-REASIGURARE SRL.	10,502,195	10,502,195	0	0	0	0
22	OTTO BROKER DE ASIGURARE SRL.	10,314,996	10,231,798	0	0	0	83,198
23	PROFESSIONAL BROKER DE ASIGURARE SRL.	9,847,555	9,847,555	0	0	0	0
24	SRBA - BROKER DE ASIGURARE REASIGURARE SRL	9,669,743	9,669,743	0	0	0	0
25	AVUS INTERNATIONAL - BROKER DE ASIGURARE-REASIGURARE SRL.	7,972,027	0	0	7,972,027	0	0
26	RAIFFEISEN BROKER DE ASIGURARE-REASIGURARE SRL.	7,668,119	7,663,736	0	0	0	4,383
27	STAR BROKER DE ASIGURARE SRL.	7,490,784	7,490,784	0	0	0	0
28	PINTILIE BROKER DE ASIGURARE SRL.	7,461,859	7,461,859	0	0	0	0
29	VBL BROKER DE ASIGURARE SRL	6,985,019	6,985,019	0	0	0	0
30	GLOBAL ASSURANCE BROKER DE ASIGURARE SRL.	6,863,995	6,863,513	0	0	0	482
31	ASICONS BROKER DE ASIGURARE SRL.	6,497,415	6,497,415	0	0	0	0
32	OXIGEN INSURANCE - BROKER DE ASIGURARE SRL.	6,041,413	6,041,413	0	0	0	0
33	VECTOR BROKER DE ASIGURARE - REASIGURARE SRL	5,885,396	5,885,396	0	0	0	0
34	ZURICH BROKER DE ASIGURARE - REASIGURARE SRL	5,746,858	5,646,788	0	0	0	100,070
35	DEXASIG BROKER DE ASIGURARE SRL.	5,468,506	5,466,031	0	2,475	0	0
36	MERCEDES - BENZ INSURANCE BROKER SRL.	5,217,715	5,217,715	0	0	0	0
37	ACTIV ASIGURARI - BROKER DE ASIGURARE-REASIGURARE SRL.	4,847,985	4,847,985	0	0	0	0
38	ROM INSURANCE BROKER DE ASIGURARE SRL.	4,829,470	4,829,470	0	0	0	0
39	LACOLI BROKER DE ASIGURARE SRL.	4,577,693	4,577,693	0	0	0	0
40	ASIGEST BROKER DE ASIGURARE-REASIGURARE SA	4,467,322	4,458,478	0	0	0	8,844
41	PRESTIGE INSURANCE BROKER DE ASIGURARE SRL	4,368,489	4,368,489	0	0	0	0
42	INTERCAM BROKER D ASSURANCE SRL.	3,999,727	3,999,727	0	0	0	0
43	EXPERT BROKER DE ASIGURARE SRL.	3,906,704	3,906,704	0	0	0	0
44	TITAN BROKER DE ASIGURARE SRL.	3,847,122	3,847,122	0	0	0	0
45	AXASIG BROKER DE ASIGURARE-REASIGURARE SRL	3,612,916	3,612,916	0	0	0	0
46	ORIZONT BROKER DE ASIGURARE - REASIGURARE SA	3,611,083	3,611,083	0	0	0	0
47	GLOBASIG 2002 BROKER DE ASIGURARE-REASIGURARE SRL.	3,367,008	3,367,008	0	0	0	0
48	CORIS ROUMANIE, BROKER DE ASIGURARE-REASIGURARE SRL.	3,358,062	78,532	0	2,913,576	231,454	134,500
49	PSG INSURANCE BROKER SRL.	3,338,190	3,312,865	0	22,120	0	3,205
50	SUD ASIG BROKER DE ASIGURARE SRL.	3,301,062	3,301,062	0	0	0	0

No.	Insurance Broker Name	Total of which	Revenues from writing insurance and reinsurance contracts	Revenues from risk assessment	Revenues from claims adjustment	Revenues from damage inspection	Revenues from other ancillary business
Total brokerage revenues for the first 50 insurance brokers		574,038,444	558,614,431	0	10,944,529	231,454	4,248,030
Brokerage revenues for the rest of insurance brokers		221,596,386	213,338,013	4,991,869	1,612,548	80,662	1,573,294
Total general brokerage revenues		795,634,830	771,952,444	4,991,869	12,557,077	312,116	5,821,324

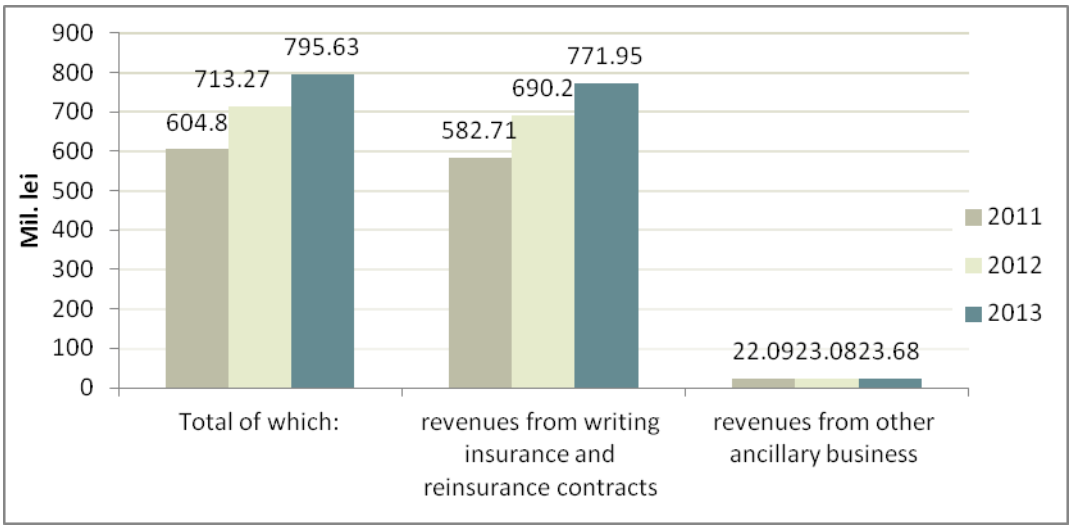
Source: FSA

Figure I 56 Structure of brokerage revenues as at 31.12.2013



Source: FSA

Figure I 57 Evolution of brokerage revenues obtained by insurance brokers between 2011 and 2013



Source: FSA

4.11.4. Financial Results of Insurance and/or Reinsurance Brokers

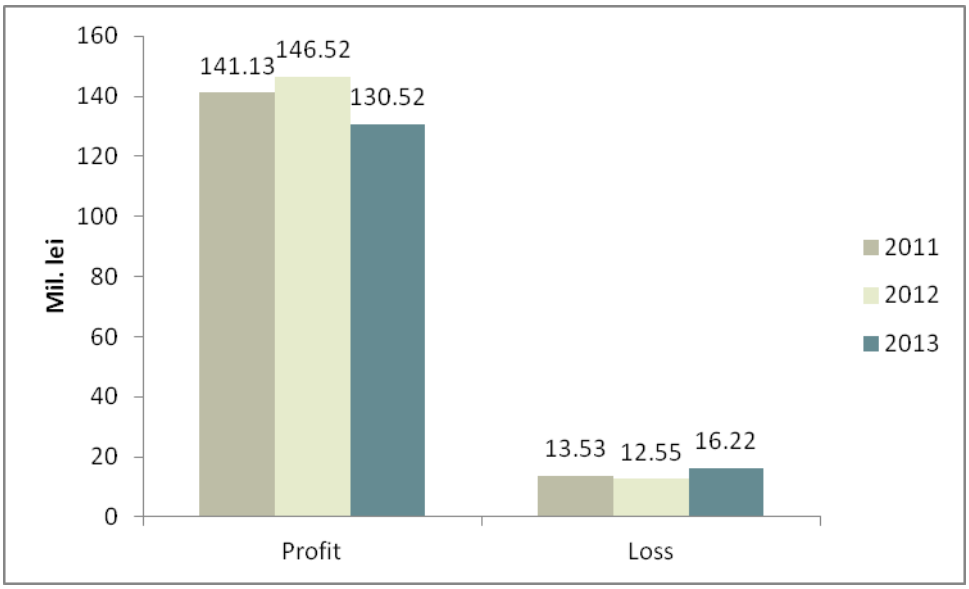
The review of the data as provided in the annual financial statements of insurance and/or reinsurance brokers revealed that as at 31.12.2013 339 brokers reported profit and 125 insurance brokers reported loss.

Aggregate profit at brokerage market level amounted to 130,524,503 lei, down by 10.92% in nominal terms as compared to 2012 (146,519,742 lei), and by 14.33% in real terms.

50 insurance and/or reinsurance brokers reported profit ranging between 220,000 lei and 19,500,000 lei. The aggregate value thereof was 116,435,942 lei, representing 89.20% of total profit reported by insurance and/or reinsurance brokers (130,524,503 lei).

The aggregate loss at brokerage market level amounted to 16,224,819 lei, up by 29.25% in nominal terms (by 24.30% in real terms), as compared to 2012 (12,552,856 lei).

Figure I 58 Evolution of financial results obtained by insurance brokers between 2011 and 2013



Source: FSA

4.11.5. Voluntary Pension Plans Written by Insurance Brokers

In accordance with Art. 35 Para (19) of Law No. 32/2000 on insurance activity and insurance supervision, as subsequently amended and supplemented, and rules issued by FSA/ISC, insurance and/or reinsurance brokers may write, in compliance with the specific legislation in force, voluntary pension plans, and shall submit an annual statement of the corresponding commissions earned.

On 31.12.2013, 14 insurance and/or reinsurance brokers reported revenues from voluntary pension plans amounting to 1,188,417 lei, up by 105.25% in nominal terms (by 97.39% in nominal terms) as compared to 2012 (579,029 lei).

Table I 43 Statement of revenues obtained in 2013 by brokers writing voluntary pensions

No.	Name of Insurance Broker	Total commission earned as at 31.12.2013
1	DESTINE BROKER DE ASIGURARE SRL	513,405
2	OVB ALLFINANZ ROMANIA BROKER DE ASIGURARE SRL	227,001
3	MARSH - BROKER DE ASIGURARE-REASIGURARE SRL	208,915
4	CAMPION BROKER DE ASIGURARE SRL	96,980
5	AMSTERDAM BROKER DE ASIGURARE SRL	44,198
6	HERMANNSTADT BROKER DE ASIGURARE - REASIGURARE SRL	42,675
7	PIRAEUS INSURANCE REINSURANCE BROKER ROMANIA SRL	19,945
8	MAXYGO BROKER DE ASIGURARE SRL	16,000
9	AON ROMANIA BROKER DE ASIGURARE - REASIGURARE SRL	9,345
10	MONEY COACH BROKER DE ASIGURARE SRL	4,575
11	EXA BROKER DE ASIGURARE SRL	2,035
12	QUALITY ASIG - BROKER DE ASIGURARE SRL	1,501
13	ASTOP BROKER DE ASIGURARE SRL	1,010
14	FEHU BROKER DE ASIGURARE SRL	832
	Total	**1,188,417**

Source: FSA

5. EVOLUTION OF THE CAPITAL MARKET OF ROMANIA

5.1. 2013 Trends on the Capital Market of Romania

As regards quantitative indicators, 2013 was a positive year for most segments of the capital market of Romania. The performance of the key indices of the Romanian capital market was positive, higher than inflation, and one of the highest among the European indices analysed. The number of listed undertakings, market capitalization and liquidity increased. The interest of investors as to the emerging and frontier markets of Europe was maintained due to attractive prices relative to valuations of assets and risk perception, despite FED signals to place monetary incentives on a gradual reduction trend. This resulted in net capital inflows from non-resident significantly higher as compared to the previous years. Public offering for shares and bonds in the second half of the year mobilized significant amounts and were supported by retail investors. The assets of open-end investment funds continued the accelerated growth from the previous years. The number of active investors remains low by reference to the population of the country.

Although there were two successful listings of State undertakings, no major private undertaking was successfully listed on the stock exchange in 2013. Many important sectors of the economy are very poorly or not at all represented on the stock exchange, thus limiting the options for diversification of portfolios. Only few of the authorized intermediaries assume the role of transforming the market by listing new private undertakings, educating investors and promoting good practices.

In 2013, the status of RASDAQ market was not yet clarified at legislative level, the project for approval in Romania of a central counterparty and a registry of transactions was still not materialized, and the "forex rolling spot"[14] contracts market is still unregulated and allows some unauthorized intermediaries to commit abuses against the uninformed investors.

Compared with the individual accounts system used in the previous years, the trading mechanisms based on global accounts[15] allow institutional investors to operate more easily. However, from the perspective of natural persons, global accounts have reduced transparency and higher operational risks, in particular fraud risks. For this reason, but also because of a low level of governance on the part of certain authorized intermediaries, cases of theft of shares and money from the investors' accounts or transactions unauthorized by clients which could not be prevented by FSA and other market institutions through the supervisory authority were reported in 2013. As a result, the confidence of market participants in the mechanisms and institutions of the capital market was prejudiced.

The difficult practice of stock lending and short-selling activities encumbering the market maker and liquidity provider activities contributes to a reduced liquidity of transactions with simple derivatives,

[14] FOREX type deals are similar to CFDs, but are carried out on the currency exchange market. Currency exchange market deals (also known as FOREX, FX, or exchange currency market) is a global financial market whereby all States ' currencies are traded. FSA issued an alert about the forex rolling spot type financial products http://www.asfromania.ro/index.php/component/content/article/78-protectia-consumatorilor/1904-de-ce-emitem-aceasta-alerta.

[15] Starting from 01.02.2012, the global accounts system and mechanism without pre-validation was extended to all financial instruments traded on a regulated spot market operated by BSE. In November 2012, NSC created the legislative framework for the expansion of global accounts and mechanism without pre-validation also for RASDAQ market and unlisted securities market, and such system was generalized on all BSE spot markets starting from 14.01.2013.

designed in particular to risk management, such as futures and options having as underlying asset the local stock index, EUR/RON exchange rate, the interest rate and commodities.

The trading costs[16] on the capital market of Romania are still high as compared to many of the stock exchanges in the region, the procedures for compliance with tax obligations are cumbersome, the practice of intermediaries, custodians and issuers on opening accounts and the exercise of shareholders' rights is not uniform, certain issuers do not respect the rights of minority shareholders, and the procedures of public offerings could change to reduce the duration and related costs.

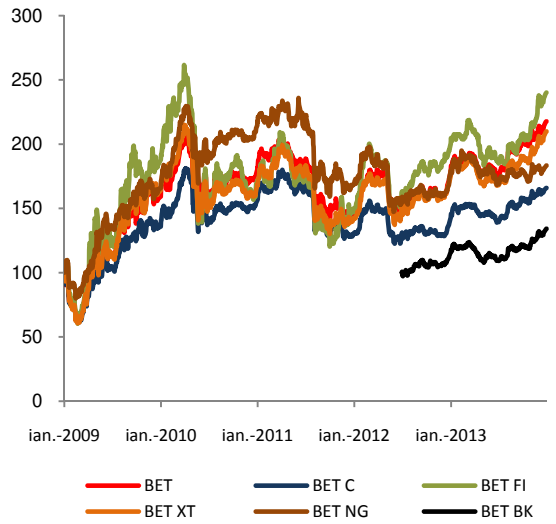
The experience of 2013 reconfirmed that Romania needs a robust development of the capital market, not only quantitative, circumstantial and determined by external factors (the trend of international stock exchanges, State decisions), but also structural, through internal transformation, consolidation of institutions and conduct, and fulfilment of the fundamental role of financing the economy.

5.2. Bucharest Stock Exchange (BSE)

The regulated market operated by the Bucharest Stock Exchange (BSE) had an upward trend similar to that of the big and regional stock markets being externally influenced by the measures of the responsible central banks and internally by the growth rate of the Romanian economy.

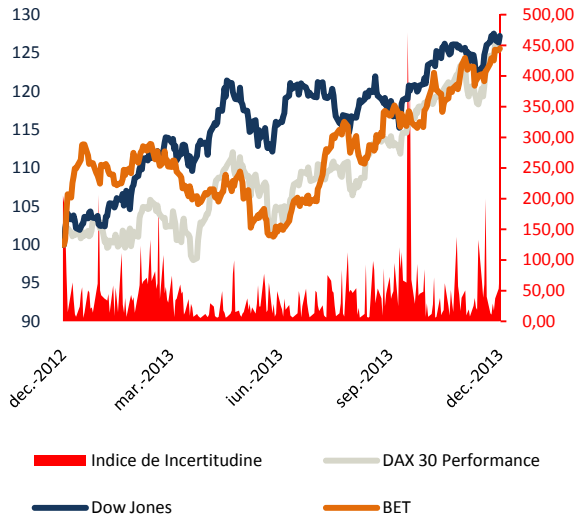
Successful public offerings of Transgaz, Nuclearelectrica, and Romgaz, the Conpet transfer to the regulated market and the dynamics of prices were the key factors that led in 2013 to the growth of BSE stock market capitalization by 48.7% as compared to the previous year. The nominal value of BSE capitalization is in 2013 still under the level attained by other stock exchanges in the region, such as Warsaw or Prague.

Figure I 59 Evolution of BSE indexes between 2009 and 2013



Source: BSE

Figure I 60 Evolution of BET index and key international indexes in 2013



Source: Thomson Reuters Datastream, policyuncertainty.com, FSA calculations

[16] applied certain discounts of commissions

The global context was favourable to the development of stock exchanges. On the mature markets in Europe Xetra Dax index recorded the highest growth of about 26%, while in the US the Dow Jones index appreciated by 27%. The uncertainty index calculated for Europe was relatively low except for March and October. The increase in the index in October is explained by the amplification of the uncertainty relating to the tapering policy of the FED program of buying mortgage-backed financial assets[17]. The decrease of volatility on markets and mitigation of systemic risk in Europe due to the macro prudential policies of the European Central Bank created a favourable macroeconomic climate for stock markets.

Due to the increase of the BET index, BSE ranked second in the region, being outrun only by the growth of the stock exchange in Bulgaria. After a positive start in January and February, a significant period of corrections in prices followed on BSE. However, in the second half of the year, BSE recorded an upward trend and increased in correlation with international mature markets.

Table I 44 Comparative evolution of BSE and regional stock exchanges

Stock exchange	Reference index	Index value 2013	Annual variation (%)
Warsaw Stock Exchange	WIG20	2,400.98	-7.00
CEESEG Prague Stock Exchange	PX	989.04	-4.80
CEESEG Budapest Stock Exchange	BUX Index	18,564.08	2.20
Bucharest Stock Exchange	**BET**	**6,493.79**	**26.10**
Bulgarian Stock Exchange	SOFIX	491.52	42.30
CEESEG Ljubljana Stock Exchange	SBI Top	655.66	3.20
Bratislava Stock Exchange	SAX	197.76	2.90

Source: Federation of European Securities Exchanges

By reference to the market capitalization, BSE ranks fourth in the region, ascending due to the positive evolution of 2013.

Table I 45 Key market indexes of stock exchanges of EEC (2013)

Stock exchange	Market capitalization local undertakings (mil. EUR)	Market capitalization local undertakings (annual variation 2013/2012)	Daily average value of transactions local undertakings 2013 (mil. EUR)	Daily average value of transactions local undertakings (annual variation 2013/2012)
Warsaw Stock Exchange	148,678.04	12.40%	247.26	23.73%
CEESEG Prague Stock Exchange	21,990.78	-14.80%	21.15	-31.42%
CEESEG Budapest Stock Exchange	14,355.45	-6.90%	31.20	-8.69%
Bucharest Stock Exchange	**17,833.82**	**48.70%**	**6.88**	**12.97%**
Bulgarian Stock Exchange	5,092.86	1.40%	2.66	137.50%
CEESEG Ljubljana Stock Exchange	5,173.10	5.30%	1.21	-1.63%
Bratislava Stock Exchange	4,075.22	-0.50%	0.32	-37.25%

Source: Federation of European Securities Exchanges

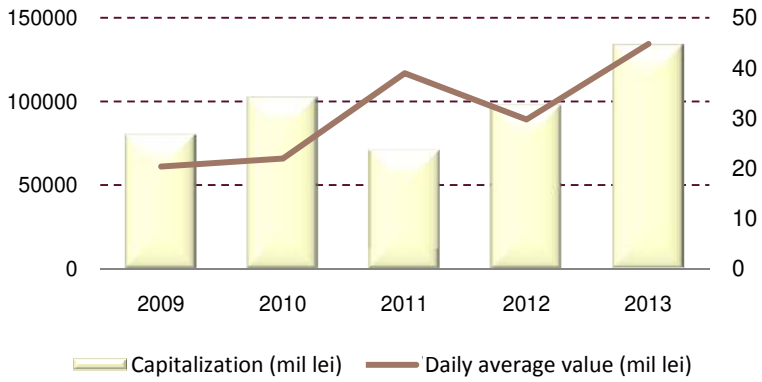
The best evolution was reported by BET index (+26.1%), while the lowest growth was reported by BET NG index (+6.1%) as indicated in the table below.

[17] Mortgage based securities.

Table I 46 Dynamics of BSE indexes in the last 5 years

	2009	2010		2011		2012		2013	
Index	**Value Dec 2011**	**Value Dec 2010**	**Variation %**	**Value Dec 2011**	**Variation %**	**Value Dec 2012**	**Variation %**	**Value Dec 2013**	**Variation %**
BET[18]	4,690.57	5,268.61	*12.3*	4,336.95	*-17.7*	5,149.56	*18.7*	**6.493,79**	***26.1***
BET-C[19]	2,714.77	3,111.17	*14.6*	2,621.41	*-15.7*	2,786.11	*6.3*	**3.344,38**	***20.0***
BET -FI[20]	23,885.96	21,980.58	*-8.0*	19,341.5	*-12.0*	25,375.38	*31.2*	**31.291,82**	***23.3***
BET-XT[21]	461.95	470.61	*1.9*	405.62	*-13.8*	486.44	*19.9*	**600,27**	***23.4***
BET-NG[22]	596.16	771.97	*29.5*	612.35	*-20.7*	628.34	*2.6*	**666,73**	***6.1***
BET-BK[23]	-	-		-		1,059.46		**1.261,74**	***19.1***
ROTX[24]	9,674.67	10,864.58	*29.5%*	8,038.92	*-26.0%*	10,377.42	*29.1%*	**12.941,72**	***24.7%***

Figure I 61 Evolution of capitalization and BSE average daily trading value between 2009 and 2013



The new listings contributed to the capitalization growth, but led to a decrease in the average free-float, since it increased the share of issuers with high concentration ratio of shareholding[25].

Source: BSE

The Bucharest Stock Exchange (BSE) operates a regulated spot market, a regulated futures market, RASDAQ market section, and an alternative trading system. The BSE transactions are carried out through Arena electronic trading system, ensuring the electronic collection of orders entered by authorized intermediaries

[18]BET is a price-weighted index by the capitalization of free float of the most liquid 10 undertakings listed on the BSE regulated market.

[19]BET-C is the BSE composite index. It reflects the evolution of prices of all undertakings listed on the BSE regulated market, Category I and II, except for SIFs. BET-C is a price-weighted index by the market capitalization of its undertakings.

[20]BET-FI is the first sector index of BSE and reflects the overall trend in the prices of financial investment funds (SIFs) traded on the BSE regulated market. Companies' weighting in the index is made by the capitalization of their free float. BET-FI methodology allows its use as the underlying asset for derivatives and structured products.

[21]BET-XT is a blue-chip index and reflects the evolution of prices of the most liquid 25 undertakings traded on the regulated market segment, including SIFs, the maximum weight of a symbol in the index being 15%. Its methodology allows it to be as underlying asset for derivatives and structured products.

[22]BET-NG is the sector index that monitors the evolution of prices of all undertakings traded on the BSE regulated market, whose main activity is associated with the economic sector and related utilities. The maximum weight of a symbol in the index is 30%.

[23]BET-BK is a price-weighted index by the capitalization of free float of the most liquid undertakings listed on the BSE regulated market, which may be used as benchmark by fund managers and other institutional investors, its calculation methodology reflecting the legal requirements and the limits of investment funds.

[24] ROTX is a price-weighted index by the capitalization of free float and reflects in real time the movement of the "blue chip" shares traded on the Bucharest Stock Exchange (BSE). Calculated in RON, EUR and USD, and disseminated in real time by the Vienna Stock Exchange (Wiener Borse AG), ROTX is designed as an index that may be traded and used as underlying asset for derivatives and structured products.

[25]An example is OMV Petrom, whose capitalization represented at the end of 2013, over 19% of the total capitalization of BSE, and the top three shareholders held more than 90% of the company: OMV Aktiengesellschaft 51.01%, Romanian State 20.64% and Property Fund 18.99%. The rest of the shares available for trading cumulated 9.36% of total shares issued by the company.

Of all transactions carried out on the Bucharest Stock Exchange, instruments traded on BSE segment accounted for over 97% of turnover, while the value of transactions carried out on RASDAQ and ATS segments accounted for less than 3%. The aggregate value traded in 2013 on BSE was 13,532 million lei of which 13,209 million lei on BSE, 301 million on RASDAQ and 208 million lei on ATS.

Table I 47 Total value traded on BSE in 2013

Instrument type	Share	Value (RON)	Value (EURO)
BSE segment	97.61%	13,209,982,250	2,986,588,515
RASDAQ segment	2.23%	301,912,615	68,343,051
ATS segment	0.16%	20,833,367	4,719,195
Total traded value		**13,532,728,232**	**3,059,650,761**

Source: BSE

While the value traded on the BSE section has grown in the last year, the value of the transactions carried out on RASDAQ followed a downward in the last three years. The possible causes are the status of this market segment not clarified yet, low transparency of issuers and investors' preference for liquid undertakings.

Table I 48 Comparative evolution of transactions made on BSE and RASDAQ segment

BSE Segment			
	Volume	Value (RON)	Value (EUR)
Total 2008	12,847,992,164	6,950,399,787	1,895,443,665
Total 2009	14,431,359,301	5,092,691,411	1,203,801,128
Total 2010	13,339,282,639	5,600,619,918	1,338,291,678
Total 2011	16,623,747,907	9,936,957,505	2,349,040,633
Total 2012	12,533,192,975	7,436,052,589	1,674,196,588
Total 2013	13,087,904,925	11,243,500,680	2,543,568,507

RASDAQ Segment			
	Volume	Value (RON)	Value (EUR)
Total 2008	1,991,117,731	1,562,001,447	426,490,489
Total 2009	1,550,827,718	575,984,882	136,315,860
Total 2010	1,402,211,352	605,058,629	144,560,612
Total 2011	1,203,611,959	575,362,245	136,206,305
Total 2012	722,749,942	218,615,612	48,921,414
Total 2013	688,612,924	301,912,615	68,343,051

Source: BSE

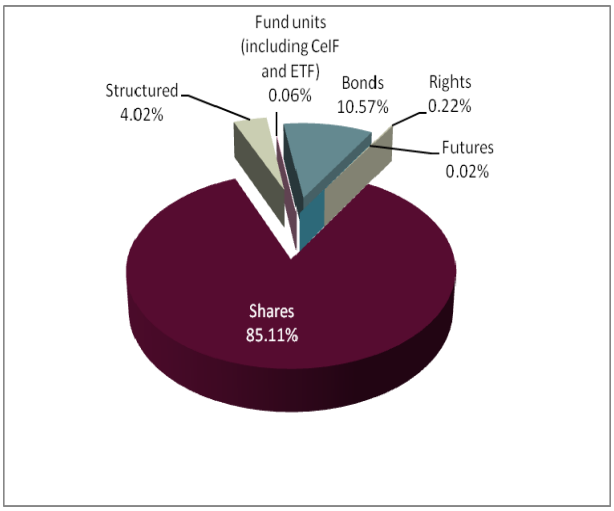
5.2.1. BSE Regulated Spot Market

Table I 49 Value traded on BSE segment in 2013

Regulated market	
Instrument type	**Value (lei)**
Bonds	420.726.025
Futures	2.987.053
Rights	28.654.667
Shares	9.830.897.939
Structured	531.587.322
Fund units (including closed-end funds and ETF)	7.526.503
Total	**10.822.379.509**
Primary Offering	
Bonds	975.000.000
Shares	1.410.454.973
Total	**2.385.454.973**
Unlisted Market	
Shares	2.147.768
Total general	**13.209.982.250**

Source: BSE

Figure I 62 Structure of BSE transactions



Transactions with shares had the largest share (85.11%) of the total value traded on BSE segment of 13,209 million lei. Allotting rights and underwriting rights do not represent frequently used instruments on the Romanian capital market due to the reluctance of issuers. Therefore, in 2013, the share of such instruments in the total transactions on the regulated spot market was only 0.22%. Transactions with

bonds represented 10.57%, increasing as compared to the previous year, mainly due to the new issues launched in 2013. Investors were not very interested in the units issued by the Romanian funds listed on BSE. The share of transactions with such instruments is insignificant (0.06%). Structured products maintained at a level of transactions similar to that of previous years (4.02%), while the futures transactions were insignificant (0.02%).

Investors were largely interested, also in 2013, in shares, due to the new successful listings of Nuclearelectrica and Romgaz. The bonds sector presents a particular interest, not only in terms of value traded, but especially as an expression of the successful absorption of the primary offerings with bonds.

In 2013, there were three public offerings for the sale of bounds on the regulated market, the largest in the history of BSE, received with great interest by investors.

Table I 50 New issues of bonds through BSE

Year	No. of offerings	Value (RON)	Value (EUR)
2008	1	35.000.000	9.713.858
2009	3	107.000.000	25.161.204
2010	3	242.286.400	57.306.269
2011	1	100.000.000	23.930.315
2012	1	250.000.000	54.776.512
2013	3	975.000.000	218.539.265

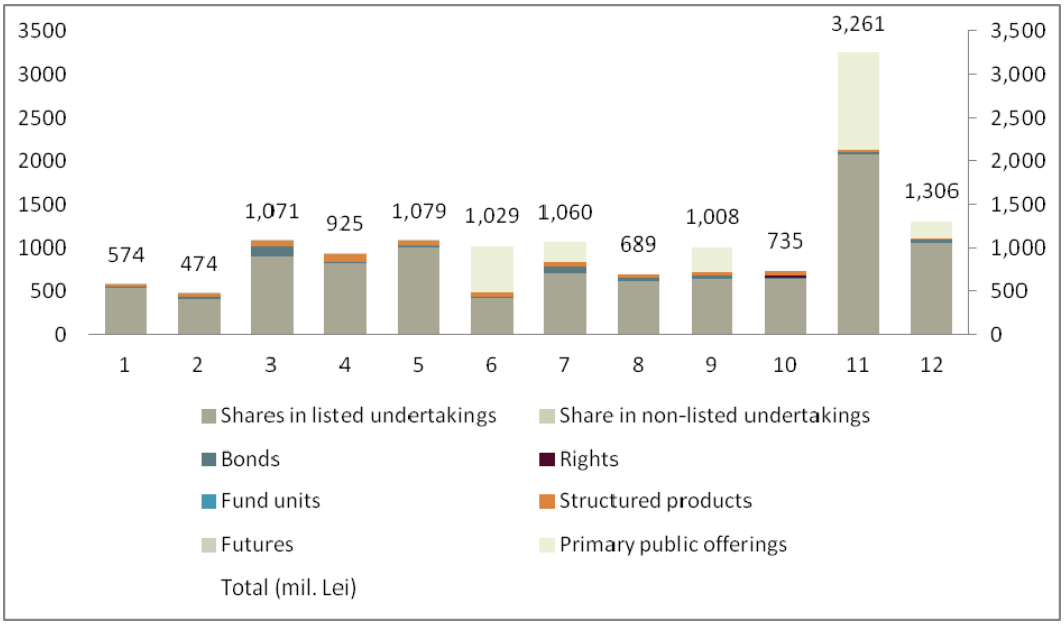
Source: BSE

An explanation of this trend is the increase in the number of local institutional investors and managed assets, especially by mutual funds and private pension funds.

Assets managed by bond mutual funds have taken in recent years a significant growth trend, increasing its market share in relation to other categories of mutual funds, and private pension funds have increased the amounts placed in bonds or bond mutual funds in 2013. Successful completion in 2013 of all three offerings for sale of bonds confirms the importance of such instruments for investors, in terms of diversification and portfolio risk management.

The value traded by the types of financial instruments on BSE increased in November 2013, mainly due to the outcome of the primary public offering of Romgaz. The fact that in November the liquidity of the shares of the undertakings already listed increased, could lead to the conclusion that the Romgaz offering indirectly generated also a rebalancing effect of investment portfolios.

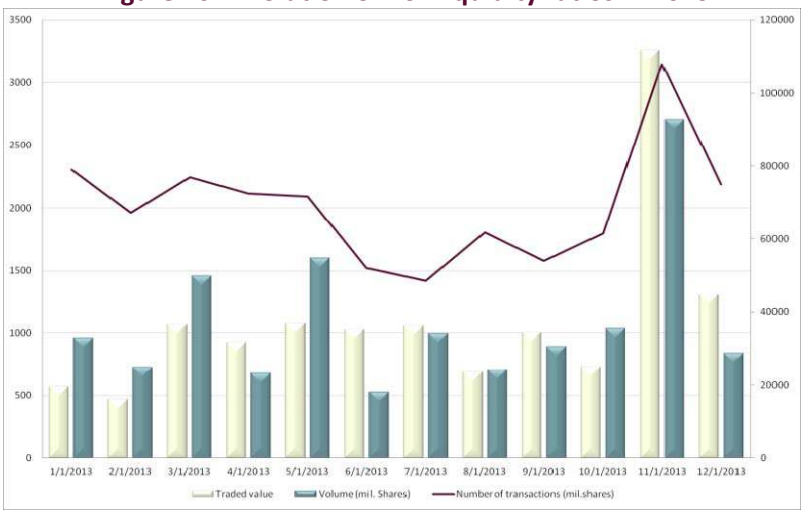
Figure I 63 Evolution of trading value by types of financial instruments at BSE in 2013



Source: BSE

Shares

Figure I 64 Evolution of BSE liquidity ratios in 2013



In November, the liquidity rations reached their maximum in 2013. The liquidity growth in November was due mainly to the initial public offering of Romgaz.

Source: BSE

2013 brought the largest volume of share offering on the regulated market operated by BSE, of which the most important are the listing of Nuclearelectrica and Romgaz.

Table I 51 Evolution of share offers on regulated market

No. of offerings						
Offering type	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Initial	3		1			1
Special order sales	1		1			2
Takeover		3	2	1	1	2
Sale		1			1	1
Purchase	1	1				2

No. of offerings						
Sale (Primary PO)						1
Offering Reg. 10						3
Total	**5**	**5**	**4**	**1**	**2**	**12**
Offering value (lei)						
Offering type	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Initial	70,530,793		4,180			1,128,577,056
Special order sales	15,233		1,157,870			9,581,973
Takeover		10,431,004	110,124,480	2,469,116	240,830,877	829,753
Sale		9,450,000			164,723,166	315,084,845
Purchase	669,811	45,864				600,230,136
Sale (Primary PO)						281,877,917
Offering Reg. 10						935,833,361
Total	**71,215,837**	**19,926,868**	**111,286,530**	**2,469,116**	**405,554,043**	**3,272,015,040**

Source: BSE

In 2013, Fondul Proprietatea launched a repurchase offering for its own shares envisaging a stock of 4.35% and the Ministry of Economy through the Office of State Participating and Industry Privatization initiated an offering for the sale of a stock of 15% of Transgaz shares.

The listing of Nuclearelectrica and Romgaz were oversubscribed increasing the interest to the overall Romanian market.

Listing of Nuclearelectrica

The undertaking intended to raise between 282 and 379 million lei (64-86 million Euros) through the sale of 10% of its own shares by an initial public offering on the Bucharest Stock Exchange in two tranches:

(i) Large Investors Tranche: 85% of the shares subject to offering; oversubscribed by 2.31 times;

(ii) Small Investors Tranche: 15% of the shares subject to offering; oversubscribed by 5.64 times.

In the end, the undertaking managed to raise the minimum amount of 282 million lei.

Listing of Romgaz

The Romanian State, through the Ministry of Economy, Department of Energy, sold 57,813,360 shares, representing 15% of the share capital of SNGN Romgaz SA. The offering was carried out during the period comprised between 22.10.2013 and 31.10.2013.

Depositary receipts (GDR[26]) were used for the first time on the Romanian capital market within a primary public offering. The subscription price of the shares announced in the offering prospectus was: any price between 24 lei/share and 32 lei/share, including the end caps of this range, and for GDRs: any price between $ 7.38/GDR and $ 9.84 /GDR, including the end caps of this range.

The offering was divided in tranches as follows:

- 15% of the Securities Offered – 8,672,004 Shares (in the form of Shares and/or GDR) initially offered to Small Investors – Small Investors Tranche;
- 85% of securities – minimum 49,141,356 Shares (in the form of Shares and/or GDR) – initially offered to Institutional Investors – Institutional Investors Tranche.

[26] Global Depository Receipts (GDR) are certificates issued by a bank, representing a number of locally listed shares and in the custody of a branch or other bank in that country, and which are offered globally through various branches of the bank. They may be used by a particular company to gain access to capital markets other than that on which it is listed, but without undertaking the difficult procedure of listing on such markets. The ADRs are the GDRs issued in the United States, and may be "sponsored" when the company that issued the underlying shares provides financial information to the issuing bank or even incurs the administrative costs of ADRs.

Given the high demand for securities on the small investors' tranche, at the end of the offering, according to the requirements of the prospectus, the tranche was supplemented by 20% of the total securities offered. The final price established in accordance with the requirements of the offering prospectus was 30 lei/share, namely 9.25 USD/GDR. 37,728,312 shares and 20,085,048 GDRs were subscribed within the offering, the offering total value being 1,731,128,496 lei. According to the notification on the results of the offering sent by the intermediaries, for small investors' tranche, the offering was oversubscribed 13.2 times. So that the depositary certificates (GDR) underlain by the shares issued by SNGN Romgaz SA and the London Stock Exchange be admitted to trading, FSA sent the offering prospectus and its amendment, approved, to Financial Conduct Authority of Great Britain. **The dual listing of a undertaking by offering depositary certificates represented a premiere for the capital market in Romania.**

Unsuccessful attempt of listing a private undertaking

In 2013, an attempt was made to list a private undertaking on the stock exchange, which was not successful. Issuer Adeplast SA initiated a primary offering for sale of shares representing 33.33% of the undertaking's increased share capital further to the public offering. If the offering were successful (the subscription of minimum 70% of the shares offered), it intended to list the undertaking on BSE. The offering maximum value ranged between 58,080,000 and 66,990,000 RON, structured in two tranches:
(i) Large Investors Tranche where subscriptions will be accepted so as the value of each subscription be higher than or equal to 500,000 lei. The shares offered represent 85% of the total number of Shares Offered. The subscription price was between RON 3.52 and RON 4.06 /share.

(ii) Small Investors Tranche where subscriptions will be accepted so as the value of each subscription is smaller than 500,000 lei. The shares offered represent 15% of the total number of Shares Offered. The subscription price was fixed, *i.e.* RON 4.06 /share.

The offering was not successful because the subscriptions did not reach the threshold of 70% of the total number of shares required for closing of the transaction. Although the Small Investors Tranche was oversubscribed with 104%, subscriptions on the Large Investors Tranche were less than 7 million Euros.

The two successful listings given a high degree of oversubscription showed there is sufficient demand from both institutional and retail investors on the Romanian capital market. However, the failure of a private undertaking to be listed reveals that investors' aversion towards risk remained high.

The largest number of transactions on the BSE segment referred to the shares of the undertakings listed at category I.

Table I 52 Trading activity in 2013 by the regulated stock market segments administered by BSE

Segment BSE				
Category	No. of transactions	Volume	Value (RON)	Value (EUR)
Cat. I	492,685	11,931,893,167	9,275,867,215	2,099,613,568
Cat. II	110,116	1,081,182,009	214,989,686	48,590,249
Cat. III	0	0	0	0
International	14,255	3,201,516	339,175,664	76,936,137
Other International (NEP)	134	35,655	865,374	194,124
Unlisted	3,465	8,496,030	2,147,768	485,779
Primary Public Offering	15,750	63,096,548	1,410,454,973	317,748,650
Total		**13,087,904,925**	**11,243,500,680**	**2,543,568,507**

Source: BSE

Fixed-Income Instruments

In 2013, three issues of corporate bonds occurred raising 975 million lei (over 218 million Euros), by 27% more than the total raised between 2008 and 2012.

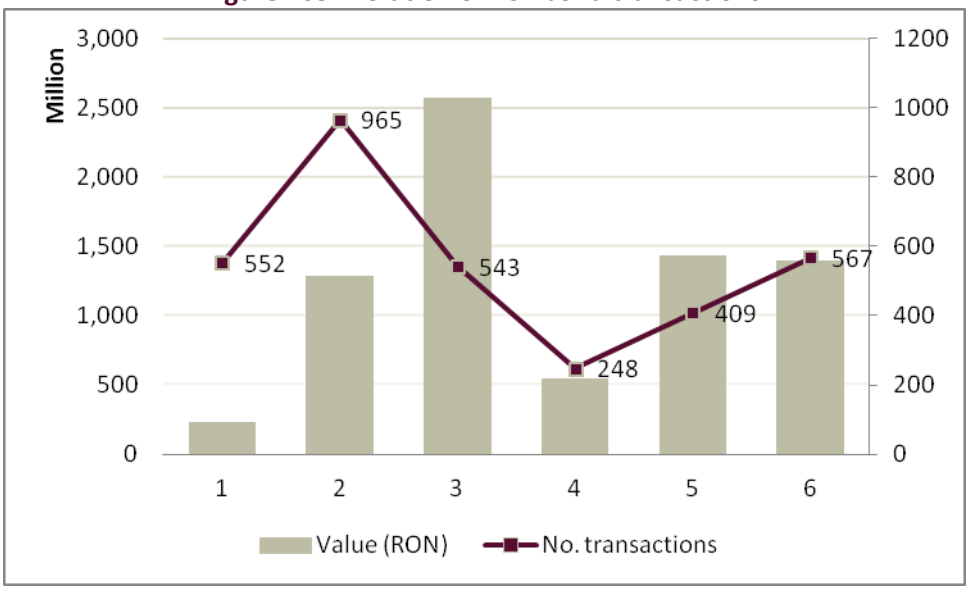
Table I 53 Bond issuing undertakings in 2013

Issuer	Value issue (mil. lei)	No. bonds	Principal value	Year of maturity	Coupon rate
Unicredit Țiriac Bank	550	55,000	10,000	2018	6.35%
Raiffeisen Bank	225	22,500	10,000	2016	5.5%
Transelectrica	200	20,000	10,000	2018	6.1%

Source: BSE

The value of transactions with bonds on the secondary market decreased slightly, from 1,431.11 million lei in 2012 to 1,395.72 million lei in 2013. An explanation for the low liquidity of the secondary market of bonds listed on BSE is the details of the issue thereof. Both the Romanian State and most private undertakings prefer to issue high par value bonds, generally of 10,000 lei. Thus, issuers shall address in particular institutional investors, but they are, as a rule, long-term holders preferring to keep these securities in the portfolio until maturity (due to attractive yields and reduced price volatility on the secondary market which does not create opportunities for short-term speculation). At the same time, the high value of the principal makes the purchase of such bonds by individual investors difficult.

Figure I 65 Evolution of BSE bond transactions



Source: BSE

In 2013, 72.7% of the total value traded on the bond market listed on BSE (including also initial public offerings) represented transactions with corporate bonds, while the traded value of government securities was 27.1%. Transactions with municipal bonds represented only 0.2%.

Table I 54 Evolution of bond transactions on BSE (including the initial public offering) between 2008 and 2013

Year	Volume	Value (RON)	Value (EUR)
Corporate bonds			
Total 2008	537,031	146,466,336	39,019,558
Total 2009	1,515,882	246,771,395	58,626,323
Total 2010	133,580	13,823,454	3,301,225
Total 2011	713,520	73,820,955	17,352,031
Total 2012	125,001	260,716,012	57,240,133
Total 2013	**103,425**	**1,014,919,008**	**227,558,249**
Municipal bonds			
Total 2008	675,253	66,378,745	18,294,507
Total 2009	1,291,349	126,358,875	29,741,852
Total 2010	2,677,071	265,270,983	62,691,087
Total 2011	1,107,839	108,523,335	25,921,183
Total 2012	5,992	425,341	96,188
Total 2013	**64,548**	**2,731,953**	**616,426**
Government bonds			
Total 2008	2,069	19,084,870	5,022,901
Total 2009	85,689	911,488,575	214,574,821
Total 2010	203,724	2,291,970,810	554,469,412
Total 2011	35,889	363,633,967	84,980,089
Total 2012	114,245	1,169,974,384	263,744,355
Total 2013	**35,575**	**378,075,064**	**85,575,328**

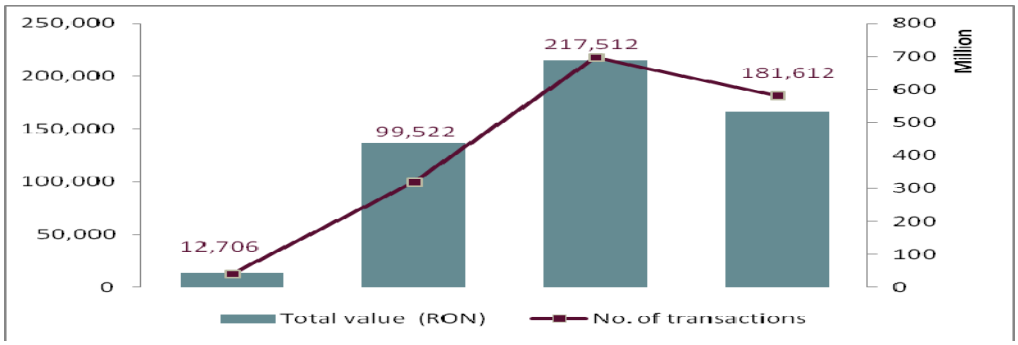
Source: BSE

Structured Products

The issuers of structured products are, as a rule, credit institutions aiming at providing market liquidity through the introduction of purchase and sale quotes either in their own name, if they act in dual capacity (BSE issuer and participant) or through a BSE designated participant, if the issuer is not BSE participant[27]. Also, the issuers of structured products aim at covering risks through hedging operations on the underlying asset market and, where necessary, through activities to cover foreign exchange risk when there are differences between the trading currency of the underlying asset and that of trading of the structured product[28].

Turbo Certificates and Certificates Index were traded in 2013 on BSE, under the conditions laid down by the issuers and liquidity providers. The underlying assets of the Turbo Certificates and Certificates Index are stock exchange indexes indices, gold, oil or shares. The aggregate traded value of structured products decreased from 687.3 million lei in 2012 to 531.5 million lei in 2013.

Figure I 66 Evolution of BSE structured products transactions between 2010 and 2013



Source: BSE

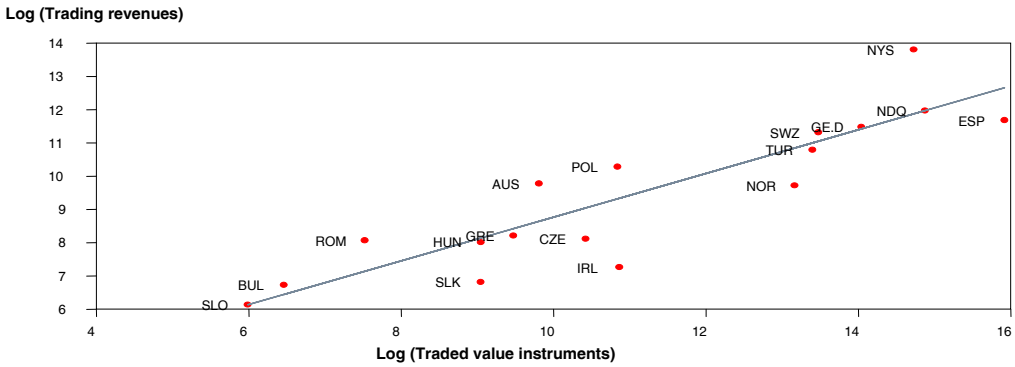
[27] The BSE participant undertaking to maintain the liquidity of structured products according to the conditions imposed is called in the terminology used by BSE *liquidity provider*.

[28] Source: BSE

5.2.2. Comparative Summary of Trading Costs Charged by Market Operators in Romania and Europe

The quantitative analysis of trading commissions charged by the stock exchanges in the region, referred to the traded value and the total revenues in relation to the number of transactions, revealed that the Bucharest Stock Exchange obtained one of the largest revenues from commissions applied to transactions with instruments listed by reference to the total traded value, but at the same time, the lowest total revenues by reference to the total number of transactions. At the same time, BSE was below the average of the region in terms of revenues from listings and ratio between the listed instruments on trading and total listed instruments. The most recent data available were those related to 2012, but in 2013 the structure of BSE commissions did not change significantly.

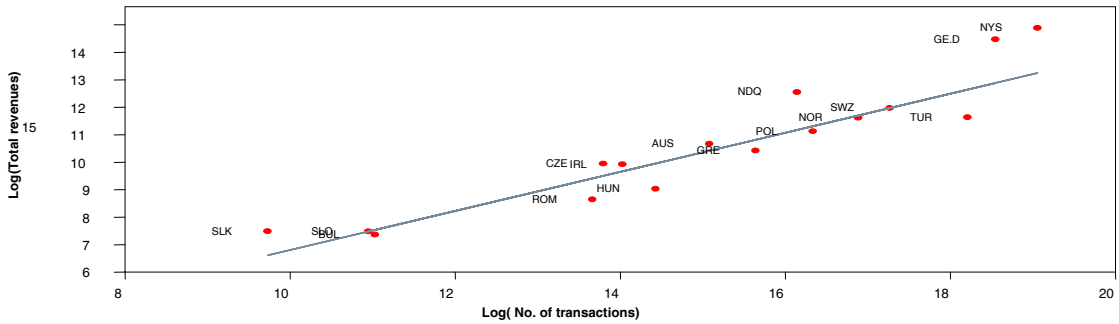
Figure I 67 Regression of total revenues of stock exchanges by reference to the traded value



Source: Federation of European Stock Exchanges, FSA calculations

The Bucharest Stock Exchange (ROM) is on the right of regression, which shows that on a relatively low traded value, BSE obtains relatively high revenues from taxes on transactions than most stock exchanges in the region (Prague Stock Exchange-CZE, Bratislava Stock Exchange-SLK, Budapest Stock Exchange-HUN, Ljubljana Stock Exchange-SLO, Bulgarian Stock Exchange-BUL, Athens Stock Exchange-GRE). BSE is in relative terms near Warsaw Stock Exchange (POL), being outrun only by the Vienna Stock Exchange (AUS) and New York Stock Exchange (NYS), whose traded values are much higher. However, the revenues from listing and maintaining at trading are relatively lower than those of other stock exchanges, e.g., the Budapest Stock Exchange (HUN), the Prague Stock Exchange (CZE) or the Warsaw Stock Exchange (POL).

Figure I 68 Regression of total income of stock exchanges by reference to the number of transactions



Source: Federation of European Stock Exchanges, FSA calculations

In the chart of Figure I 68, the ratio between total revenues and the number of transactions is clearly linear. The Bucharest Stock Exchange recorded a small number of transactions outrunning in this respect only three other exchanges in the region. In terms of total revenues obtained corresponding to the number of transactions made through BSE, BSE is below the average.

5.2.3. BSE Regulated Futures Market

The activity carried out in 2013 on the derivatives market was affected by the impact of implementation of the new standards applicable to central counterparties registered in Europe, including at the level of Bucharest Clearing House, the entity that provides the services of clearing house and central counterparty for the trading operations with derivatives on BSE. For this reason, in 2013, the contract specifications for derivatives registered with FSA/NSC were modified:

- to allow the introduction of a new characteristic element, namely "the method for determining the price of liquidation in the event of withdrawal from trading";
- to provide the opportunity not to enter, for an indefinite period, new series corresponding to the futures contracts listed on the derivatives market. Under this amendment, BSE decided not to enter, for an indefinite period, new (due) series on the derivatives market.

Based on the BSE decision issued in September 2013, the series available on 19 September 2013 were maintained until the last day of trading/due date, but they were no longer renewed.

Table I 55 Futures contracts by class of underlying asset

Underlying asset Category	No. of Traded Contracts	Notional Value Traded Contracts (lei)	No. of Transactions
Shares	2,976	1,615,479,20	464
Commodity	2,576	4,188,406,80	350
Currency	38	170,220,00	16
Total (double entries)	**5,590**	**5,974,106,00**	**830**

Source: BSE

In 2013, the underlying asset for the majority of futures contracts traded was gold, followed by those whose underlying asset was the shares of Fondul Proprietatea. Taking into account the structure described above and the instruments available for investment on the capital market in Romania, the transactions with futures contracts were in 2013 rather speculative than hedging the market risk.

Table I 56 Statistics by underlying asset of futures contract

Contract Futures Name	No. of Traded Contracts	Notional Value of Traded Contracts (lei)
BSE Futures	120	23,310.00
FP Futures	1,848	1,167,238.00
SIF4 Futures	1,008	424,931.20
Gold Futures	2,564	4,134,234.80
Grau Panificatie-UE Futures	2	23,450.00
Silver Futures	10	30,722.00
EUR/RON Futures	38	170,220.00
Total (double entries)	**5,590**	**5,974,106.00**

Source: BSE

Table I 57 Number of contracts traded and notional value by delivery month

Due Month	No. of Traded Contracts	Notional Value of Traded Contracts (lei)
January 2013	856	1,270,574.00
February 2013	2,222	3,167,907.00
March 2013	678	456,497.80
April 2013	1,042	597,249.20
May 2013	700	448,158.00
June 2013	92	33,720.00
Total (double entries)	**5,590**	**5,974,106.00**

Source: BSE

The largest number of contracts traded and the biggest notional value traded were recorded in February. Also, the maximum number of transactions in one month was recorded in February (137 transactions), and the maximum number of transactions in a single trading session was recorded on 22 February 2013, *i.e.* 27 transactions.

A number of 423 transactions, a volume of 2,969 and a value of 3,049,561.72 lei were recorded on the derivatives market within the BSE trading sessions carried out in 2013.

Gold Futures contracts represented 69.2% of the total value traded, followed by FP Futures contracts with 19.54%. The rest of the contracts represented only 11.26%.

After the expiry of the contracts due in June 2013, the Bucharest Stock Exchange did not issue any other series of futures contracts.

5.2.4. RASDAQ Market Section

The trend of reducing the activity shown in reduced liquidity, decreases of all related indexes and continuation of delisting issuers was maintained on RASDAQ market section also in 2013.

Table I 58 2013 Synthetic presentation from RASDAQ perspective

Year	No. of trading sessions	Value (EUR)	Daily average value (EUR)	Capitalization (EUR)	No. of issuing undertakings	No. of new issuing undertakings	No. of delisted undertakings
2013	251	68.343.051	272.283	1.774.474.210	982	0	105

Source: BSE

Table I 59 Structure of capitalization and number of issuers by RASDAQ market classes

RASDAQ Market			
Category[29]	**No. of issues**	**Capitalization (RON)**	**Capitalization (EUR)**
Cat. I	4	249,415,273	55,873,849
Cat. a II-a	7	207,990,052	46,593,797
Cat. a III-a	971	7,463,670,104	1,672,006,565

Source: BSE

Shares issued by 982 undertakings classified by categories of listing were traded on RASDAQ market section.

The process of delisting undertakings from the RASDAQ market continued also in 2013, both as a result of mandatory takeover bids, of the decision of the General Assembly of Shareholders of certain undertakings to withdraw from trading, of certain legal situations that no longer allowed to performance of business, but also due to the continued promotion of certain successful undertakings on the regulated market operated by BSE.

[29] Regulation No. 02/2002 on transparency and integrity of RASDAQ market, Chapter I. Listing categories.

The number of undertakings delisted from RASDAQ market was 247 in 2010, 125 undertakings in 2011, 98 in 2012 and 105 in 2013. Two of the undertakings delisted from RASDAQ in 2013, *i.e.* Contend Dorohoi and Conpet Ploiești, advanced on the regulated market operated by BSE, the remaining 103 undertakings being withdrawn from trading.

Table I 60 Structure of capitalization and number of issuers by RASDAQ market classes

Grounds	Nr.
GAS decision to withdraw from trading	32
Dissolution and liquidation	11
Bankruptcy	34
Takeover bid	5
Change of legal form to limited liability company	10
Deregistration from the Records of the Office of the Register of Commerce	10
Implementation of measures included in the reorganization plan	1
TOTAL	**103**

Source: BSE

The majority of reasons for withdrawal from trading were: bankruptcy, GAS decisions and dissolution accompanied by liquidation of the undertaking.

In recent years, most share offers were carried out on RASDAQ market and, among them, the takeover bids represented the most important category. In 2013, the number of offers was higher as compared to 2012, but it remained low as compared to 2008.

Table I 61 Evolution of share offers on RASDAQ market

No. of offerings						
Offering type	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Sale	1					
Purchase	8	10	10	6	2	1
Secondary	2					
Special order sales	6		1	2	3	2
Takeover	30	14	17	20	10	15
Offering Reg. 10						1
Total	**47**	**24**	**28**	**28**	**15**	**19**
Offering value (lei)						
Offering type	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Sale	3,365,943					
Purchase	37,492,046	22,837,310	980,479	492,067	447,589	118,332
Secondary	7,274,150					
Special order sales	1,396,499		195,600	18,164,375	2,097,940	1,247,061
Takeover	85,373,011	42,800,977	8,491,836	14,513,524	3,750,171	12,708,787
Offering Reg. 10						37,783,090
Total	**134,901,648**	**65,638,287**	**9,667,915**	**33,169,966**	**6,295,701**	**51,857,269**

Source: BSE

Table I 62 List of undertakings traded on RASDAQ

Year end	31.12.2013
That may be traded	707
Suspended	275
Total number of listed undertakings	**982**

Source: BSE

At the end of 2013, 28% of the issuers listed on RASDAQ were suspended from trading, as follows:

- 13 undertakings suspended to clarify their status, investigation carried out by FSA (NSC), litigation, PPO and closing;
- 35 undertakings suspended due to bankruptcy, liquidation, dissolution, deregistration;
- 23 undertakings suspended due to absence of registry services supply contract;

- 24 undertakings suspended to clarify their status on the withdrawal from trading or declared closed-type undertakings;
- 5 undertakings suspended by decision of FSA (NSC) to withdraw from trading in accordance with Art. 74 Para (2) of Law No. 297/2004;
- 56 undertakings suspended to clarify their status on the initiation of insolvency proceedings;
- one undertaking suspended for merger;
- 10 undertakings suspended for division;
- 77 undertakings suspended due to the level of the share capital under the legal limit;
- 6 undertakings suspended for registration of new characteristics of the share capital, decrease of share capital;
- 8 undertakings suspended at the end of 2013 for informing investors of various current events;
- 17 undertakings suspended to clarify their status on change of legal form to limited liability company.

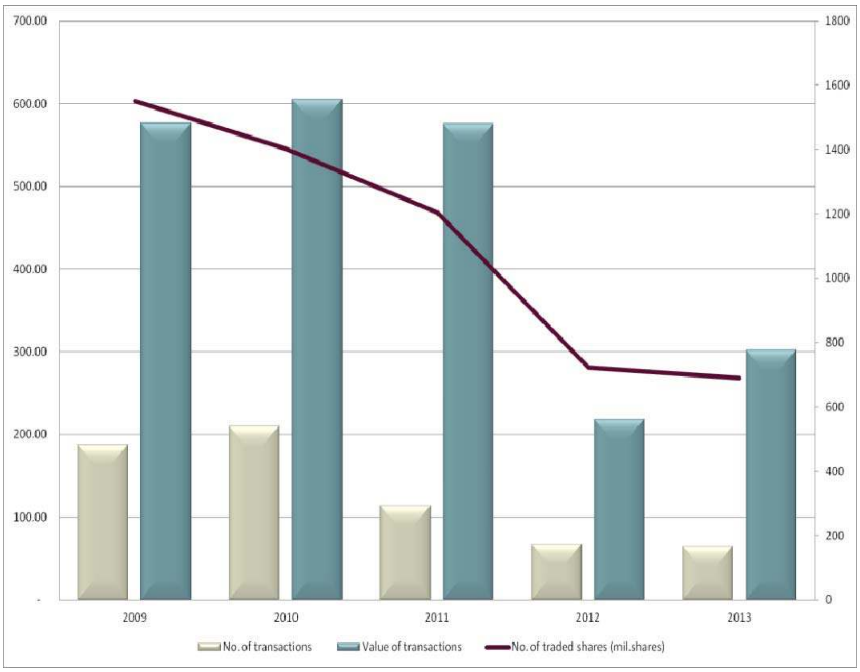
The composite index of RASDAQ market continued its negative trend initiated in 2007-2009 also in 2013. Investors are still reluctant to most of the undertakings on this market segment due to the high volatility of yields, low liquidity and poor corporate governance of issuers.

Table I 63 Dynamics of RASDAQ market share indicators in the last 5 years

	2009	2010		2011		2012		2013	
Index	**Value Dec 2009**	**Value Dec 2010**	*Variation%*	**Value Dec 2011**	*Variation%*	**Value Dec 2012**	*Variation%*	***Value Dec 2013***	*Variation%*
RASDAQ C	2,239.51	1,680.01	*-25.0*	1,580.08	*-5.9*	1,414.79	*-10.5*	*1,366.33*	***-3.4***
RAQ I	2,362.57	1,441.98	*-39.0*	908.83	*-37.0*	169.5	*-81.3*	180.71	***6.6***
RAQ II	5,491.44	3,056.69	*-44.3*	1,991.98	*-34.8*	1,768.6	*-11.2*	1,494.43	***-15.5***

Source BSE

Figure I 69 Evolution of liquidity ratios of RASDAQ market segment between 2009 and 2013

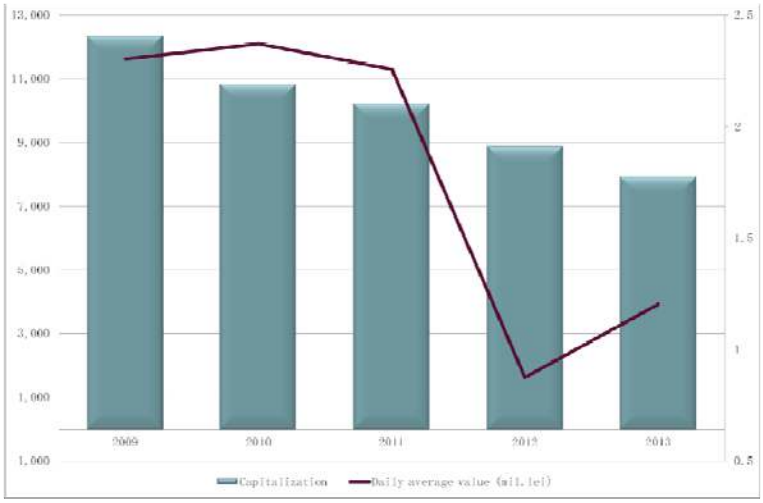


With regard to liquidity ratios of the RASDAQ market segment in 2013, they followed the downward trend in recent years. The lowest number of transactions between 2009 and 2013 was recorded in 2013, however at a value of transactions higher by 38% as compared to 2012.

As compared to the previous year, the volume of shares dropped by 4.72%, from 722.75 million shares in 2012 to 668.61 million shares in 2013, while the number of transactions carried out decreased in 2013 by 4.16% as compared to 2012, from 67.69 thousand shares to 64.88 thousand shares.

Source: BSE

Figure I 70 Evolution of capitalization and average daily trading value on RASDAQ market segment between 2009 and 2013



At the end of 2013, the capitalization of RASDAQ market segment decreased by 10.81% as compared to 2012, with a threshold of 7.92 billion lei - the lowest value in the last five years.

Capitalization of RASDAQ had a downward trend over the period 2009-2013, being in 2013 with about 36% less as compared to reference year 2009. In addition, the average daily trading value increased by 37.55% from 0.87 million lei in 2012 to 1.2 million lei in 2013.

Source: BSE

5.2.5. BSE Alternative Trading System

BSE created through the alternative trading system (ATS) the opportunity to trade foreign shares of major undertakings listed on international markets, in the local currency, using the services of intermediaries and institutions of the Romanian market. In addition, the shares of certain undertakings in Romania are also traded on ATS, as a first step in their preparation for the admission to trading on a regulated market.

Table I 64 List of transactions on ATS operated by BSE

Month	Number of Transactions	Volume of Shares	Value of Transactions (mil. Ron)
January	937	51,916	2.88
February	873	19,503	1.73
March	683	14,133	1.59
April	743	574,587	2.74
May	628	328,308	1.59
June	443	65,902	0.94
July	572	152,116	1.15
August	645	66,717	1.16
September	587	84,891	2.24
October	585	136,906	1.80
November	561	379,536	1.83
December	399	76,699	1.20
Total	**7,656**	**1,951,214**	**20.83**

Source: BSE

In 2013, 251 trading sessions were organized within the alternative trading system (ATS) operated by BSE, during which 7,656 transactions were made with a total traded value of 20.8 million, compared to 16.8 million in 2013. 29 undertakings were listed on BSE alternative system at the end of the year, two more as compared to 2012.

Table I 65 Synthetic presentation of 2013 from ATS perspective

Year	No. of trading session	No. of transactions	No. of traded shares (volume)	Value (EUR)	Daily average value (EUR)	No. of issuing undertakings	No. of new issuing undertakings	No. of delisted undertakings
2013	251	7.656	1.951.214	4.719.195	18.802	29	2	0

Source: FSA

At the end of 2011, 10 issuers were registered on ATS, of which nine undertakings listed in 2011 and one listed in 2010. In 2012, the list of issuers on ATS was extended by another 16 undertakings whose shares are admitted to trading also on a regulated market in the European Union or the United States of America, by SSIF Tradeville assuming the responsibility as Market Maker. At the same time, in 2012, the first Romanian undertaking, *i.e.* PRO VORBAS FACILITY MANAGEMENT SERVICES SA (formerly PRO VORBAS SA) was listed on ATS.

The offer of issuers admitted to trading was expanded in 2013. Thus, on 11.07.2013, the trading of TRANSILVANIA LEASING IFN SA was initiated. Another première of 2013 on ATS segment was listing the first undertaking registered in another State of the European Union, *i.e.* SIF IMOBILIARE PLC NICOSIA, Cyprus, starting from 23.12.2013.

Table I 66 Transactions on ATS in 2013

Segment ATS				
Category	No. of transactions	Volume	Value (RON)	Value (EUR)
I-ATS	180	479,903	27,321	6,149
Base-ATS	165	1,307,661	1,545,617	349,962
Intl-ATS	7,311	163,650	19,260,430	4,363,084
Total		**1,951,214**	**20,833,367**	**4,719,195**

Source: BSE

Most of the transactions carried out on ATS referred to international operations. In the case of each of these instruments there is at least one local authorized intermediary undertaking to maintain the market liquidity using its own capital, by introducing and maintaining firm purchase and sale offers for its own account[30].

Table I 67 Capitalization of ATS segment

ATS			
Category	No. of issues	Capitalization (RON)	Capitalization (EUR)
I-ATS	1	30,941,400	6,931,472
Base-ATS	2	153,096,000	34,296,467
Intl-ATS	26	N/A	N/A

Source: BSE

5.2.6. Issuers of Shares Listed on the Markets Operated by BSE

At the end of 2013, 1,085 issuers of shares traded on the market segments administered by BSE were registered with FSA (NSC), as follows:

- 83 undertakings whose shares were traded on BSE market;
- 21 undertakings whose shares were traded unlisted securities market using the BSE technical system;
- 980 undertakings whose shares were on BSE – RASDAQ market;
- 1 undertaking whose shares were listed on BSE Alternative Trading System;

Also, in 2013, the shares of 106 undertakings were withdrawn from trading on the capital market.

[30] Source: BSE

Also, the shares of two issuers traded on RASDAQ market were admitted to trading on BSE market, based on the decision of EGAS adopted: SC CONTED SA Dorohoi and SC CONPET SA Ploiești.

Table I 68 Statement of admission to trading on BSE in 2013

Sector	Category	No. of Issues	Name of Issuer
Equity securities	Category 1 Shares	3	**COTE** - CONPET SA Ploiești
			SNN - SN NUCLEARELECTRICA SA București
			SNG - SNGN ROMGAZ SA Mediaș
	Category 2 Shares	1	**CNTE** - CONTED SA Dorohoi
	Category 3 Rights	1	**SNNR01** - SN NUCLEARELECTRICA SA (allotment rights)
Other International Financial Instruments	Category A	1	**NEPR03** - NEW EUROPE PROPERTY INVESTMENTS PLC Isle of Man (preference rights)
Credit instruments	Category 3 Bonds	2	**UCT18** - UNICREDIT TIRIAC BANK SA
			RBRO16 - RAIFFEISEN BANK SA
	Category Municipal Bonds	1	**HRZ15** - HOREZU TOWN
	Category government securities	4	
Structured products	Category Certificate	94	79 - ERSTE GROUP BANK AG
			15 - SSIF BROKER SA

Source: BSE

5.2.7. Intermediaries on the markets administered by BSE

At the end of 2013, 45 participants were registered on the spot market administered by BSE, as compared to 58 in 2012. At the end of 2013, 19 participants were registered on the futures market administered by BSE. Such participants held also the capacity as member of the Bucharest Clearing House. 37 participants were registered on BSE alternative trading system, 11 participants less as compared to 2012.

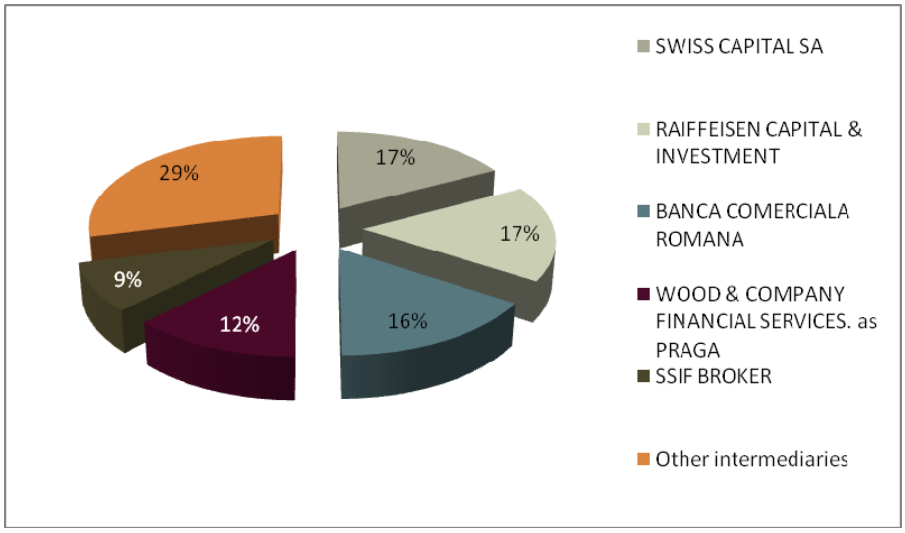
Table I 69 List of intermediaries on BSE in 2013

No.	Name of intermediary	Traded value (lei)	Percentage
1	SWISS CAPITAL SA	4,664,639,237,58	17.23
2	RAIFFEISEN CAPITAL & INVESTMENT	4,585,006,932,04	16.94
3	BANCA COMERCIALA ROMANA	4,287,186,178,96	15.84
4	WOOD & COMPANY FINANCIAL SERVICES as PRAGA	3,374,892,957,42	12.47
5	SSIF BROKER	2,309,990,223,30	8.53
6	BRD Groupe Societe Generale	969,383,754,29	3.58
7	BT SECURITIES	788,073,098,15	2.91
8	NBG Securities Romania SA	735,605,163,58	2.72
9	IFB FINWEST	572,906,263,42	2.12
10	TRADEVILLE	464,381,716,80	1.72
11	Others	4,313,390,937	15.94

Source: BSE

The top ten intermediaries accounted for 84.06% of the total value traded on the spot market administered by BSE. Two of such intermediaries are credit institutions (Banca Comerciala Romana, BRD Groupe Societe Generale), and three are SSIFs affiliated (Raiffeisen Capital & Investment, BT Securities, NBG Securities Romania SA). Their market share represented 41.39% in 2013.

Figure I 71 Distribution of transactions made by intermediaries in 2013



Source: BSE

Table I 70 Participants in the BSE trading system

Year	Number of Credit institutions	Credit institutions share (%)	Number SSIF	SSIF share (%)
2008	7	11.25	70	88.75
2009	11	24.34	66	75.66
2010	10	29.51	59	70.49
2011	9	16.75	56	83.25
2012	9	27.21	51	72.79
2013	8	21.41	41	78.59

Source: BSE

An analysis of the FSA on the financial and operational situation of SSIFs acting on the Romanian capital market, depending on their situation in the first semester of 2013, revealed that:

- 15 SSIFs recorded losses both in 2012 and in the first semester of 2013. In nine cases, the losses are caused by the low volume of turnover, the revenues being probably insufficient to cover the minimum operational costs required by the specifics of the intermediation activity. In the first semester of 2013, in four of the nine cases referred to above, the level of the initial capital decreased to the minimum level required;
- 12 intermediaries carried out the activity with a reduced number of employees (less than 10 employees), which may lead to the increase of operational risks due to an insufficient segregation of functions within the undertaking;
- in half of these cases, the operation with reduced number of employees was correlated with low turnover and losses in the two periods reviewed;
- potential revenues for most of the intermediaries in the second half of the classification are very low in relation to the costs required for the performance of the activity in optimal operational parameters (quality and number of employees, IT and communication equipment, software, audit, control of activity, security of information, etc.).

The undertakings' low volume of activity, losses, as well as the tendency of decrease of initial capital and own funds indicate risks preventing the performance of the intermediary activities in good condition.

Although the intermediaries with a low volume of activity do not pose a significant risk to the stability of the financial system, the fact that they operate under conditions which could increase operational risks requires careful attention by FSA. SSIF Harinvest case showed that the materialization of risks at the level of small-sized intermediaries, although it does not generate a systemic impact, significantly affects investors' confidence in the capital market.

In 2013, the capacity as Participant in the trading system of the following intermediates was withdrawn: Invest Trust, GM Invest, RBS Bank (Romania), OTP Bank Romania, Active International, ING Bank NV Amsterdam-Bucharest Branch, Avantgarde-Finance, Fairwind Securities, Eurosavam, Roinvest Bucovina, WBS Romania, Unicapital, City Invest. SSIF Harinvest SA Râmnicu Vâlcea was sanctioned with the withdrawal of the operation authorization, and the capacity as participant in the market operated by BSE was withdrawn during the first session of the Council of the Stock Exchange in 2014.

5.3. SIBEX - Sibiu Stock Exchange

Currently SIBEX-SIBIU STOCK EXCHANGE operates a regulated futures market, a market for derivatives and an alternative trading system (ATS).

SIBEX is the main trading market of derivatives in Romania, with a market share of 99.34% of the notional value traded. It also holds a significant share of the value traded through ATS, *i.e.* 13.44%. The value traded on the regulated futures market represents only 0.01% of the total.

At the end of 2013, the shares of 2 issuers were available on the regulated futures market and on the alternative trading system, while 37 futures contracts with 135 cumulated maturities, 15 contracts for difference, 18 standard options and 4 binary options were available on the derivatives market (Table I 71).

Table I 71 List of instruments traded on SIBEX as at 31.12.2013

Type of instrument	Underlying asset	Number of contracts
Futures	Interest rate	0
	Shares	23
	Currency parities	9
	Indexes	2
	Petroleum	1
	Gold	2
Binary options	Currencies	4
Standard options	Shares	13
	Currencies	3
	Gold	1
	Indexes	1
CFD		15
CO2		0
Shares		2

Source: FSA

During 2013, 9 new contracts for difference with the shares of certain Romanian undertakings as underlying asset and five new futures contracts with the shares of certain American undertakings as underlying asset were listed on SIBEX. Also, partly due to the programs incentivizing participants launched

in 2013, DELTASTOCK AD became a Market Maker for seven derivatives. At the end of the year, DELTASTOCK AD FIRM and SSIF BROKER SA operated on SIBEX derivatives market as Market Makers, providing together quotes for 15 derivatives.

SIBEX concluded in July 2013 an agreement with the Romanian Gas and Electricity Market Operator (RGEMO) to develop and launch to trading the futures contracts with electricity spot market indices as underlying asset electricity, ROPEX_DAM, calculated by RGEMO.

Regulation (UE) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR) introduced the clearing houses' obligation on to initiate and carry out the authorization process with the goal of converting the same into Central counterparties. The authorization implies the fulfilment of certain capital requirements significantly higher to the current level of equity of the Romanian Clearing House. Therefore, capital market institutions in Romania have begun discussions on the establishment in Romania of a Central counterparty to meet the EMIR requirements, without reaching an agreement in 2013.

To ensure the continuity of the derivatives regulated market, SIBEX Board of Administration decided on 16 September 2013 to approve Hellenic Exchanges SA for clearing services, technological consolidation and cooperation in development projects. Also, on the same date, the initiation of the process for the execution of the Firm agreement with the Central Counterparty, part of the Hellenic Exchanges SA (ATHEXClear), was approved.

5.3.1. SIBEX Spot Market

Regulated Spot Market

As in previous years, the shares of a single issuer-SC SIBEX-SIBIU STOCK EXCHANGE SA were traded on the regulated spot market. The value of the transactions decreased in 2013 by 75% compared to 2012, 1.35 million lei, a volume of 2.15 million shares (Table I 72). As compared to 2010, when SIBEX regulated spot market was established, in 2013 the value of the transactions decreased 18.78 times.

Table I 72 Evolution of stock transactions on regulated spot market between 2010 and 2013

Year	Volume of transactions (shares)	Δ%	Volume of transactions (lei)	Δ%
2010	15,895,566.00	-	25,434,529.30	-
2011	16,779,926.00	6%	24,653,455.96	-3%
2012	4,732,266.00	-72%	5,387,460.57	-78%
2013	2,155,871.00	-54%	1,354,107.00	-75%

Source: SIBEX

The volume of shares traded monthly on the regulated spot market was greatly reduced as compared to 2012. The peak was recorded in August, when the value of the transactions amounted to 292,011 lei, at a traded volume of 486,718 shares, and a monthly average capitalization of 12,926,091 (Table I 73).

Table I 73 Evolution of monthly stock transactions on regulated spot market in 2013

Period	Volume of transactions (shares)	Value of transactions (lei)	Monthly average capitalization (mil. lei)
Jan-2013	33,321	22,812	18,686,965
Feb-2013	63,011	50,324	17,802,333
Mar-2013	70,271	56,246	17,169,867
Apr-2013	81,092	65,129	18,101,745
May-2013	173,704	130,282	16,349,813
Jun-2013	196	133	15,521,667
Jul-2013	364,800	220,253	12,747,373
Aug-2013	486,718	292,011	12,926,091
Sep-2013	350,900	207,900	12,680,075
Oct-2013	11,630	6,978	12,915,840
Nov-2013	346,458	201,545	12,300,800
Dec-2013	173,770	100,494	12,461,394
Total	**2,155,871**	**1,354,107**	**14,971,997**

Source: SIBEX

Alternative Trading System

0.81 Million shares of the only issuer listed, PRODPLAST IMOBILIARE SA, amounting to 3.23 million lei, were traded on the alternative trading system. The traded volume increased by 4% in 2013 as compared to 2012, still much reduced as compared to 2011, when it was 8.12 times larger than in 2013 (Table I 74).

Table I 74 Evolution of annual stock transactions on ATS between 2010 and 2013

Year	Volume of transactions (shares)	Variation as compared to previous year	Value of transaction (lei)	Variation as compared to previous year
2010	5,409,685.00	-	21,314,873.03	-
2011	6,592,703.00	+22%	36,227,900.91	+70%
2012	778,527.00	-88%	3,545,740.64	-90%
2013	811,765.00	+4%	3,234,583.98	-9%

Source: SIBEX

The volume of transactions with the shares of PRODPLAST IMOBILIARE SA recorded in July 2013 a maximum of 521.46 thousand shares, representing 64% of the total number of shares traded in 2013. In December 2013, the undertaking's capitalization was 103.64 million lei, up by 58% as compared to the beginning of the year.

Table I 75 Evolution of monthly stock transactions on ATS in 2013

Period	Volume of transactions (shares)	Value of transactions (lei)	Monthly average capitalization (mil. lei)
Jan-2013	1,090	4,183	65,490,383
Feb-2013	2,479	9,117	66,292,690
Mar-2013	3,146	10,285	66,835,805
Apr-2013	29	107	67,754,487
May-2013	208,498	833,272	88,045,984
Jun-2013	26,374	104,810	95,127,151
Jul-2013	521,458	2,066,195	82,115,031
Aug-2013	13,303	51,533	80,982,519
Sep-2013	12,297	47,657	71,356,818
Oct-2013	8	18	62,433,076
Nov-2013	5,926	23,517	90,222,401
Dec-2013	17,157	83,888	103,643,643
Total	**811,765**	**3,234,584**	**78,358,332**

Source: SIBEX

In 2013, SIBEX prepared the listing of the shares issued by Romradiatoare SA, Feper SA and Aro-Palace SA within the alternative trading system.

Intermediaries on SIBEX regulated spot market (regulated + ATS)

At the beginning of 2013, 14 intermediaries were active on the spot market, and, during the year, three of them, *i.e.* SSIF Swiss Capital SA, SSIF Intervam and SSIF Prime Transaction, withdrew. SSIF IFB FINWEST SA intermediated the majority of the transactions with SIBEX shares, representing 66.31% of the total traded value (Table I 76).

At the end of 2013, no intermediary acted as Market Maker on the regulated spot market administered by SIBEX.

Table I 76 List of intermediaries on SIBEX spot market in 2013

No.	Name of SSIF	Turnover	Share (%)
1	SSIF IFB FINWEST SA	6,085,626	66.3
2	SSIF INTERVAM SA	750,964	8.2
3	SSIF INTERFINBROK SA	692,134	7.5
4	SSIF TRANSILVANIA CAPITAL SA	626,856	6.8
5	SSIF TRADEVILLE SA	550,503	6.0
6	SSIF INTERCAPITAL INVEST SA	179,616	2.0
7	SSIF CARPATICA INVEST SA	177,314	1.9
8	SSIF GOLDRING SA	71,079	0.8
9	SSIF ESTINVEST SA	24,309	0.3
10	SSIF BROKER SA	18,411	0.2
11	SSIF SUPER GOLD INVEST SA	569	0.0
	TOTAL *)	**4,588,691**	**100.0**

*) The value of each transaction including the counterparty is mentioned next to each intermediary. The total is ½ of the amount of the values traded by each intermediary.

Source: SIBEX

5.3.2. Derivatives Market operated by Sibex

In 2013, SIBEX offered for trading the Romanian stock futures, American shares, currency parities, Dow Jones Industrial Average and cargo ratio. Also, options contracts were available on existing futures contracts[31].

Table I 77 Futures and options contracts traded in 2013

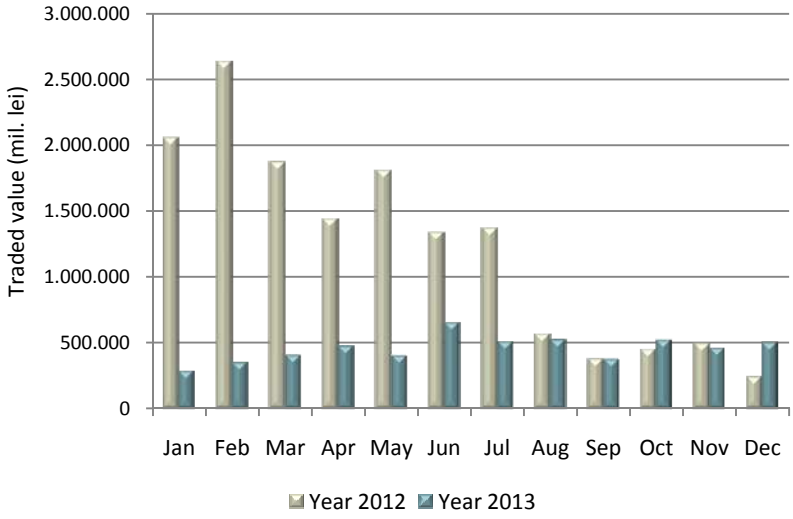
Period	Futures (contracts)	Options (contracts)	Total (contracts)
Jan-2013	24,023	3	24,026
Feb-2013	28,433	1	28,434
Mar-2013	31,693	1	31,694
Apr-2013	38,631	0	38,631
May-2013	31,077	1	31,078
Jun-2013	49,213	1	49,214
Jul-2013	39,417	0	39,417
Aug-2013	39,774	0	39,774
Sep-2013	30,323	0	30,323
Oct-2013	37,766	4	37,770
Nov-2013	33,275	0	33,275
Dec-2013	36,324	4	36,328
Total	419,949	15	419,964

Source: SIBEX

[31] At the end of December 2013, binary options by currency pairs and the contracts for difference (CFD) were suspended from trading, due to the reduced liquidity caused by the lack of Market Markers on these financial instruments.

The number of contracts with derivatives traded in 2013 on SIBEX was 419.96 thousand, with a monthly average of 35 thousand and a maximum of 49.21 thousand in June (Table I 77). The traded value of derivatives contracts remained relatively constant throughout 2013, with a slight increase in the last quarter of 2013, as compared to the previous year (Figure I 72).

Figure I 72 Evolution of traded value of derivatives contracts



Source: SIBEX

The most traded futures contract in 2013 was DEDJIA_RON, with Dow Jones Industrial Average as underlying asset. The following futures contracts by order of the number of transactions were EUR/USD_RON, with EUR/USD_RON currency parity and SIBGOLD gold contract as underlying assets (Table I 78).

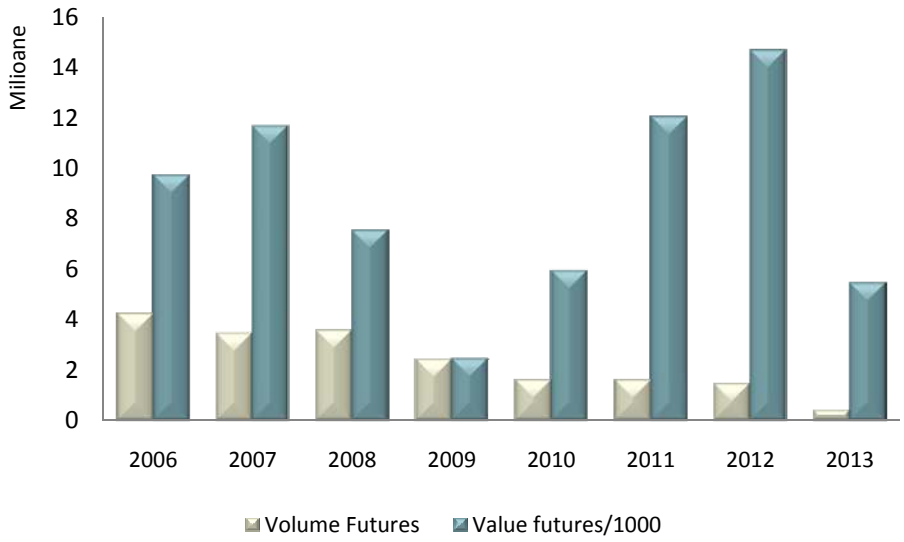
Table I 78 Futures contracts traded on SIBEX in 2013

Type of contract	Total contracts	Percentage of total contracts
DEDJIA_RON	261,501	62.27
EUR/USD_RON	75,465	17.97
SIBGOLD	24,596	5.86
DEOIL_LSC	20,561	4.90
SIBGOLD_RON	12,086	2.88
DESIF5	9,175	2.18
EURO/JPY_RON	4,081	0.97
EUR/RON	3,580	0.85
DEFPR	2,768	0.66
Others	6,136	1.46
Total	**419,949**	**100.00**

Source: SIBEX

The notional value of the futures contracts traded in 2013 on SIBEX returned to the crisis levels in 2009-2010. The significant fall as compared to 2012 may be explained, *inter alia*, through the cessation of the activity of certain intermediaries which held in previous years a significant share of the value of the transactions, in some cases having also the capacity as Market Maker.

Figure I 73 Volume and value of futures contracts between 2006 and 2013



Source: SIBEX

Five new futures contracts with quarterly maturity dates and shares of the following American undertakings: GOOGLE INC., MCDONALD's Corporation, FACEBOOK INC., APPLE Inc. and VISA Inc. as underlying assets, were listed in September 2013.

At the same time, in order to increase the liquidity of futures contracts market, SIBEX launched two programs to incentivize participants (intermediaries): (1) the Market Makers incentivizing program (50% money back) and (2) decrease of connection fee.

In March 2013, DELTASTOCK AD joined SSIF BROKER SA, becoming the second Market Maker on the futures market administered by SIBEX. At the end of 2013, the two Market Makers provided purchase and sale quotes for 15 derivatives, of which three futures contracts were based on the shares of certain local undertakings (SNP, SIF4 and FP) and 12 futures contracts on commodities, currency parities, indices and American shares.

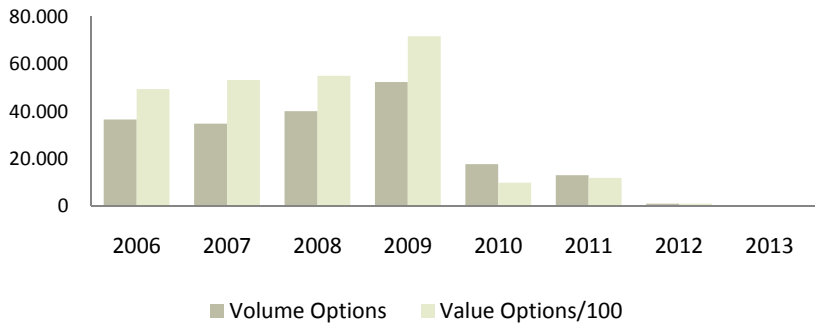
Options contracts market was significantly reduced starting from 2010 (Figure I 74). Although in 2013, both conventional options, and binary options, were available for trading, only 15 contracts were traded, of which nine with SIF5 shares as underlying asset, five with EUR/RONB currency pair as underlying asset, and one contract with Dow Jones Industrial Average index as underlying asset (Table I 79).

Table I 79 Options contracts traded on SIBEX in 2013

Type of contract	Total contracts	Percentage of total contracts
DESIF5	9	60.0
EUR/RON	5	33.3
DEDJIA_RON	1	6.7
Total	**15**	**100.0**

Source: SIBEX

Figure I 74 Volume and value of options contracts between 2006 and 2013



Source: SIBEX

SIBEX placed in January 2013 9 contracts for difference (CFD) with shares of the following undertakings: BIOFARM SA (BIO), the Bucharest Stock Exchange (BSE), Electromagnetica SA (ELMA), Fondul Proprietatea (FPR), Societatea de Investitii Financiare Moldova (SIF2), Societatea de Investitii Financiare Transilvania (SIF3), Societatea de Investitii Financiare Oltenia (SIF5), TRANSELECTRICA (TEL) and SNTGN TRANSGAZ SA (TGN), as underlying assets. Liquidity of transactions in these contracts was extremely low throughout the year. For this reason, SIBEX decided to suspend such instruments for an indefinite period and focus on futures contracts.

Intermediaries on futures market

At the beginning of 2013, 21 participants operated on the derivatives market. Seven participants withdrew in 2013, *i.e.*: SSIF Swiss Capital SA, SSIF Interdealer Capital Invest SA, BRD Group Societe Generale, SSIF Rombell Securities SA, SSIF Fairwind Securities, SSIF Intervam, SSIF Prime Transaction. DELTASTOCK and SSIF BROKER SA to intermediated 64.3% of the contracts traded on such market (Table I 80).

Table I 80 List of intermediaries on SIBEX futures market in 2013

No.	Name of SSIF	Number of contracts FD	Share (%)
1	DELTASTOCK AD	320,199	38.1
2	SSIF BROKER SA	220,457	26.2
3	SSIF TRADEVILLE SA (Vanguard)	97,025	11.6
4	SSIF ESTINVEST SA	94,475	11.2
5	SSIF IFB FINWEST SA	31,572	3.8
6	SSIF CARPATICA INVEST SA	23,338	2.8
7	SSIF INTERCAPITAL INVEST SA	21,883	2.6
8	SSIF VIENNA INVESTMENT TRUST SA (Finans Securities)	14,549	1.7
9	SSIF INTERFINBROK CORPORATION SA	9,885	1.2
10	SSIF TRANSILVANIA CAPITAL SA	1,623	0.2
11	SSIF FAIRWIND SECURITIES SA	1,318	0.2
12	SSIF EASTERN SECURITIES SA	1,148	0.1
13	PIRAEUS BANK SA	907	0.1
14	SSIF GOLDRING SA	821	0.1
15	SSIF SUPERGOLD INVEST SA	687	0.1
16	SSIF INTERDEALER CAPITAL SA	23	0.0
17	SSIF INTERVAM SA	18	0.0
	TOTAL*)	**419,964**	**100.0**

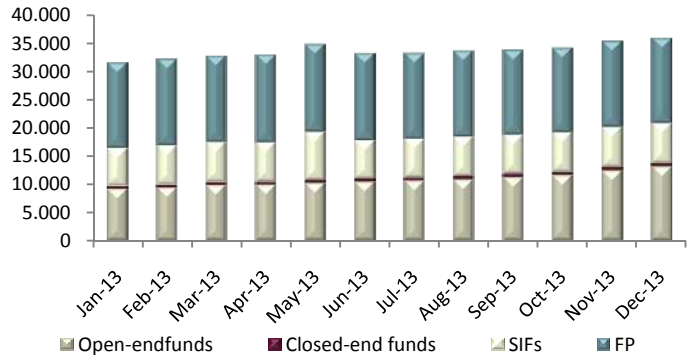
*) The total number of contracts including the counterparty is mentioned next to each intermediary. The total is ½ of the amount of the contracts traded by each intermediary.

Source: SIBEX

5.4. Undertakings for Collective Investment

On the sector of undertakings for collective investment (UCI) in Romania as a whole, the trend of increase in the value of administered assets was upheld in recent years and was mainly supported by the consistent growth of the assets of open-end investment funds (OeIF).

Figure I 75 Evolution of the value of total assets administered by local UCI

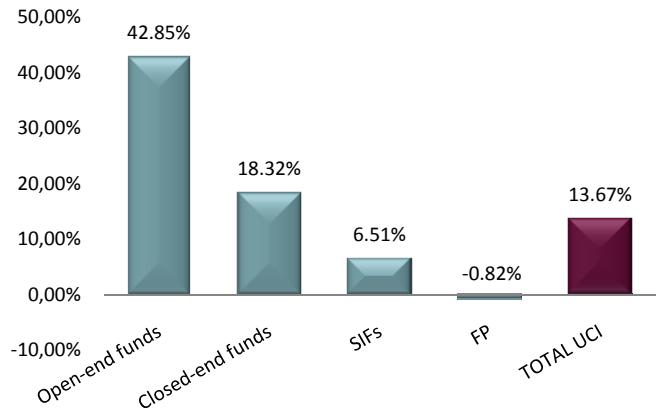


Source: FSA

UCI market is dominated by Fondul Proprietatea whose assets represented at the end of 2013 more than 42% of the total. Their value dropped by 0.82% between January and December 2013 as a result of the sale of certain equities and distribution of the amounts to the shareholders as common dividends and returns of capital, as well as indirectly through repurchase and cancellation programs of their own shares.

The value of the administered assets of closed-end investment funds (CeIF) increased (+18.32%), but remained at a reduced rate of the entire UCI Romanian market.

Figure I 76 Dynamics of the value of total assets administered by Romanian UCI between January and December 2013 (%)



Source: FSA

The most significant increase in volume in 2013 belonged to the segment of open-end investment funds (+42.85%), ranking second by reference to the share of the total UCI assets (36.32%).

As compared to the price evolution of stock portfolio, the five financial investment undertakings (SIF) had a modest increase of total assets (+ 6.51%) which may be explained by the fact that most of them chose to distribute to shareholders significant shares of the profit for the 2012 financial year in the form of dividends, which reduced the positive effect on assets caused by the favourable evolution of investments.

As a result of the high interest that investors have shown in recent years with respect to Romanian OeIF, and of SIF trend of distribution of liquidity to shareholders, at the end of 2013, the value of total assets of OeIF was about two times higher as compared to that of SIFs.

The Romanian UCI total portfolio is relatively balanced, shares representing 59.99%, while fixed-income instruments (bonds, treasury bills, deposits and depositary receipts) amount approximately to 42.55%. The negative share of “other assets” category is related to the subscriptions for which fund units shall be allocated. As a result, the sum of shares of the other categories of assets exceeds 100%. This situation is typical of the subscription mechanism of fund units at unknown price. The use of derivatives to cover portfolio risk through hedging strategies is still marginal.

Figure I 77 Dynamics of the value of total assets administered by Romanian UCI between January and December 2013 (thousand lei)

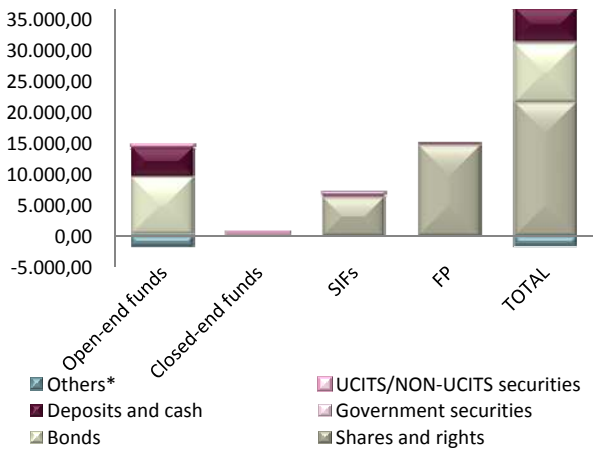
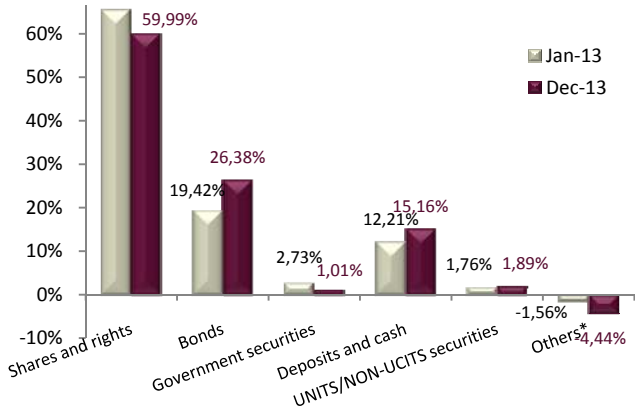


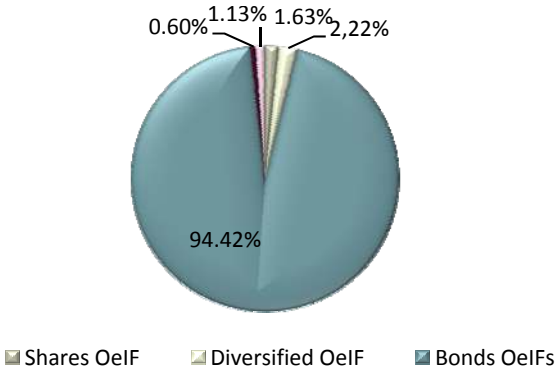
Figure I 78 Dynamics of the structure of Romanian UCI aggregated investments



Source: FSA

As dynamics, investments in shares and rights dropped by more than 5% in December 2013, compared to January 2013, while investments in bonds and deposits increased (+ 6.9% in bonds +2.95% in deposits). A significant decrease was shown in investments in bonds and government securities, from 2.73% at the beginning of the year to only 1.01% at the end of December 2013. However, on the whole, the shares of the main asset classes in the total investments of UCI remained relatively unchanged as compared to January 2013.

Figure I 79 Structure of Romanian OeIFs by types of funds depending on the volume of assets as at 31.12.2013



Source: FSA

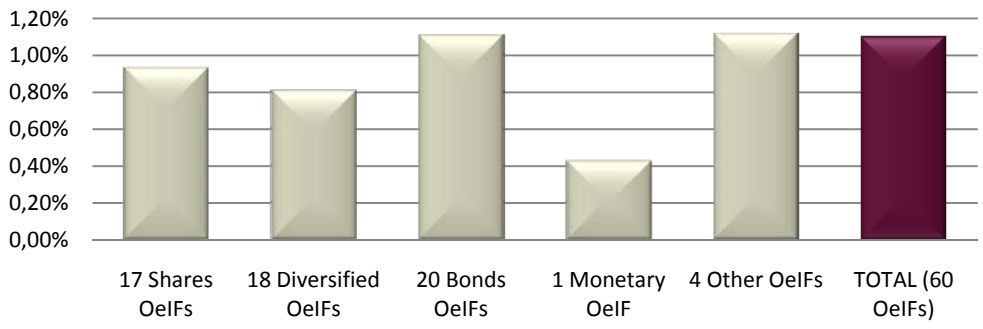
According to the classification of FSA, bond funds represent about 94.42% of the total assets administered by Romanian OeIF.

At the end of 2013, 60 OeIFs existed on the Romanian capital market, of which 20 for *bonds*, 18 *diversified*, 17 for *shares*, one *money* and four OeIFs were included in *others* category[32].

The analysis of performance and monthly volatility of fund units issued by Romanian OeIFs for the period comprised between January and December 2013 shows that the results obtained were closely connected to the characteristics of local and international financial markets during this period.

[32] In particular, as a result of the significant investments in fund units of NON-UCI.

Figure I 80 NAVPS monthly average yield by types of OeIF between January and December 2013



Source: FSA

Bond OeIFs generated, on average, monthly yields close to those of OeIF of *others* category, although their volatility was the lowest. In terms of profile of volatility (risk), OeIF placed in "others" category were closer to *diversified* funds than to those of *shares* and *bonds*. The explanation is that they had investments mainly in less volatile assets, such as fixed-income instruments and units of certain UCI of *bonds* or *diversified*. During 2013, the *shares* OeIF had the highest volatility.

Between January and December 2013, best ratio between yield and volatility (Sharpe ratio) was obtained by the monetary fund (as a result of its extremely low volatility), followed by OeIF of *others* category and diversified. Sharpe Index[33] by types of OeIF.

Figure I 81 Volatility of NAVPS monthly yield by types of OeIF between January and December

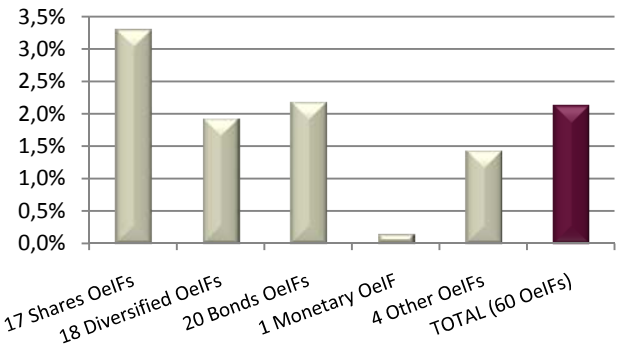
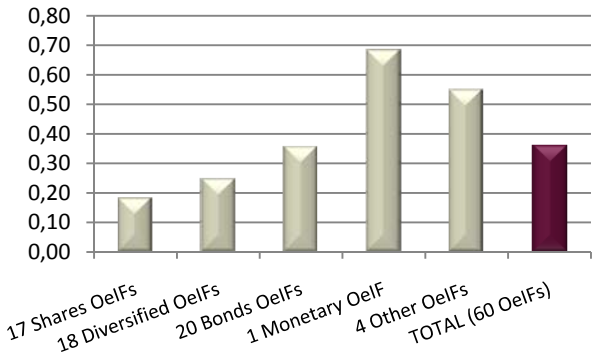


Figure I 82 Sharpe index by types of OeIF

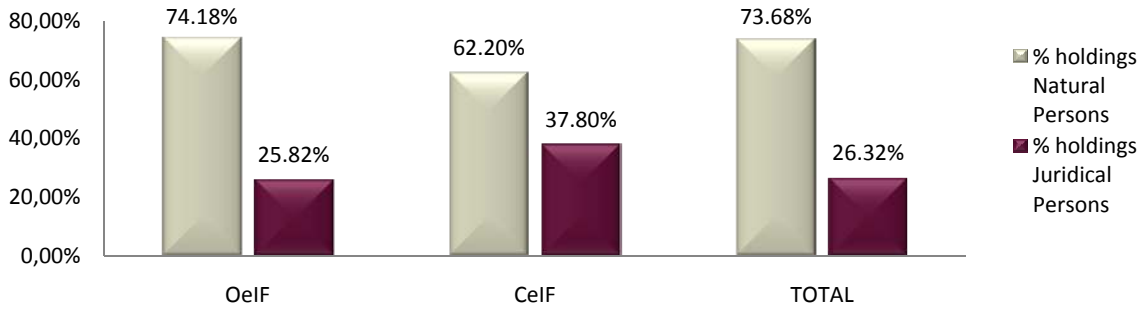


Source FSA

Natural persons are the category of investors with most important holdings in both OeIF and CeIF. Given the higher mobility and faster reaction of corporate investors in market declines, the fact that that currently natural person hold about two-thirds of the OeIF investments show good strength of the OeIF sector by reference to the market risks and liquidity risks, a hypothesis supported also by the structure of the investments described above.

[33] Sharpe ratio is used to assess performances of financial asset portfolios. It is calculated as ratio between the excess return of portfolio and standard deviation: $R_{Sharpe} = \frac{\bar{R}-R_f}{\sigma}$

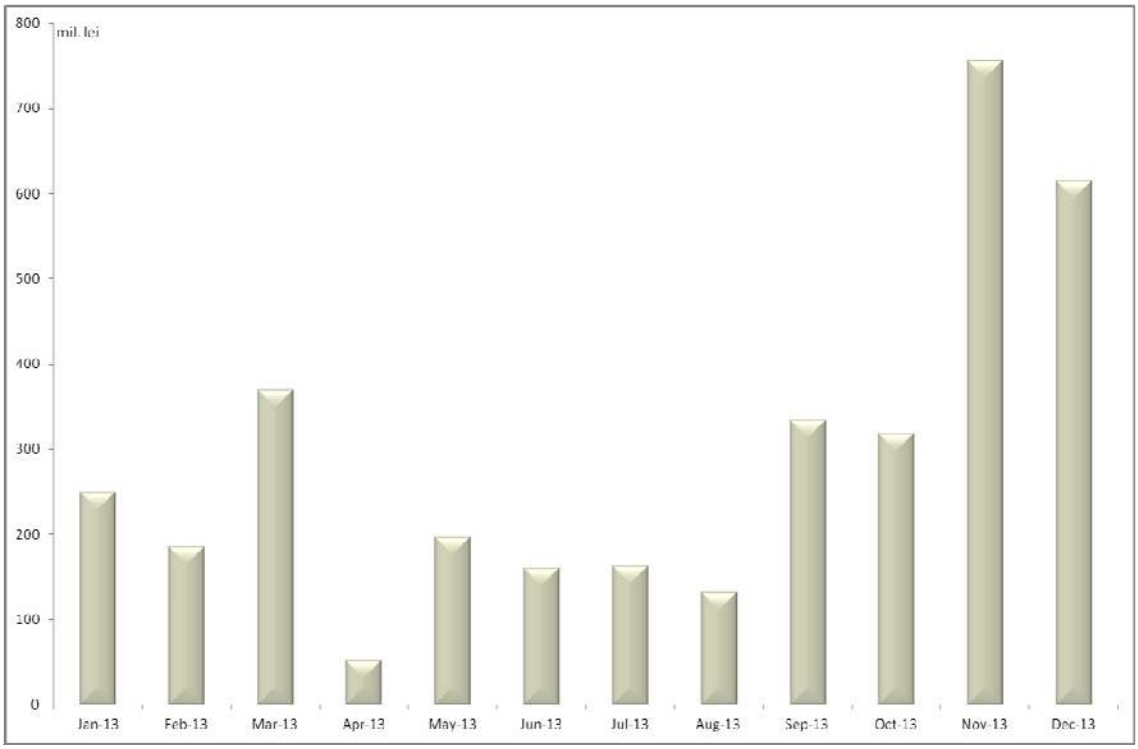
Figure I 83 Structure of investment in OeIF and CeIF by types of investors



Source: FSA

In 2013, the OeIF sector continued to raise net subscriptions from investors. The number of net subscription decreased in December 2013. However, it is at a double level as compared to the monthly average in the first half of the year.

Figure I 84 Net subscriptions on local OeIF



Source: FSA

5.4.1. Investment Management Undertakings (SAI)

Of the total number of investment management undertakings, banking groups represent the dominant category, controlling more than half of the aggregate total of managed assets, due to the advantages of the more efficient distribution networks and greater notoriety of banks to non-banking SAI.

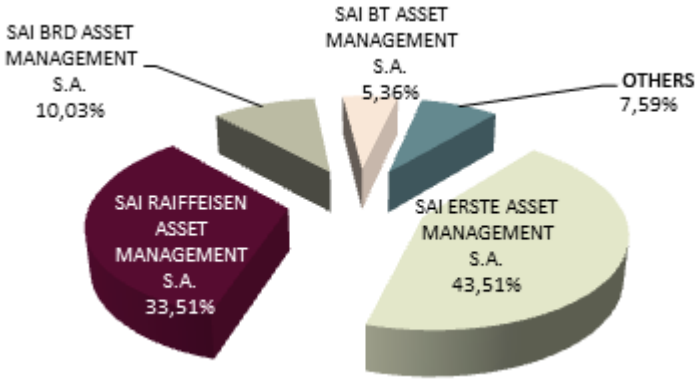
Table I 81 List of entities involved in UCI market as at 31.12.2013

No	Category	No. of entities
1	Investment management undertakings	22
2	Open-end Investment Funds	64
3	Closed-End Investment Funds	31
4	Financial Investment Undertakings	5
5	Fondul Proprietatea	1
6	Depositories	7

Source: FSA

The mutual fund management market is concentrated, the top five SAIs (out of 21) administering more than 90% of total assets, all undertakings being affiliated to a banking group.

Figure I 85 List of SAI market shares in 2013



Source: FSA

Table I 82 Classification of top five investment management undertakings by net asset managed as at 31.12.2013

SAI	Net Asset as at 31.12.2013 (lei)	% of total Net Asset
SAI ERSTE ASSET MANAGEMENT SA	5,914,732,201,58	43.51
SAI RAIFFEISEN ASSET MANAGEMENT SA	4,555,185,529,97	33.51
SAI BRD ASSET MANAGEMENT SA	1,363,971,884,16	10.03
SAI BT ASSET MANAGEMENT SA	728,291,281,40	5.36
SAI OTP ASSET MANAGEMENT SA	383,152,375,26	2.82
TOTAL ASSETS MANAGED BY THE FIRST 5 ASSET MANAGEMENT COMPANIES	12,945,333,272,37	95.23
TOTAL ASSETS MANAGED BY THE 21 ASSET MANAGEMENT COMPANIES	13,594,427,659,62	100.00

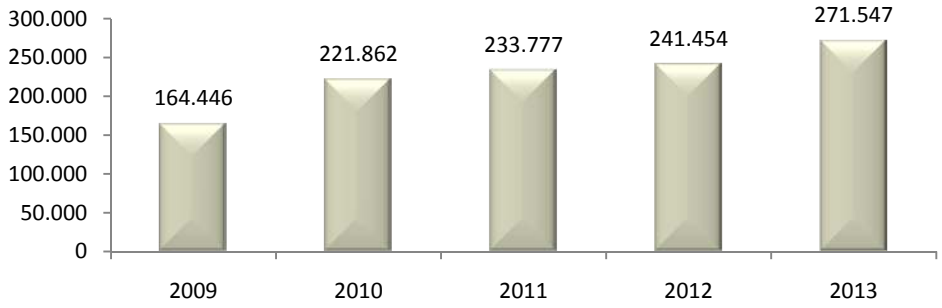
Source: Reports sent to FSA by regulated entities

On 31.12.2013, five SAIs carried out management activities of individual investment portfolios. They managed 198 individual investment accounts with an aggregate asset value of 157,827,685.44 lei.

5.4.2. Open-end Investment Funds

The number of investors in open-end investment funds increased significantly in recent years, reaching 271,547 investors in 2013, by 12.46% more as compared to 2012. In 2013, 9,822 were institutional investors (legal persons) up by 10.22% as compared to the previous year, while the number of natural person investors increased by 29,182 (+ 12.55 %), as compared to 2012.

Figure I 86 Evolution of the number of investors in OeIF



Source: AFA

Table I 83 Number of investors distributed by classes of open-end funds

Categories of funds	31.12.2013		
	Natural persons	Legal persons	TOTAL
Stock funds	8,341	162	8,503
Diversified funds	44,809	324	45,133
Bond funds	206,508	9,193	215,701
Monetary funds	797	125	922
Other funds	1,335	21	1,356
TOTAL	**261,790**	**9,825**	**271,615**

Source: Reports sent to FSA/NSC by regulated entities

The distribution of the total number of investors by categories shows a concentration of interest in the funds with investment policy focused on fixed-income instruments (bonds). Since the largest bond funds are managed by undertakings within banking groups, the preference for bond funds is due also to the banks' prudent policy towards clients.

Table I 84 Orientation of investment capital of open-end funds by investment policy

Classification of OeIF by investment policy	Net Asset as at 31.12.2013 (lei)
Stock funds (17)	210,191,182.65
Diversified funds (18)	286,528,920.70
Bond funds (22)	12,266,327,136.31
Monetary funds (1)	77,414,198.29
Other funds (6)	147,273,053.02
T O T A L	**12,987,734,490.97**

Source: Reports sent to FSA/NSC by regulated entities

5.4.3. Closed-End Investment Funds

On 31 December 2013, 31 closed-end investment funds (CeIF) carried out investment activities on the capital market in Romania. In order to improve investors' access and liquidity of investments in such investment vehicles, some management undertakings opted for listing CeIF on the stock exchange. Thus, at the end of 2013, four funds were listed on the Bucharest Stock Exchange with assets exceeding 98 million lei: Ifond Gold, Ifond Financial Romania, STK Emergent and Businessmen Fund.

Table I 85 Classification in CeIF by investment policy

Date	Stock Funds	Diversified Funds	Bond Funds	Monetary Funds	Other Funds	Real Estate Funds	TOTAL
Number of funds	10	9	2	0	8	2	**31**
Number of investors	89,736	41	1,308	0	602	2	**91,689**

Source: FSA

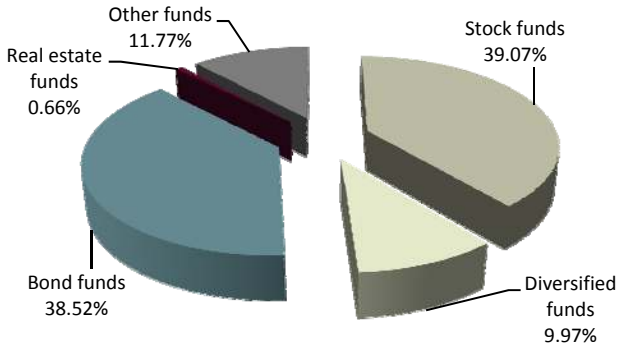
During 2013, the number of investors in CeIF did not increase significantly. As opposed to OeIF, with respect to CeIF, stock funds are preferred, which preference is explained by the fact that regulations allow a more flexible investment strategy in the case of CeIF as compared to OeIF, a much more prudent approach being required for the latter. On the market as a whole, the CeIF segment has a much reduced scale as compared to OeIF, both in terms of value of total assets, and number of investors.

At the end of 2013, 77.60% of the net assets of the closed-end investment funds was accumulated in stock and bond funds.

Table I 86 Net asset value of closed-end investment funds as at 31.12.2013

Type of fund	December 2013
Stock funds (10)	237,059,832
Diversified funds (9)	60,466,726
Bond funds (2)	233,710,004
Real estate funds (2)	4,028,622.90
Other funds (8)	71,422,656
Total net asset	**606,687,841.16**

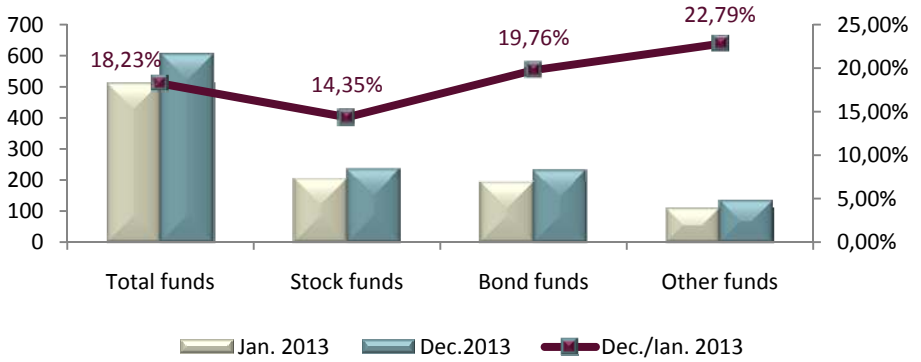
Figure I 87 Structure of closed-end investment funds by net asset as at 31.12.2013



Source: FSA

During 2013, the net assets of CeIF increased, both in total and for each category of funds in part.

Figure I 88 Evolution of net asset of closed-end investment funds between January and December 2013



Source: FSA

5.4.4. Fondul Proprietatea SA (FP)

The changes in FP shareholding continued the trend of previous years. The significant discount of the stock market price of FP shares by reference to the analysts' assessments represented in 2013 a strong motivation for the institutional foreign investors to increase their equity interests. The share in the share capital held by them reached about 70%, while the holdings of Romanian natural persons decreased significantly and represented only 23%.

Table I 87 Dividends related to profits between 2008 and 2013

Year	Net Profit (mil. RON)	Gross Dividend/Share (RON)	Net Dividend/Share (RON)
2008-2009 (aggregate)	1,197.8	0.08160	0.07034
2010	456.2	0.03141	0.02708
2011	543.8	0.03854	0.03322
2012	567.0	0.04089	0.03525
2013	682.2	0.05000	0.05000

Source: FP

In parallel, the foreign investment funds with significant share in FP shareholding have been actively involved in the issuer's market strategy, asking the management undertaking to implement measures to reduce the discount between the price and net assets per share.

Thus, FP had a very active market strategy in 2013. FP sold a number of liquid holdings from its portfolio, and the amounts thus obtained financed the operations for repurchase of its own shares for further annulment, decreasing thereby the share capital, and for important distributions of dividends. Stock repurchases were made both through repurchase programs, and through a public offering.

Table I 88 Shareholding of Fondul Proprietatea as at 31.12.2013

Type of Shareholder	31.12.2012		31.12.2013	
	% of voting rights	% of share capital subscribed and paid in	% of voting rights	% of share capital subscribed and paid in
Foreign institutional shareholders	54.602	53.623	60.99	54.89
Romanian institutional shareholders	9.847	9.671	9.66	8.69
Non-resident natural persons	6.337	6.224	6.32	5.69
Romanian natural persons	29.192	28.669	23.00	20.71
Ministry of Public Finance	0.022	0.022	0.03	0.02
Fondul Proprietatea	0.000	1.791	0.00	10.00
TOTAL	100,000	100,000	100,000	100,000
Total number of issued shares (no. of voting rights)	**13,172,475,365**		**12,071,882,101**	
Share capital subscribed and paid in	**13,412,780,166**		**13,413,137,586**	

Source: FSA

The significant distribution of dividends and repurchase of its own shares in order to decrease its share capital led to a significant increase in the net asset value per share (NAVPS), although the total net asset value (NAV) remained approximately constant at the end of 2013 as compared to December 2012. At the same time, this is also the main cause for which the monetary investments of the Fund (current account, government securities, bank deposits) were significantly lower in December 2013 as compared to the same month of the previous year.

Table I 89 Net asset of FP

Ratios	December 2011	December 2012	December 2013	Dec. 2013/Dec. 2012 (%)
NAVPS (lei)	1.0788	1.1371	1.2436	9.37
Net asset (mil. lei)	14,465.4	14,979.2	15,013.7	0.23

Source: FSA

Table I 90 Structure of FP portfolio

Stricture of Portfolio (lei)	December 2012	December 2013	% of AT
Quoted shares (total)	6,123,898,146.23	8,244,208,891.90	54.69
Not-quoted shares	8,116,277,279.82	6,375,101,372.72	42.29
Available funds	1,857,627.12	5,552,476.95	0.04
Government securities with maturity smaller than one year	454,732,856.81	213,635,520.72	1.42
Government securities with maturity larger than one year	0	0	0.00
Bank deposits	317,309,451.54	232,110,012.77	1.54
Other assets	2,989,047.78	3,624,220.84	0.02
TOTAL ASSETS	**15,017,064,409.30**	**15,074,232,495.90**	**100**

Source: FSA

Since upon its establishment, Fondul Proprietatea received part of the holdings which the State held in different Romanian undertakings, the most important share in total assets was allocated to investments in shares. Of these, about 54.69% was represented by holdings of shares listed on the regulated markets, and 42.29 of the total assets of the Fund as at 31.12.2013 was invested in not-quoted shares: Hidroelectrica, Posta Romana, etc.

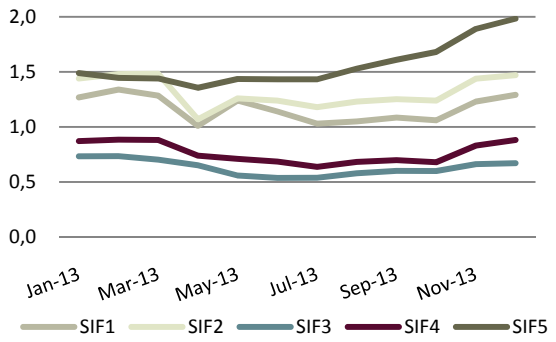
Figure I 89 Evolution of the price and discount by reference to NAV for FP between 2011 and 2013

Source: FP

5.4.5. Financial Investment Undertakings (SIF)

The price of the shares of the five financial investment undertakings followed, in general, the positive trend of the local and international stock market indexes. Especially in the second part of the year, the trend was mostly positive for SIF shares leading to an increase in market capitalization of such issuers.

Figura I 90 Evolution of the price and discount by reference to NAV for SIFs between 2011 and 2013



Source: FSA

The most important advance was held by the shares of SIF5 Oltenia (+41.41%), followed by the securities of SIF4 Muntenia (+14.55%), SIF1 Banat Crisana (+6.51%) and SIF2Moldova (+1.38%). The price of the shares of SIF3 Transilvania dropped by 5.62% in 2013.

In order to have a complete picture of the yields that the shares of each of the five SIFs brought to investors in 2013, the dividends that these undertakings distributed in 2013 from the profit for the 2012 financial year must also be taken into account. Thus, except for SIF1, all other four SIFs paid significant dividends in 2013, representing in most cases approximately 80-90% of the net profit per share earned in the previous year. SIF 2 Moldova and SIF3 Transilvania distributed the highest gross dividend per share of 0.240 lei and 0.175 lei. This explains why in the case of these two issuers the price correction relating to the ex-dividend date was more extensive and therefore the dynamics of the price throughout 2013 was more modest in relation to the other three SIFs. Gross dividends per share distributed by SIF4 Muntenia and SIF5 Oltenia were close in value, 0.134 lei and 0.130 lei.

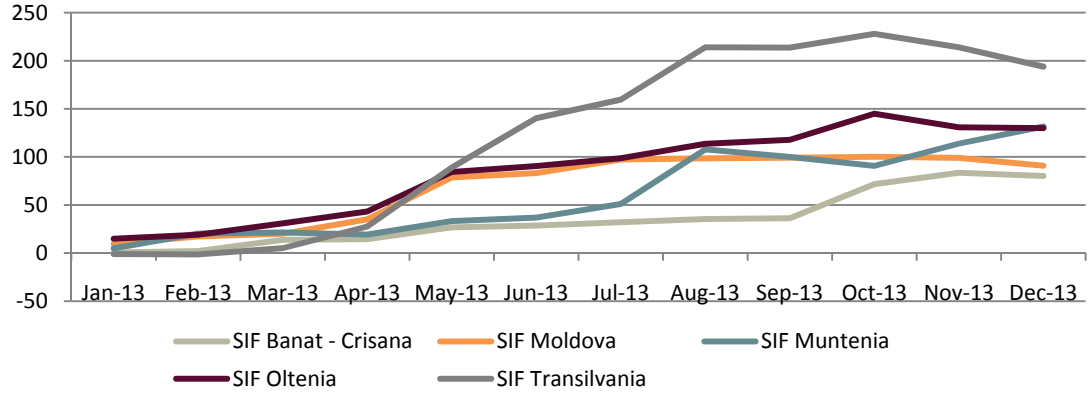
Similar to the situation of Fondul Proprietatea, the dividends paid to shareholders decreased the net asset increase generated by the profit obtained from managing investment portfolio. This explains the fact that the total asset and the net asset per unit decreased in the case of SIF3 Transilvania and SIF4 Muntenia. At the same time, SIF1 Banat Crisana which did not distribute dividends from the 2012 profit recorded the highest increase in net assets and net assets per unit (approximately 20.84%). SIF2 Moldova and SIF5 Oltenia had a balanced policy focused on both the remuneration of shareholders, and the accumulation of capital gains, so that they recorded appreciations of the value of total net asset and net asset per unit, of 16.94% and 13.73%.

Table I 91 Evolution of net asset value of SIF

Entity	Net Asset (mil.lei) 31.12.2012	NAVPS (lei/share)	Net Asset (mil.lei) 31.12.2013	NAVPS (lei/share)	Variation 2013/2012 (%)
SIF 1	1,317.5	2.40	1,592.0	2.90	20.84
SIF 2	1,090.5	2.10	1,275.2	2.46	16.94
SIF 3	1,140.3	1.04	1,075.1	0.98	-5.72
SIF 4	1,064.3	1.31	1,061.2	1.32	-0.29
SIF 5	1,410.4	2.43	1,604.0	2.76	13.73

Source: FSA

Figure I 91 Monthly evolution of SIF profit in 2013



Source: AFA

The five SIFs were among the most traded issuers on the Romanian capital market also in 2013. Their high liquidity is explained by a high free-float[34] with a market capitalization of middle level and an increased interest of investors due to the discount between the market price of the shares and analysts' assessments. However, as new undertakings attractive for investors (Transelectrica, Transgaz, Fondul Proprietatea, Romgaz, etc.) were listed, and a number of the existing undertakings already experienced interesting corporate events or reported increasing performance, the percentage of the transactions with SIF shares in the total turnover of the market decreased.

Table I 92 Monthly evolution of SIF profit in 2013

Year	Total value (lei) of transactions with shares on the regulated market	Total value (lei) transactions with SIF shares	Percentage (%)
2008	6,831,843,101	3,026,467,234	44.30
2009	5,082,953,607	2,349,769,105	46.23
2010	5,593,933,033	2,541,639,497	45.44
2011	9,930,944,574	1,873,989,511	18.87
2012	7,429,145,808	1,745,299,793	23.49
2013	9,830,897,939	1,295,257,237	13.18

Source: BSE

From their establishment in 1992 as Funds of Private Property, approx. 30% of the share capital of the State undertakings were allocated to the five SIFs , the allocation being mostly made by geographical criteria and economic branches. The notable exception was represented by the equities in banks, the SIFs having initially equal equities in the large state banks in the 1990s. The result was that portfolios of SIFs are consist mostly of shares and include a large number of equities in Romanian undertakings, even though some are insignificant as percentage in the SIF total assets. In time, SIFs structured their portfolios, inclusively by selling minority equities.

At the end of 2013, the total aggregate assets of the five SIFs amounted to 7,126 billion lei, representing a percentage of only 1.13% of Romania's GDP.

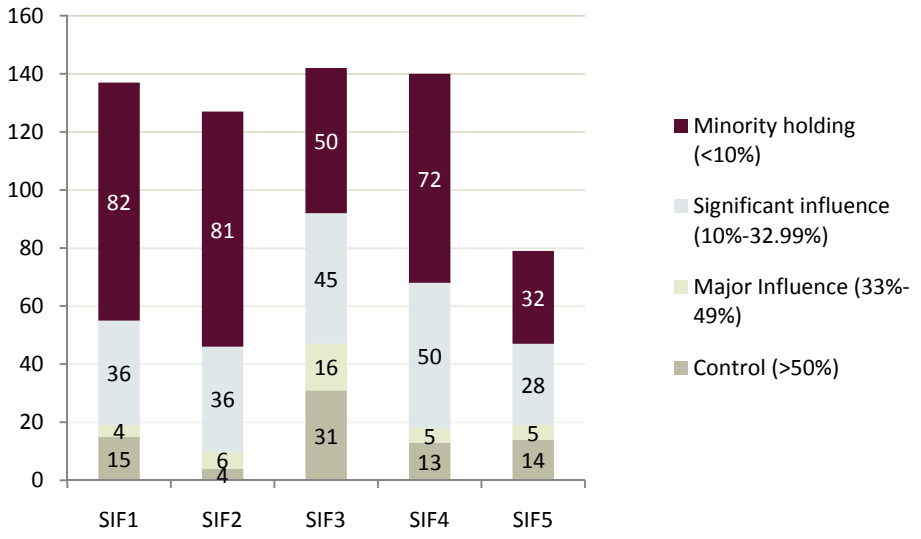
[34] Free-float is the percentage of the share capital of an issuer of the shares held by investors which individually do not exceed the 5% ceiling.

In terms of the exposure of the stock portfolios by economic sectors in Romania, even though there are several allocation differences between the five SIFs, the largest share is held by the financial sector, followed by the manufacturing industry. SIF2 and SIF5 have the largest exposure on the financial sector, SIF3 has important investments in the tourism sector (restaurants and hotels), SIF4 has the largest share in the agricultural sector and SIF1 transferred part of its assets to a newly established undertaking, SIF Imobiliare, listed on the BSE alternative trading system.

The important share of SIFs in the financial sector shows that the SIFs have a significant input to the operation of the Romanian capital market. Thus, in 2013 they held 19.5% on BSE, 15.5% on SIBEX, 8.1% on the Sibiu Romanian Clearing House, 19.14% on Depozitarul Sibex SA, 18.74% on the Bucharest Central Depository, 76.62% on Romanian Loan Guarantee Fund for Undertakings. Also, all five SIFs are ranked among the top 20 undertakings listed on the Bucharest Stock Exchange, both in terms of value traded, and of the value of the capitalization and free-float. Cumulatively, SIFs would be ranked second in terms of capital liquidity (about 18.16% of the total, FP being ranked first with approximately 47.94% of the total) and sixth in terms of capitalization (2.97% of total capitalization of local undertakings, after SNP, SNG, FP, BRD and NEP).

By reference to the influence that the SIFs have on the undertakings of the portfolio (considered according to the share held in the issuers' share capital), SIF3 holds majority holdings in a large number of undertakings, SIF2 being at the opposite side with most minority investments.

Figure I 92 SIFs influence in portfolio undertakings



Source: FSA

Table I 93 Turnover obtained in 2012 by SIFs portfolio undertakings

Influence of SIFs	SIF1	SIF2	SIF3	SIF4	SIF5
Control (>50%)	342,095,026	32,560,494	335,586,845	180,837,620	172,901,682
Major influence (33%-49%)	39,110,691	34,938,656	61,368,252	61,774,680	25,493,096
Significant influence (10%-32,99%)	849,790,887	588,078,136	403,897,478	1,086,935,906	1,240,628,315
Minority holding (<10%)	30,921,337,471	34,147,122,894	28,386,806,856	26,845,826,468	26,266,798,450
Total	32,152,334,075	34,802,700,180	29,187,659,431	28,175,374,674	27,705,821,543

Source: BSE, INE, MFP, FSA calculations

By reference to the turnover by sectors of the entire national economy, the undertakings in the portfolios of SIFs had a significant contribution in the mining and quarrying industry (especially due to Petrom), in the production and supply of heat and electricity, transport and warehousing, manufacturing industry and hotels and restaurants. However, the influence exercised by SIFs at the level of the entire Romanian economy is reduced.

Table I 94 Share of SIFs aggregated portfolio undertakings as total per economy in 2012

NACE Section	CA portfolio undertakings/National CA (%)	No. of employees of portfolio undertakings/No. of employees at the national level (%)
Office administrative and support activities	0.32	0.07
Professional, scientific and technical activities	1.30	1.59
Other service activities	0.02	0.01
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.28	0.39
Construction	0.61	0.79
Water supply; sewerage; waste management and remediation activities	0.24	0.64
Hotels and Restaurants	4.03	2.49
Mining and quarrying	73.03	34.46
Manufacturing	5.29	5.25
Information and communication	0.22	0.34
Electricity, gas, steam and air conditioning supply	22.62	15.65
Human health and social work activities	0.12	0.18
Transportation and storage	8.69	5.11
Real estate activities	2.21	1.52

Source: BSE, NIS, MFP, FSA calculations

Strategic allocation of SIFs portfolios as at 31.12.2013 shows major orientation to shares as follows:

- SIF1 has the largest part of its assets allocated in quoted shares (79.23%), followed by the not-quoted shares (10.69%). Cash and deposits rank third (5.58%) in the allocation of the portfolio, followed by fixed-income instruments, especially corporate bonds (2.17%).
- SIF2 made investments in shares (79.45%) and has the largest share of the assets placed in UCITS/NON- UCITS (15.03%);
- SIF3 has 88.5% of total assets placed in shares, 4.97% in fixed-income instruments and only 1.65% of the resources are placed in UCITS/NON- UCITS;
- As compared to other SIFs, SIF4 has the largest part of its assets placed in bank deposits (9.72%) and 83.77% of its asset allocated to shares holding;
- SIF5 has the largest part of its assets placed in shares (96.61%) by reference to the other investment undertakings, but also the lowest financial resources allocated in cash and deposits (2.25%).

Table I 95 Strategic allocation of SIFs portfolios as at 31.12.2013

Structure of assets of SIFs in December 2013	SIF1	SIF2	SIF3	SIF4	SIF5
Cash and deposits	**5.58%**	**3.00%**	**3.65%**	**9.72%**	**2.25%**
SHARES	**89.92%**	**79.45%**	**88.50%**	**83.77%**	**96.61%**
Quoted shares	79.23%	74.35%	64.22%	68.19%	60.42%
Not-quoted shares	10.69%	5.10%	24.27%	15.58%	36.20%
Fixed-income instruments	**3.18%**	**0.91%**	**4.97%**	**0.80%**	**0.00%**
Government securities	1.01%	0.00%	0.00%	0.00%	0.00%
Municipal bonds	0.00%	0.03%	0.00%	0.01%	0.00%
Corporate bonds	2.17%	0.88%	4.98%	0.79%	0.00%
UCITS/NON-UCITS	**0.92%**	**15.03%**	**1.65%**	**4.13%**	**0.13%**
Other assets	**0.40%**	**1.61%**	**1.23%**	**1.58%**	**1.01%**
(In)tangible assets + other financial assets	0.30%	1.22%	1.09%	0.04%	0.82%
Stocks, claims, dividends receivable	0.09%	0.38%	0.13%	1.53%	0.18%
Accrued expenses	0.01%	0.01%	0.01%	0.00%	0.01%
Current assets	0.00%	0.01%	0.00%	0.01%	0.00%
TOTAL LIABILITIES	**2.39%**	**4.78%**	**8.77%**	**14.07%**	**7.97%**
NET ASSET	**97.61%**	**95.22%**	**91.23%**	**85.93%**	**92.03%**

Source: AFA, FSA calculations

5.5. Depositories and clearing-settlement systems

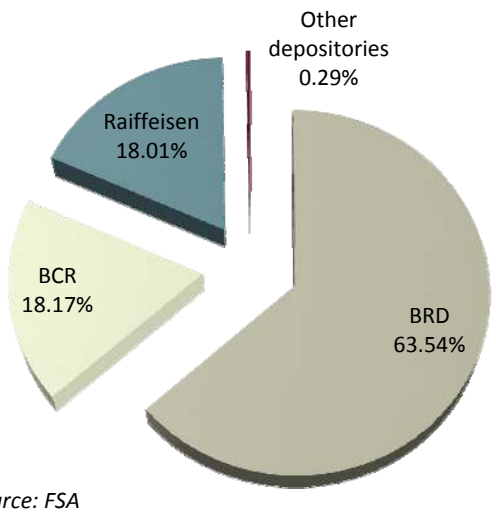
In Romania, the assets of the undertakings for collective investment and private pension funds may be stored only by a bank authorized for such purpose by the National Bank of Romania.

The importance of the depository is not limited to the safe keeping of assets of the fund, but also has to check the compliance of the fund (and hence by the management undertaking acting on its behalf) with all legal provisions in all the activities and operations carried out by the fund or on behalf of the fund.

Storage market is quite less diversified in Romania. The highest market share is held by BRD (63.54%), followed by BCR (18.17%) and Raiffeisen (18.00%). Other depositories with very small market shares are Libra Bank, Unicredit Țiriac and Banc Post.

The same three banks hold top positions also in terms of the number of entities (funds or SIFs) and administrators to whom storage services are provided. The three depositories with smaller market shares each have a single administrator and a small number of funds deposited.

Figure I 93 Market share of the depositories of investment funds by reference to total assets



Source: FSA

Table I 96 Exposure of depositories in Romania as at 31.12.2013 (calculated as total assets minus cash and deposits for all funds with the depository)

Depository/ % market share	Mutual funds – Private pensions	Number of administrators	Number of funds deposited	Exposure of depository (lei)
BRD 69.53%	Investment Funds	17	48	19,022,966,054
	Private Pensions	9	15	11,300,643,609
BCR 13.66%	Investment Funds	6	32	4,355,358,586
	Private Pensions	1	2	422,267,538
Raiffeisen 16.60%	Investment Funds	3	14	4,602,928,801
	Private Pensions	1	1	1,781,748,501
Libra Bank 0.04%	Investment Funds	1	1	17,865,571
UniCredit Țiriac 0.03%	Investment Funds	1	3	15,559,148
Banc Post 0.13%	Investment Funds	1	5	56,598,696

Source: FSA calculations

In the investment funds segment, more than 92% of the assets deposited at BCR are administered within the group, while at Raiffeisen the share exceeds 71%. In the case of BRD, Fondul Proprietatea is the main entity for which storage services are offered, its assets representing about 65% of the total assets of investment funds in the custody of the bank.

5.5.1. Central Depository

2013 expanded the use of global accounts and of the mechanism without pre-validation of financial instruments to all financial instruments registered in the RoClear system run by the Central Depository. They improve institutional investors' access on the Romanian market, but entail the sole responsibility of the intermediary with regard to the correct reflection of the work of its clients from the moment of receiving the trading order until confirmation of the transaction and situation of their portfolios. Therefore, from the perspective of natural person investors, the global accounts system involves higher operational risks (in particular the risk of fraud) because intermediaries are also custodians of customer's assets.

To prevent such risks it is necessary that all the market intermediaries strengthen their internal control, risk management and conduct systems. At the same time, a stricter and more efficient supervision by FSA is required. Institutional investors (mostly undertakings for collective investment or pension funds) are less exposed to operational risks materialized within the intermediaries because their assets (both financial instruments and monetary funds) are kept safely by custodian banks.

At the end of 2013, 44 intermediaries, 11 custodian agents and 15 settlement banks were registered with the Central Depositary system.

During 2013, *turnaround*[35] type transactions with financial instruments such as shares, rights and fund units admitted to trading on the systems operated by the Bucharest Stock Exchange gained a higher flexibility due to the Central Depository. Foreign brokers may buy directly through them shares, rights and fund units on the Bucharest Stock Exchange and distribute them abroad to clients that do not have trading accounts in Romania. Foreign investors' access to the Romanian financial instruments was simplified through the application of new rules to the settlement of turnaround type transactions. Also, restrictions were removed as follows:

[35] According to Art. 11 of the Rulebook of Depozitarul Central SA www.depozitarulcentral.ro/home/info/juridic/Codul_Depozitarului_Central_03_06_2013.pdf.

- maximum price variation for turnaround type transactions outside the trading systems by reference to the price of the transactions concluded at the Bucharest Stock Exchange;
- the order of turnaround type transactions concluded on the Bucharest Stock Exchange and of the corresponding one outside the trading systems.

The Central Depository is the only institution of its kind in the region which offers both Free of Payment[36] (FoP) settlement services, as well as Delivery versus Payment[37] (DvP) for all connections existing in 20 countries on 3 continents.

Table I 97 Deposit and registry activity of the Central Depository

No.	Registry activity	No. of activities
1	Number of issuers with whom new registry contracts were concluded	36
2	Number of direct transfers	58,711
3	Number of issued bank statements	53,845
4	Number of synthetic structures	7,851
5	Number of data modifications	22,155
6	Number of registrations of share capital modifications (capital increases, decreases, mergers and divisions of issuers)	60
7	Number of transfers among participants' accounts	103
8	Registration of guarantees	51
9	Deregistration of guarantees	79
10	Accounts restricted	965
11	Accounts de-restricted	1520

Source: Central Depository

As regards the use of SaFIR system administered by the National Bank of Romania, 317 transfers with government securities and one transfer with bonds issued by an international financial institution were made through it. The delivery without payment (FoP) principle was used for transfers, without change of ownership.

Table I 98 Clearing-settlement activity of the Central Depository in 2013

No.	Clearing-settlement activity	No. of activities/val. transactions
1	Number of transactions settled on net base	902,016
2	Total value of transactions settled on net base	13,787.99 mil. lei
3	Value of transactions settled after clearing	6,408.78 mil. lei
4	Settlement ratio	53.52%
5	Number of OTC transactions settled on gross base	1,082
6	Total value of OTC transactions settled on gross base	1,155.74 mil. lei
7	Number of transactions with deferred settlement	1
8	Number of transactions terminated retroactively as a result of revocation of transfer orders corresponding to the transaction	1
9	Members in the RoClear system of which	57
9.1	- participants not custodian agents	43
9.2	- custodian agents	12
9.3	- 2 members (one foreign central depository - inactive and the National Bank of Romania)	2
10	Number of settlement banks	15
11	Number of ISIN code assigned	1,821

Source: Central Depository

[36] Based on the free of payment delivery system.

[37] Instruments are delivered by seller simultaneously with the receipt of the sum of money corresponding to their payment by purchaser.

During 2013, 161 foreign financial instruments, up by 32% by reference to the existing 122, were registered with the Central Depository system. They were categorized as follows: 81 issues of shares, 4 issues of bonds, 75 series of turbo certificates and one issue of fund units.

Based on the of delivery without payment (FoP) principle without change of ownership, 634 cross-border operations were carried out with depositories in Austria, Germany, The Netherlands, Great Britain, France, Luxembourg, USA and Canada on financial instruments such as shares, turbo certificates corporate, bonds, fund units and preference/subscription rights. Using the delivery against payment (DvP) principle on financial instruments such as shares, bonds and structured products, 212 cross-border operations were carried out with depositories in Austria, Germany, France, The Netherlands, Czech Republic, Switzerland, Spain, Canada and the United States of America, the total value amounting to 9,608,921.09 lei.

The Central Depository processed 73 corporate events related to turbo-certificates issued by Erste Group Bank AG and Raiffeisen Centrobank AG, and the anticipated repurchases as a result of achieving the price barrier by the underlying asset for 55 issues totalling 4,131,817.68 lei (942,159.75 EURO) for a total of 1,657,533 financial instruments and, the maturing of of 18 issues, totalling 462,685.31 RON (104,615.58 EUR) corresponding to a total number of 168,499 financial instruments.

The Central Depository operated 91 corporate events related to foreign shares registered in the RoClear system as follows:

- 80 distributions of cash dividends corresponding to 2012 and 2013 financial years made by foreign issuers registered in eight countries. Payments were made in five currencies (EUR, GBP, USD, CZK and CAD) for a total number of 6,297,905 shares and total value of 8,204,272.03 RON (1,881,319.09 EUR);
- two distribution of dividends in shares initiated by New Europe Property Investments PLC;
- two coupon payments amounting to 177,921.90 RON (40,500 EUR) for the bonds issued by Yioula Glass Works SA;
- four share capital increase operations amounting to 30,112,851.82 RON (6,808,433.80 EUR);
- one change of the issuer's name (France Telecom);
- one reverse split operation carried out by Commerzbank AG;
- one spin off operation carried out by Siemens AG.

The Central Depository is the only entity responsible for the allocation and management of ISIN[38] codes and CFI[39] codes according to the standards set by the International Standardization Organization (ISO). As the National Agency for Numbering of Financial Instruments for Romania, the Central Depository is a member of the Association of National Numbering Agencies ("ANNA").

[38] ISIN (International Securities Identification Number) - is a code consisting of 12 alphanumeric characters, where the first two characters indicate the code of the country where the ISIN code was assigned (RO for Romania), the following nine characters represent the code base, and the last figure represents the figure of ISIN control. The allocation of ISIN codes by the Central Depository is made according to ISO 6166 standard and ANNA guidelines. ISIN codes are necessary for the identification of financial instruments issued in Romania and may be requested to the Central Depository.

[39] CFI Code (Classification of Financial Instruments code) - consists of 6 alpha characters that describe the characteristics of the financial instrument upon the issue and which remain unchanged throughout the life cycle of such financial instrument (ISO 10962)

5.5.2. Sibex Depository

As its main activity, Sibex depository carries out storage operations, clearing, settlement and registry for securities traded on the regulated spot market and on the alternative trading system administered by SIBEX-Sibiu Stock Exchange.

Unlike the Central Depository, the registry and clearing-settlement mechanisms of transactions within the Sibex Depository are based on the individual accounts system. Ten intermediaries, four custodian agents and six settlement banks are registered with Sibex Depository system.

Table I 99 Registry activity of Sibex Depository

No.	Registry activity	No. of activities
1	number of issuers with whom new registry contracts were concluded	2
2	total number of shares managed by the registry	208,666,434
3	number of transfers	50
4	number of restrictions	8
5	number of bank statements issued	65
6	number of synthetic structures issued	1
7	number of share capital modifications	1

Source: Sibex Depository

Table I 100 Clearing-settlement activity of Sibex Depository

No.	Clearing-settlement activity	No. of activities/value of transaction
1	number of transactions settled	222
2	total value of transactions settled	4.73 mil lei
3	clearing ratio (after clearing at the level of settlement bank)	83.50%
4	clearing ratio (after clearing at the level of participant in the clearing-settlement system and registry of DS)	77.70%
5	number of transactions with deferred transactions	0
6	number of transfers among the accounts of the participants in the clearing-settlement system	183
7	number of active settlement banks	
	- until 29.07.2013	8
	- as at 31.12.2013	7

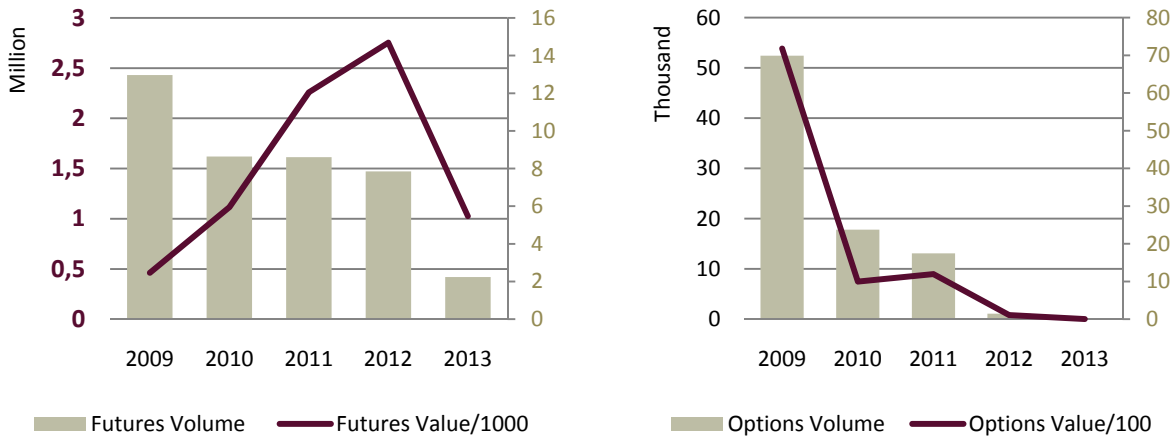
Source: Sibex Depository

5.5.3. Romanian Clearing House

The primary role of the Romanian Clearing House (RCH) is the daily clearing and marking-to-market the open positions, and settling the transactions concluded on the regulated futures market operated by SIBEX-Sibiu Stock Exchange SA. At the end of 2013, 17 clearing members were registered with RCH of which only 14 were active. The futures contracts, CFDs[40] and options having as underlying asset the futures contracts are the types of derivatives for which such operations are carried out. SIBEX and RCH are among the few stock exchanges, and clearing houses, in the world that have a system adapted for trading, marking-to-market, clearing and settlement of transactions in CFDs. They were, however, very little traded, investors' interest being very low, a situation similar to that of conventional options and binary options contracts.

[40] Contracts For Difference (CFD) are derivatives in the form of contract whereby the purchaser pays the seller the difference between the price existing upon initiation of the contract and the price upon closing the position. CFDs have various underlying assets (shares, ratios, currency quotations, commodity, bonds, futures contracts, inflation or interest rates, etc.) and they are to some point similar to forward and futures contracts, without having a due date. CFDs are, in general, OTC instruments offered by intermediaries, as Market Makers, to their own clients.

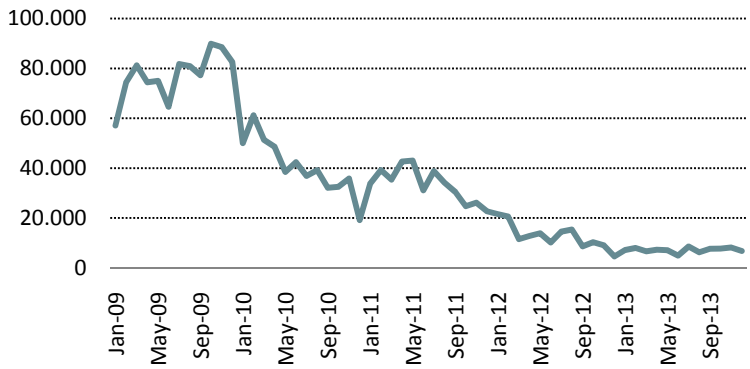
Figure I 94 Annual evolution of the number of contracts traded between 2009 and 2013



Source RCH

The RCH clearing-settlement activity declined significantly in 2013 as a result of the significant decline in the number and value of contracts traded at SIBEX. At the same time, the speculative behaviour of investors on the market of derivatives operated by SIBEX amplified, primarily focusing on the futures contracts based on international assets (Dow Jones index, the EUR/USD exchange rate, gold and petroleum) which together represent over 98% of the value traded on this segment of the market. At the same time, the chart below shows that the number of open positions held at the end of each month dropped significantly between 2009 and 2013, as a consequence of the reduction in the volume of transactions and of the investors' short-term primarily oriented speculative behaviour.

Figure I 95 Evolution of the number of positions on FD outstanding at the end of the month between 2009 and 2013



Source: RCH

5.5.4. Bucharest Clearing House

The Bucharest Clearing House (BCH) conducts the daily marking-to-market, and clearing and settlement of transactions concluded on the regulated futures market operated by BSE. The only type of derivatives on this market is the futures contracts[41]. At the end of 2013, 19 individual clearing members (direct

[41] Index certificates, turbo certificates and bonus certificates are registered as securities and are therefore cleared and settled through the Central Depository

participants) and four settlement banks were registered in the clearing-settlement system administered by BCH.

Table I 101 BCH clearing members

No.	Intermediary Name	H = house CL = client	No.	Intermediary Name	H = house CL = client
1	BRD - Groupe Société Générale	CL	11	INTERCAPITAL INVEST	H+CL
2	CARPATICA INVEST	CL	12	INTERFINBROK CORPORATION	CL
3	CONFIDENT INVEST	CL	13	PRIME TRANSACTION	-
4	EASTERN SECURITIES	CL	14	RAIFFEISEN Capital & Investment	CL
5	ELDA INVEST	CL	15	ROMBELL Securities	CL
6	EQUITY INVEST	CL	16	SSIF BROKER	H+CL
7	ESTINVEST	H+CL	17	SSIF VIENNA INVESTMENT TRUST	H+CL
8	GOLDRING	CL	18	SWISS CAPITAL	H+CL
9	HARINVEST	CL	19	TRADEVILLE	H+CL
10	IFB FINWEST	H			

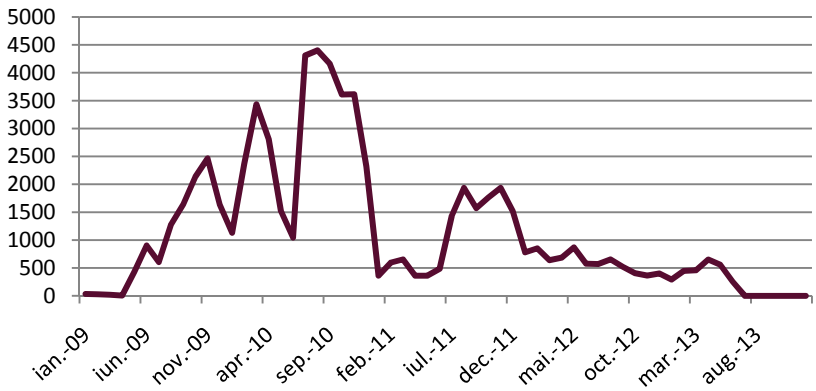
Source: BCH

The activity of registration, clearing, settlement and guarantee with derivatives was carried out through the use of accounts:

- 24 margin accounts[42], as follows:
  a. 7 “House” margin accounts;
  b. 17 “Clients” margin accounts.
- 64 position individual accounts[43], as follows:
  a. 7 “House” type individual accounts;
  b. 53 “Financial/Staff/Clients” type individual accounts

The chart below shows that in the case of futures contracts traded on BSE and settled through BCH the number of positions left open at the end of each month was constantly lower as compared to the evolution of the similar market indicator on SIBEX. Investors’ lower interest in futures contracts traded on the BSE was maintained throughout the period between 2012 and 2013 when the monthly of “open interest” decreased significantly as compared with 2010 and 2011.

Figure I 96 Evolution of monthly average of daily values of Open Interest



Source: BCH

[42] for records of financial availabilities
[43] for records of holdings of instruments and transactions

In the first month of 2013, RBS Bank (Romania) withdrew as settlement bank and Market Maker for futures contracts based on EUR/RON and USD/RON. It may be one of the reasons why trading futures contracts based on the exchange rate decreased significantly as compared to previous years. However, interest in futures contracts based on gold, FP shares, BSE and SIF4 increased.

Table I 102 Statistics by classes of underlying assets BCH

Underlying asset category	Number of traded contracts	Notional value traded contracts (lei)	Number of transactions
Shares	2,976	1,615,479.20	464
Commodity	2,576	4,188,406.80	350
Currency	38	170,220.00	16
Total (post novation)	5,590	5,974,106.00	830

Source BCH

Table I 103 Statistics by futures contracts BCH

Name of contract futures	Number of traded contracts	Notional value traded contracts(lei)
BSE Futures	120	23,310.00
FP Futures	1,848	1,167,238.00
SIF4 Futures	1,008	424,931.20
Gold Futures	2,564	4,134,234.80
Grâu Panificație-UE Futures	2	23,450.00
Silver Futures	10	30,722.00
EUR/RON Futures	38	170,220.00
TOTAL (double counted)	5,590	5,974,106.00

Source BCH

Reduction to zero of the transactions and open positions for derivatives cleared and settled through the BCH is the result of the BSE decision not to enter to trade new series of instruments as the previously issued series reach maturity.

This BSE decision must be considered given that, upon enforcement of Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR), the obligation imposed by it to initiate and carry out the process for authorization as central counterparties of the entities previously fulfilling the role and functionality of a central counterparty was activated. This authorization would entail for BCH (same as for RCH) both administrative and organizational measures, as well as the fulfilment of a capital requirement higher than the current level of equity. Although there have been numerous discussions among institutions that might be interested in the authorization in Romania of a central counterparty meeting the EMIR requirements (among which the BSE, SIBEX group, Ministry of Finance, FSA, etc.), there is no clear perspective on this issue. Therefore, until a solution is found for the settlement of transactions in futures contracts through a central counterparty authorized under EMIR, BSE practically suspended its activity on this market segment starting from July 2013 to eliminate possible operational risks.

Table I 104 Number of contracts and monthly notional value in the system administered by BCH

Maturity month	Number of traded contracts	Notional value of traded contracts (lei)
January 2013	856	1,270,574
February 2013	2,222	3,167,907
March 2013	678	456,497.8
April 2013	1,042	597,249.2
May 2013	700	448,158
June 2013	92	33,720
Total (double counted)	**5,590**	**5,974,106**

Source: BCH

6. EVOLUTION OF THE PRIVATE PENSION SYSTEM OF ROMANIA

6.1. Private Pension System of Romania

General Trends

The private pension fund system, through its components-compulsory private pensions (Pillar II) and the voluntary pensions (Pillar III), complements the pension system architecture in Romania, to ensure **a private distinct pension supplementing the pension granted by the public system**. In this structure, part of the individual social security contributions are transferred to each participant, in its own accounts, the amounts collected being invested by private administrators, **in the interest of the participants**, to obtain a decent pension upon the age of retirement.

Implementation of the private pension system represented an important step in the reform of pensions aimed at removing the pressure on the public pension system caused by the demographic crisis: ageing of the population in the future, decrease in births and decrease in the share of active labour[44]. According to forecasts, there will be a substantial increase in the number of retirees while reducing the number of employees, which means that the amounts that may be received from employees will follow a downward trend, while the amounts to be paid to retirees will increase. At the same time, life expectancy is estimated to increase, due to the progress of medicine and to the technological development, raising awareness among states to find sustainable solutions to ensure decent standards of living after retirement.

In Romania, the private pension system is one of the **defined contributions** type, meaning that the level of the pension to which the participants shall have the right to depends on the result obtained by administrators, the participants being those who ultimately bear the investment risk, specific to the financial environment. To prevent damage to the assets of private pension funds, the lawmaker established investment limits and qualitative requirements for assets, and to protect net personal asset, relative[45] and absolute[46] guarantees were established. FSA continuously monitors the manner of investment of the assets of private pension funds and supports **the awareness of the population concerning the long-term financial planning** and, at the same time, the increase of financial education, which has become a priority in many countries, as a result of the recent economic crisis. Private pension system architecture is not yet complete, since the legal framework on the modalities for payment of pension rights and entities which will ensure these payments, referred to as pension providers, must be adopted and implemented. In addition, the systems in other European countries include also occupational pension plans supplementing the existing pension schemes. At the same time, in the context of free movement of persons within the European Union, the manner in which the right to pension of persons working in Romania and in other countries is established, must be regulated and implemented.

[44] EC: The 2012 Ageing Report Economic and budgetary projections for the 27 EU Member States (2010-2060).

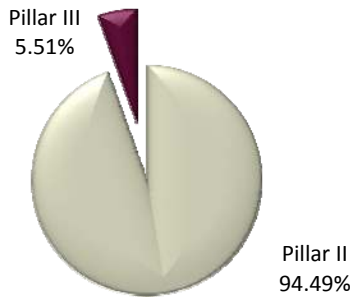
[45] The relative guarantee consists of a minimum profitability ceiling which has to be obtained by private pension funds, calculated by reference to the minimum rate of return and risk ratio

[46] In Pillar II, the guarantee is the amount of paid contributions, decreased by the transfer penalties and legal fees. Pillar III does not provide the obligation to guarantee the amounts, but there are two voluntary pension funds guaranteeing the amount of net contributions to participants.

Due to the population's long-term habit to receive the public system pension, the Romanian society does not have yet the experience necessary for individual planning of long-term revenues to ensure an adequate standard of living in old age. The Financial Literacy Survey Romania[47] (May 2010) study, achieved based on the data collected by the Institute of World Economics, showed that a large portion of the population has difficulties in understanding the issue related to money, affecting the ability of their administration on a long-term basis, given the existence of a correlation between the level of financial knowledge, modernity of the individual, the community and the level of income. This is not just a feature of Romania, being also present in developed countries. Improvement of individual behaviour from the economic point of view became, in many countries, a priority policy in the long run. This trend led to the creation of a wide range of financial education projects, sometimes combined with consumer protection measures, the measures being undertaken by Governments, the relevant regulatory authorities or various other actors from among the society.

In Romania, the newly employed on the labour market show little interest towards compulsory private pensions, as revealed by the high percentage of participants who are randomly distributed among administrators by the National House of Public Pensions. Although the method of random distribution through the allocation of participants in equal shares to administrators had beneficial effects on administrators, facilitating the recovery of the amounts raised by them invested in marketing in 2008 to attract participants in the fund, it has contributed to the maintenance of public appetite for these products, most of the administrators not getting involved in the competitive strategies of attracting new participants.

Figure I 97 Structure of the private pension system of Romania



At the end of 2013, 6.04 million participants in Pillar II, 313.3 thousand participants in Pillar III were registered with the private pension system in Romania, and the accumulated net assets were 3.3 billion euro, representing more than 2.35% of Romanian GDP.

Source: FSA

From establishment of the system, the number of administrators and private pension funds had a tendency to strengthen as a result of acquisitions, mergers and special administration, which continued also in 2013. Thus, Pillar II FPAP ALICO acquired FPAP PENSION VIVA further to a merger process, and FPF CONCORDIA MODERAT ceased to exist in Pillar III, its participants together with the personal net asset being distributed among the other voluntary pension funds, following a special administration process monitored by FSA/PPSSC. At the end of 2013, there were eight administrators on Pillar II, eight privately managed pension funds, eight administrators on Pillar III and 10 voluntary pension funds. As regards the investment risk assumed, seven privately managed pension funds have an average degree of risk, while one fund has an increased degree of risk, and on Pillar III eight funds have an average risk and two funds have a high degree of risk. The evolution of the private pension system is detailed in Annex I. 19.

[47] Institute for the Study of the Quality of Life: Comprehensive Report Prepared For The World Bank Analysis of the Financial Literacy Survey in Romania and Recommendations

Participants in the private pension system may be transferred at any time among the pension funds within the same pillar[48], but their mobility is reduced, less than 0.01% of the total number of people out of a pillar opting for personal asset net transfer to another pension fund, given a high degree of random allocation.

The amounts accumulated in the participants' individual accounts continued to grow due to the contributions received and good investment results obtained by administrators. Over time, the average value of the assets of Pillar III exceeded the level of Pillar II. At the end of 2013, the personal asset on average of a participant in Pillar III amounted to 2,590 lei (578 euro), and one of Pillar II amounted to 2,385 lei (532 Euros). The explanation may lie in the non-mandatory character of Pillar III which causes participants to be directly concerned by the amounts saved.

Table I 105 Average income and expenses of households of Romania

Revenues and Expenditure of households	Monthly average 2013	Monthly average 2012	Evolution
Total revenues	2.559	2.475	↑
Total expenditure	2.317	2.245	↑
Revenues per capita	896	861	↑
Expenditure per capita	811	781	↑
% Expenditure/Revenues	90.55%	90.68%	↓
% Taxes, contributions, quotations and duties	16.58%	16.35%	↑
% Other expenditure	3.30%	3.13%	↑
% Consumer expenses	72.05%	71.93%	↑
% Investment expenses	0.58%	0.48%	↑
% Production expenses	7.50%	8.13%	↓

Source: NIS, FSA calculations

The analysis of the situation of revenues and expenditure in Romania shows that, by reference to the whole population, (urban and rural), they are still low.

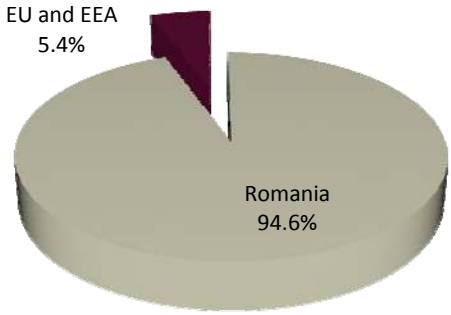
Therefore, the lack of appetite for investment or long-term financial planning is understandable, given that a person has an average monthly income of less than 200 Euros.

We can consider that individuals who choose a voluntary pension have higher incomes. Often this is a facility provided by the employer, and the accumulated average contributions to the accounts of participants increased.

In addition to the important social role of the pension system in Romania, an additional benefit of the mechanism is the domestic capital formation and its investment in the national economy. The private pension system is still in a period of accumulation, where the number of participants is increasing, and withdrawals from system are very seldom. For this reason, the value of the assets is on a rising trend, and in time, both its economic, and social role, will increase.

[48] incurring penalties if the transfer is made within less than 2 years from joining it.

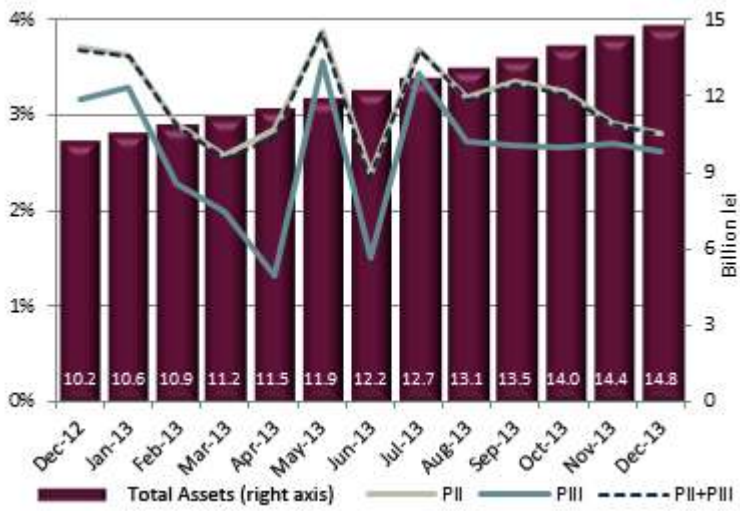
Figure I 98 Private pension funds – Allocation of assets by countries as at 31 December 2013



Source: FSA

At the end of 2013, 94.6% of the assets of private pension funds were invested in instruments on the Romanian territory, representing a significant source of domestic funding, in particular for the Romanian State through the purchase of securities issued by the Ministry of Public Finance, and through the active participation of institutional investors on the Bucharest Stock Exchange.

Figure I 99 Private pension funds – Evolution of total assets and monthly increases December 2012 – December 2013



Source: FSA

The monthly growth rate of total assets was 2.8% in December 2013, value under the median of the interval analyzed, 3.17% (the maximum value between December 2012 and December 2013 was in May, 3.87%).

The annual increase in the assets of the privately managed pension funds was maintained at a higher level for the six years of operation, 44.64% in Pillar II as compared to 35.50% in Pillar III.

Investments of Private Pension Funds

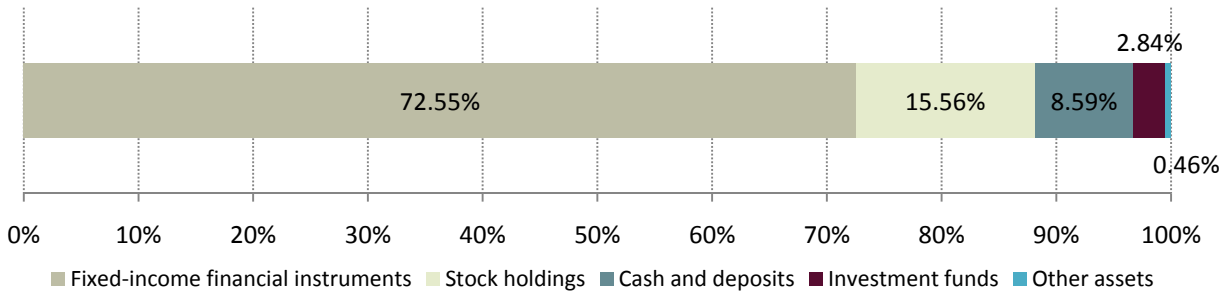
In 2013, the secondary legislative framework governing the investment of the assets of private pension funds improved, to ensure better transparency and a higher level of quality of portfolios. The main change was the evaluation of fixed-income instruments at fair value, determined by the market price thereof. The timing for the implementation of the change was one with reduced volatility of bond markets, so that no significant changes[49] in the assets of private pension funds are involved. Another significant change was the introduction of the obligation of administrators to trade corporate bonds on regulated markets to protect pension funds against credit risk specific to OTC markets. At the same time, additional limits of the exposure per issuer were established by reference to such issuer's share capital (in the case of shares), the level of debt issued (for bonds) or net assets (for equity securities). Also, as part of the normative changes relating to investments, investments in issuers operating in the field of real estate and commodities or physical metals

[49]Private pension funds recorded variations in NAVU between: + 2.35% (FPAP BRD) and -1.45% (FPAP Alico), most with increases in assets (14 of 18 funds). Subsequently, the daily variations returned to levels similar to those prior to switching to evaluation of fair value.

was prohibited (with the possibility of investing in commodities funds-Exchange Traded Commodities).

Given the legislative evolution and also the trends of the financial environment, strategic allocation of the assets of private pension funds (Pillar II and Pillar III) changed in 2013 as compared to 2012. Administrators' investment preference maintained for the fixed-income financial instruments, but their share in portfolios was reduced by approximately 10 percent as compared to 2012. Instead, administrators increased stock holdings from 11.41% in 2012 to 15.56% in 2013 and invested more in deposits and bank accounts, *i.e.* 8.59% of assets as compared to 5.55% in 2012. Strategic change was made when interest rates were on a downward trend, fed by a declining inflation rate. At the same time, shares quoted on the Bucharest Stock Exchange increased, BET index appreciating by more than 20% in 2013.

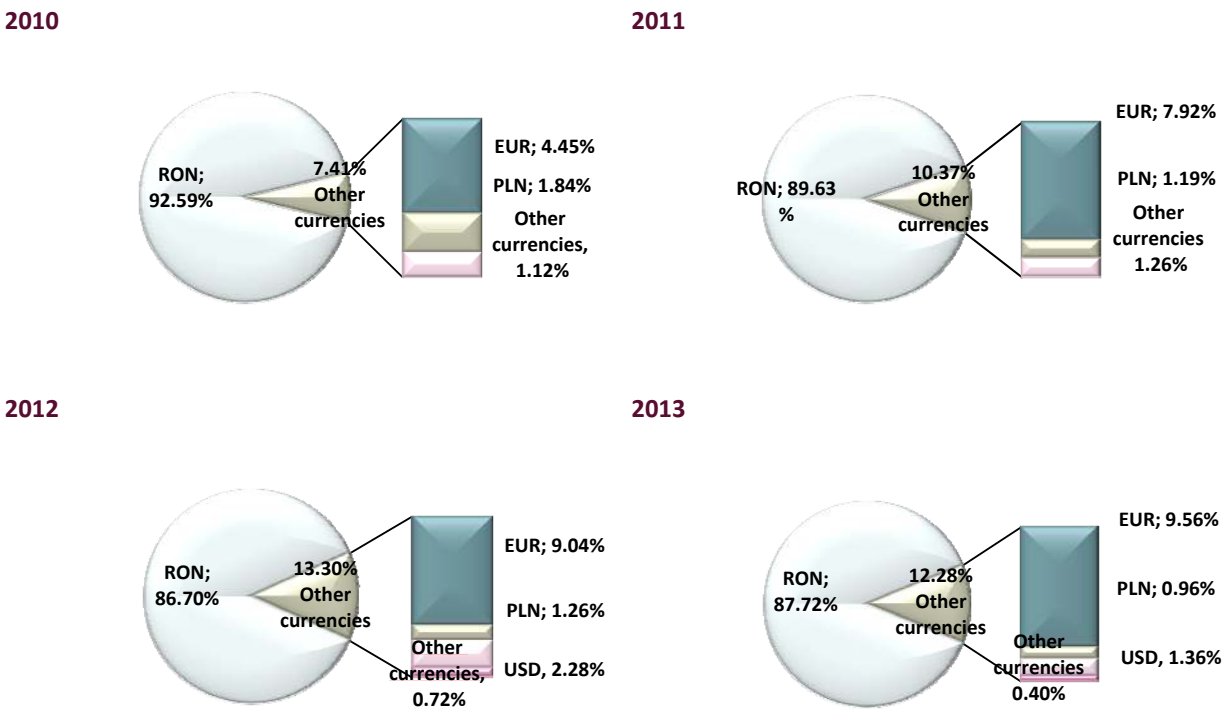
Figure I 100 Private pension funds – Strategic allocation of assets as at 31.12.2013



Source: FSA

As compared to 2012, administrators assigned a higher share to the assets denominated in domestic currency, but at the same time continued to increase gradually the exposure on European currency, representing at the end of 2013 9.56% of total assets.

Figure I 101 Private pension funds – Evolution of currency exposure



Source: FSA

Table I 106 Private pension funds – Degree of coverage by hedging as at 31.12.2013

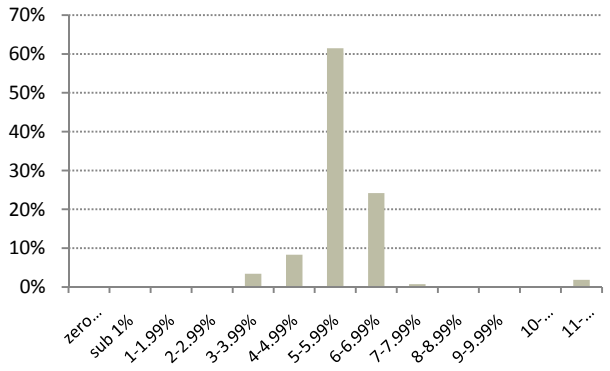
EUR	**86.23%**
HUF	87.39%
PLN	55.26%
USD	52.49%

Source: FSA

The most important foreign exchange exposures of private pension funds were covered by using hedging strategies with derivatives, in a proportion exceeding 50%.

Although the share allocated to **government securities** by reference to total assets dropped in 2013 as compared to 2012, to 66.88% of total assets, private pension funds remain some of the most important long-term investors in the securities issued by the Romanian State, representing in December 2013 8.85% of total issues in lei and 6.50% of the total issues in euro.

Figure I 102 Private pension funds – Distribution of investments in government securities by reference to the related coupon rate as at 31.12.2013



The securities of the portfolios of private pension funds, issued by the Romanian State for a period longer than one year have a fixed coupon rate. So far, no Romanian securities indexed by the inflation rate, or having a variable coupon rate, were issued.

At the end of 2013, over 60% of the portfolio of the Romanian Government securities held by private pension funds had a coupon rate between 5% and 6%.

Source: FSA

Figure I 103 Private pension funds - Structure by currency of investment in government securities

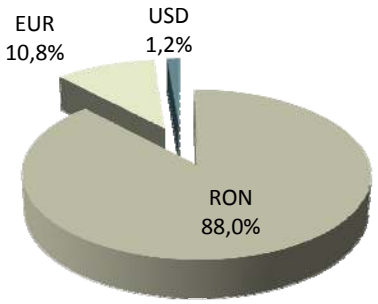
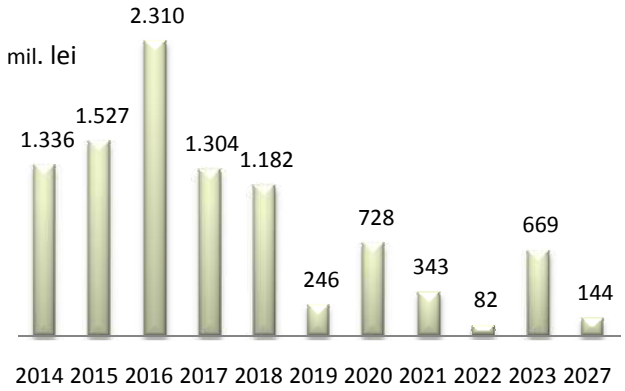


Figure I 104 Private pension funds - Structure by maturity dates of investment in government securities in 2013



Source: FSA

Private pension funds continued in 2013 to increase their exposure on issues denominated in euro and US dollar up to 12% of total investments in government securities. As compared to 2012, private pension funds abandoned the government securities issued by Poland, investing 99.89% of the total of this category in Romanian government securities and 0.11% in securities issued by the Italian State. Administrators preferred a medium term investment strategy, most securities reaching maturity in the next five years.

The share of **corporate bonds** decreased in the private pension funds' portfolios to the level of 4.76% of the total assets in the system. One cause is the poor representation of such instruments on the Bucharest Stock Exchange, as number of issuers and liquidity, given that, to ensure transparency and mitigate the counterparty risk, the provisions on investments require pension funds to trade corporate bonds through regulated markets. To continue their investment strategy, administrators chose instead undertakings for collective investment in transferable securities such as bonds.

Figure I 105 Private pension funds - Structure of corporate bonds by countries in 2013

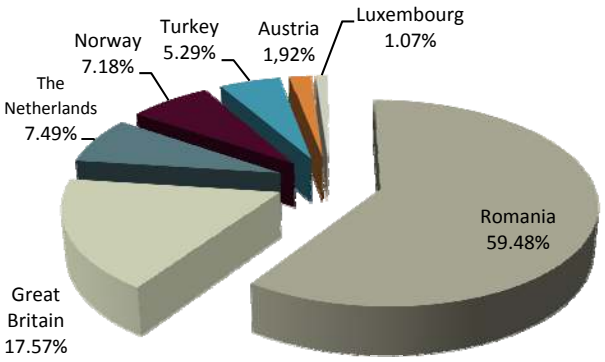
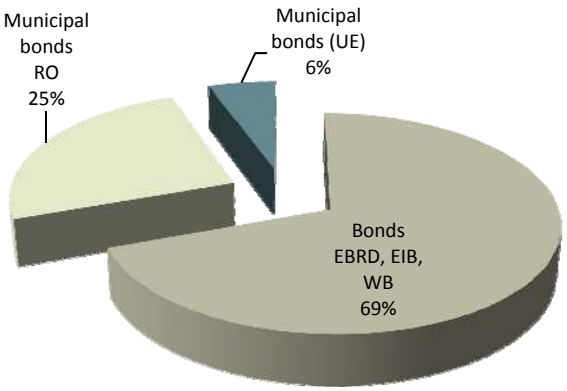


Figure I 106 Private pension funds - Structure of investment in municipal and supranational bonds in 2013



Source: FSA

The share of private pension funds' portfolios allocated to **municipal and supranational bonds** decreased also until 0.91% in 2013, by reference to the total assets accumulated from Pillar II and Pillar III.

Administrators increased investments in **shares** in 2013, as compared to 2012, from 12.37% to 15.56%, of which 83% are shares of certain Romanian undertakings. This strategic evolution was achieved due to good evolution perspectives of the Bucharest Stock Exchange, but also due to new listings in 2013, Nuclearelectrica and Romgaz, entering the top stock holdings of private pension funds. Voluntary pension funds allocated 18.95% of portfolios to investments in shares, more than the privately managed pension funds, whose investments in shares accounted for over 15% of total assets.

Given that the total assets of private pension funds are constantly increasing, the development of capital market in Romania has a high importance for the implementation of optimal investment strategies, depending on the limits of the legal framework and prospectus. Pension funds need an increased liquidity and new listings of issuers on the Bucharest Stock Exchange to diversify their portfolios and to actively manage the portfolio and the market related risk. Without a deep and attractive capital market, the risk that the sums of money saved by residents migrate from Romania increases.

Figure I 107 Private pension funds - Structure of Romanian/foreign shares in 2013

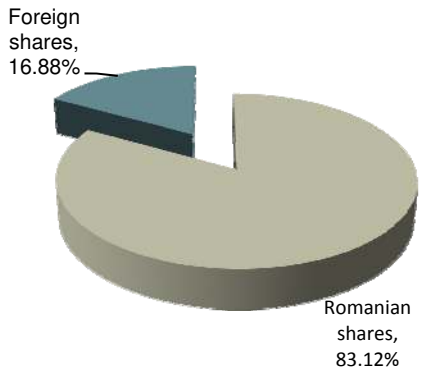
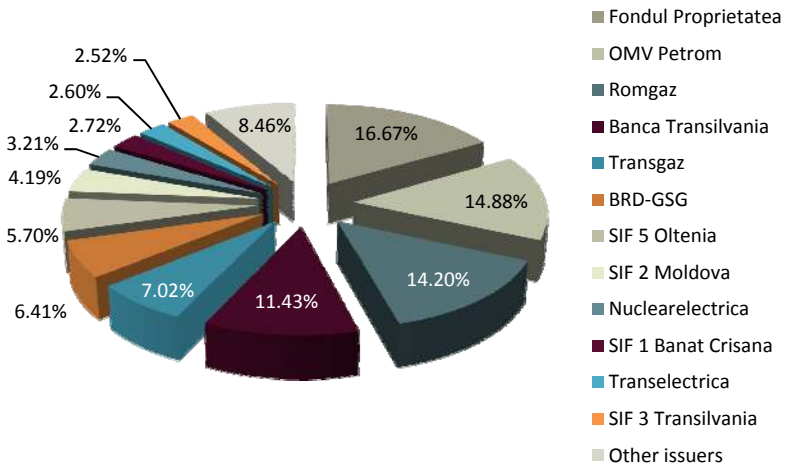


Figure I 108 Private pension funds - Structure of Romanian shares by issuers in 2013



Source: FSA

Table I 107 Private pension funds – Holdings in the share capital of the top issuers of BSE as at 31.12.2013

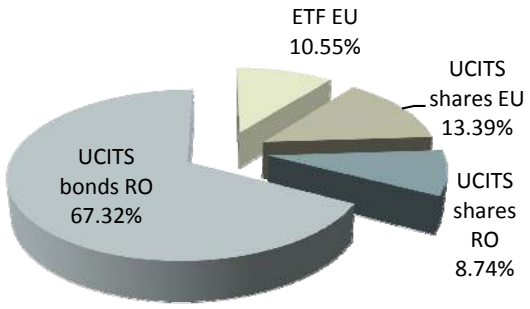
Top BSE issuers in 2013, depending on liquidity	Issuing turnover BSE (%)	Share capital of issuer held by private pension funds (%)
Fondul Proprietatea	46.40%	2.77%
Petrom	11.35%	1.07%
Transgaz	7.32%	6.60%
BRD Societe Generale	5.48%	1.95%
Banca Transilvania	4.54%	5.99%
SIF Transilvania	3.85%	6.55%
SIF Oltenia	3.36%	9.45%
SIF Moldova	3.04%	10.47%
SIF Banat Crișana	2.88%	7.32%
SIF Muntenia	1.54%	3.85%
Biofarm	1.46%	3.95%
Transelectrica	1.14%	4.29%
Bucharest Stock Exchange	0.75%	11.21%

Source: FSA, BSE, FSA calculations

Private pension funds, as long-term investors on the Bucharest Stock Exchange accumulated important holdings in the share capital of issuers that had the greatest liquidity in 2013. Of these, the largest holdings are at the Bucharest Stock Exchange (11.21%) SIF Moldova (10.47%) and SIF Oltenia (9.45%).

Administrators modified the structure of **investments in investment funds**, thereby reducing exposure on foreign funding (of shares and ETFs) in favour of UCITS on Romanian bonds. Their share in the total of UCITS increased from 14.43% in 2012 from 67.32% in 2013.

Figure I 109 Private pension funds - Structure of investments in UCITS 2013



This evolution is due also to the changes in secondary legislation relating to private pension funds' investments, requiring administrators to trade bonds only on a regulated market. Currently, it is not sufficiently liquid, and the bonds sector is poorly represented on the Bucharest Stock Exchange. For this reason, administrators chose UCITS such as bonds.

Source: FSA

In 2013, as compared to 2012, the exposure of private pension funds on bank deposits increased from 5.55% to 8.52%. However, the total investments in BRD-GSG decreased from 35.94% to 19.96% in 2013, in favour of other banks in the system.

Figure I 110 Private pension funds - Structure of bank deposits in 2013

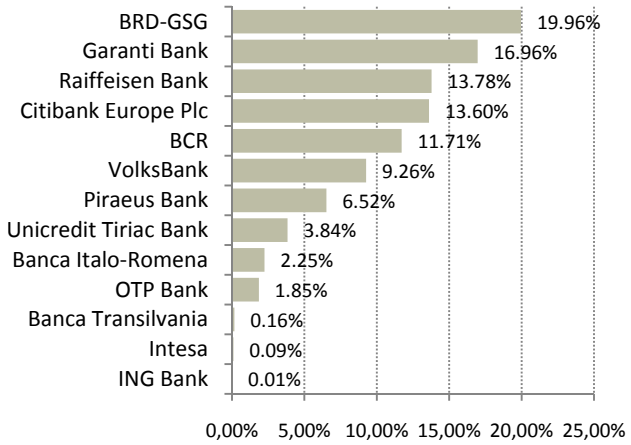


Table I 108 Private pension funds – Structure of deposits by maturity and interest rate

Maturity deposits	Share of total deposits	Interval Interest rate
< 1 moth	54.21%	0.03 - 4.50%
1 - 2 months	12.42%	0.60 - 4.50%
2 - 3 months	2.59%	3.90 - 5.25%
3 - 4 months	18.48%	2.00 - 5.65%
4 - 5 months	5.48%	3.90 - 5.60%
5 - 6 months	0.42%	5.00%
6 - 7 months	2.40%	5.00%
7 - 8 months	2.40%	5.00%
8 - 9 months	0.80%	5.00%
9 - 10 months	0.80%	5.00%

Source: FSA

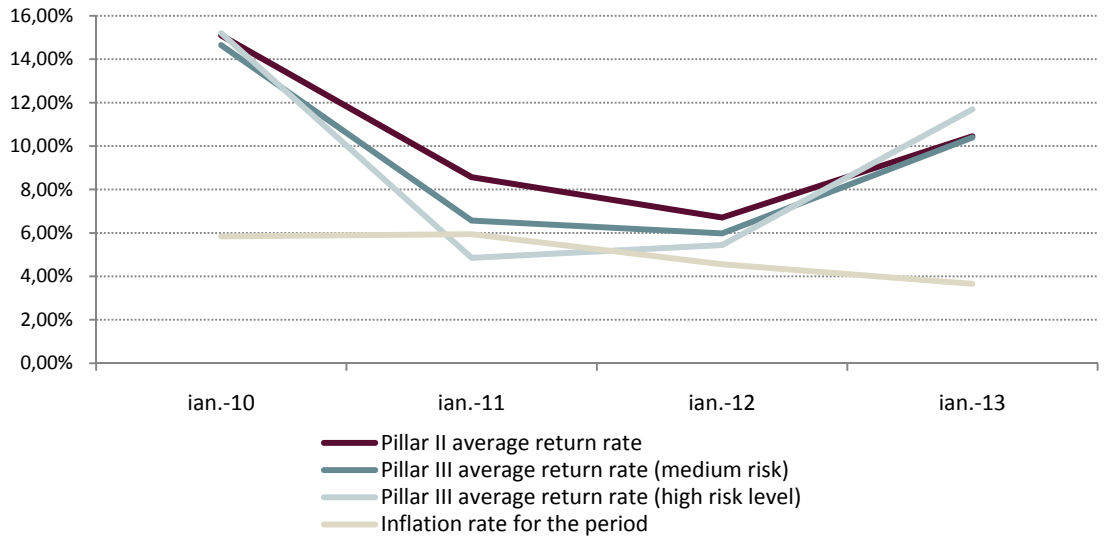
Administrators preferred short-term deposits, more than 54% of those having a maturity of less than one month, a growing percentage as compared to December 2012 (50.83%). Deposits with assets of private pension funds had a maximum interest rate of 5.65% interest (for maturity of 3-4 months), the term structure thereof being flat for maturities exceeding 5 months.

Investment Performance

Private pension funds continued a stable growth of the net asset value per share, and the actual rates of return[50] were positive, increasing in 2013, due to the positive investment results and to a decreasing inflationary environment.

[50] In accordance with Law No. 411/2004 on privately managed funds, republished, as subsequently amended and supplemented, and Law No. 204/2006 on voluntary pensions, as subsequently amended and supplemented

Figure I 111 Evolution of average rate of return in the private pension system



Source: FSA

6.2. Pillar II – Privately Managed Pension Funds

6.2.1. Participants

Table I 109 Pillar II Number of participants (mil. pers.)

No.	Privately managed pension fund	Dec.-13	Dec.-12*	Dec.13/ Dec.12
1	PMPF ING	1.78	1.73	3.01%
2	PMPF AZT VIITORUL TĂU	1.40	1.37	2.1%
3	PMPF ALICO*	0.85	0.39	119.1%
4	PMPF ARIPI	0.57	0.54	5.4%
5	PMPF BCR	0.47	0.44	8.20%
6	PMPF EUREKO	0.47	0.44	6.93%
7	PMPF VITAL	0.26	0.23	12.37%
8	PMPF BRD	0.24	0.20	15.95%
	TOTAL	6.04	5.77	4.62%

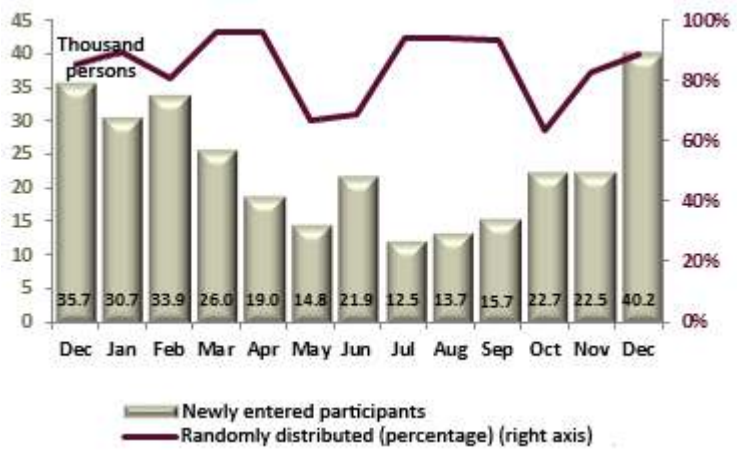
*Total December 2012 including PMPF Pensia Viva.
Source: FSA

At the end of 2013, there were **6.04 million people** listed in the Registry of participants in the privately managed pension fund system, a **4.62%** increase as compared to December 2012, given the 0.38%[51] increase in the number of employees in the economy (December 2013/December 2012).

The first three privately managed pension funds were PMPF ING, PMPF AZT VIITORUL TĂU and PMPF ALICO (that merged with PMPF AVIVA PENSIA VIVA – absorbed in the first months of 2013), comprising approximately 66.7% of participants as at 31 December 2013. The average monthly increase for the period under review, December 2012 – December 2013, was 0.37%.

[51] *Source: NIS, calculations FSA*

Figure I 112 Pillar II Evolution of the number of newly entered participants between December 2012 and December 2013



In 2013, the number of newly entered persons in the system changed from month to month, reaching the highest value in December (40.2 thousand) and the lowest value in July (12.5 thousand persons). Approximately 274 thousand persons became participants in 2013, 3% less than the previous year.

Source: FSA

The percentage of random distributions of participants maintains at a high level. In 2013, there were 231 thousand persons randomly distributed, representing 85% of the total newly entered in this period.

In December 2013, there were 5.85 million participants listed, with at least one contribution from the beginning of the privately managed pension fund (May 2008), accounting for approximately 96.79% of the total participants, a slight increase as compared to December last year (96.61%). The increase in the number of participants with contributions was 4.82% as compared to December 2012.

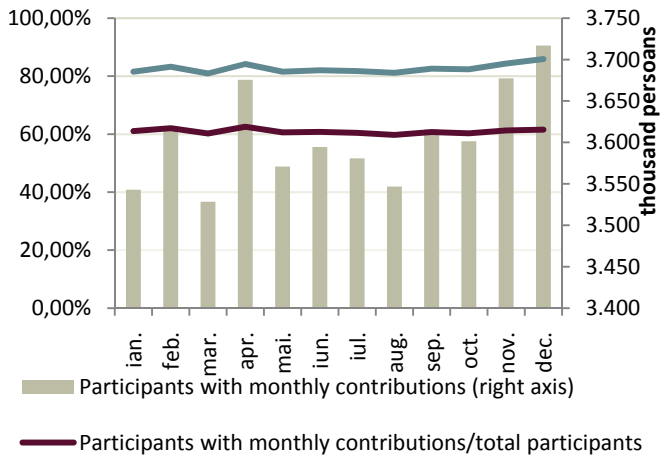
Table I 110 Pillar II Share of participants with monthly contributions in total participants 2012 - 2013

Privately managed pension fund	Average monthly share 2013	Average monthly share 2012
PMPF ALICO	59.66%	62.95%
PMPF ARIPI	60.26%	59.75%
PMPF AZT VIITORUL TĂU	61.49%	62.44%
PMPF BCR	55.75%	58.00%
PMPF BRD	56.68%	58.67%
PMPF EUREKO	56.63%	58.10%
PMPF ING	65.33%	66.25%
PMPF VITAL	54.69%	56.18%
TOTAL	**60.94%**	**62.07%**

The average value of participants collecting contributions as compared to the total number of participants in the system decreased in 2013, as compared to 2012, against the background of a stronger decrease in the number of employees in the economy, especially in the last quarter of last year.

Source: FSA

Figure I 113 Pillar II Evolution of participants with monthly contributions in 2013



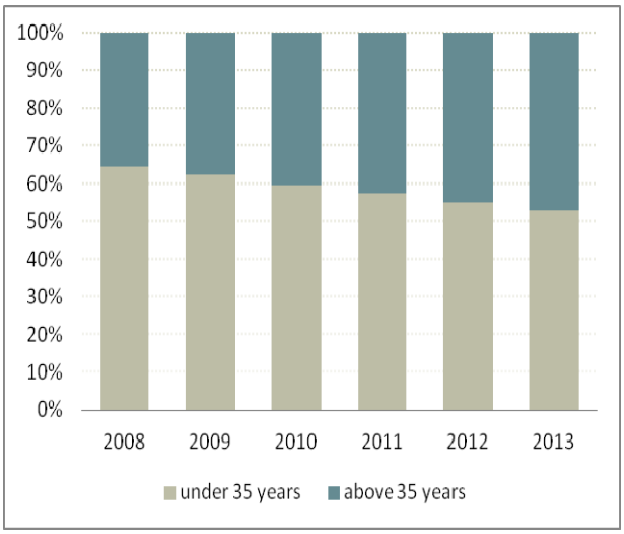
Source: FSA

Figure I 114 Pillar II Evolution of the number of employees in the economy in 2013

Source: NIS

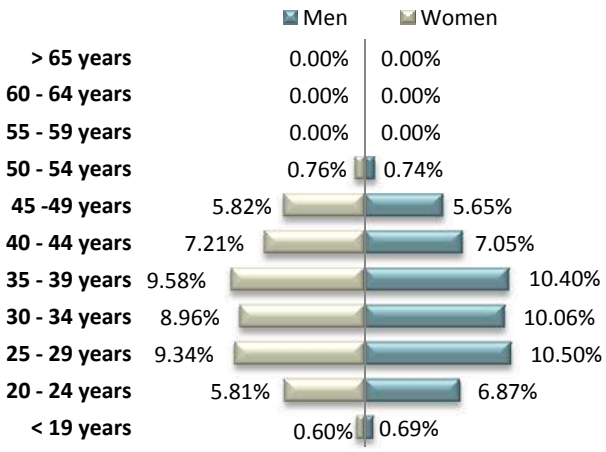
As regards the distribution by age, in Pillar II, the ratio of participants under 35 years of age as compared to those above 35 years of age was **53%** to **47%**. By gender, the distribution was as follows: **52%** men and **48%** women.

Figure I 115 Pillar II Evolution of the structure by age groups 2008 - 2013



Source: FSA

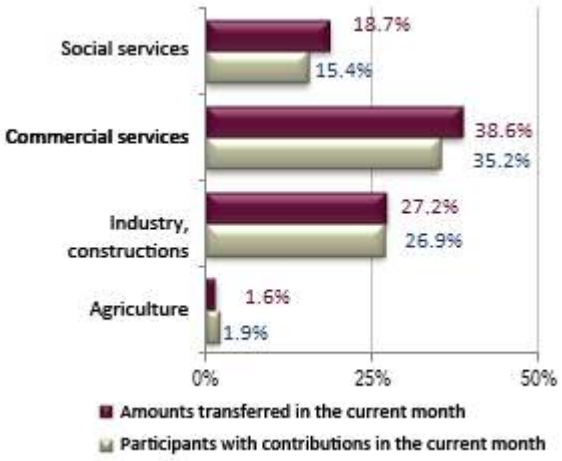
Figure I 116 Pillar II Age and distribution by gender of participants



Source: FSA

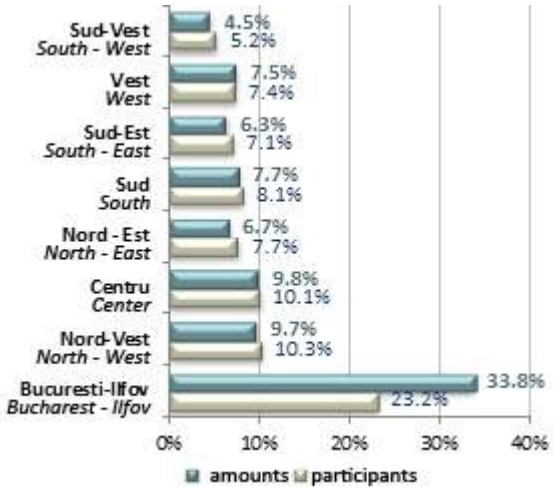
In December 2013, the economic activities with the highest number of contributions were the manufacturing industry with 19.5% and trade with 14.4%, followed by health, transport, public administration and defence and constructions with approximately 5% each, representing altogether 54% of the total participants for which contributions were transferred and 53% of the amounts transferred to the privately managed pension funds in that month. Accounting for less than 1%, culture, the extractive industry, production, electric power supply and the real estate industry continued to be the weakest contributors, representing approximately 3% of the total participants and 5% of the total amounts transferred.

Figure I 117 Pillar II Participants – distribution by economic activities* – December 2013



Source: FSA

Figure I 118 Pillar II Participants – distribution by development areas – December 2013



Source: FSA

**The sector of commercial services comprises: trade, hotels and restaurants, transportation and storage, information and communications, financial intermediation and insurance, real estate transactions, professional, scientific and technical activities, administrative services and support services, other services. The sector of social services comprises: public administration (armed forced and similar, exclusively), education, health and social care, shows, cultural events and entertainment.*

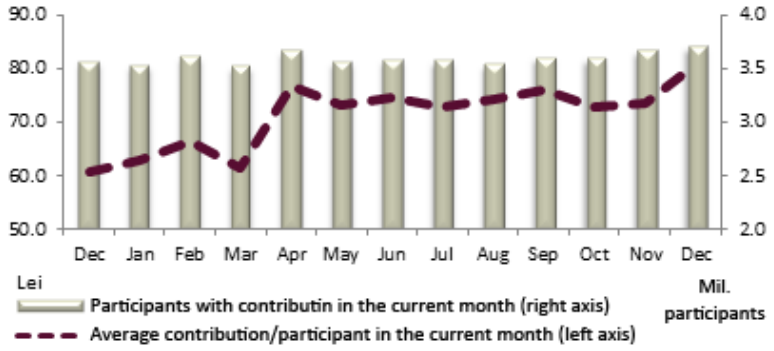
Depending on the development areas of Romania, most of the participants for which the contributions to the privately managed pension funds were transferred in December 2013 were working in Bucharest: 21%, with approximately 31% of the total contributions transferred. The best represented development areas were Bucharest-Ilfov: 23%, North-West and Centre with 10% each, accounting for approximately 44% of the participants for which contributions were transferred and 53% of transferred contributions.

6.2.2. Gross Contributions

The level of contributions in the privately managed pension system included in the State social insurance budget increased to 4% out of the gross level of participants, complying with the annual growth calendar of contributions by 0.5 percentage points per year until reaching 6%. It is highly important to maintain the growing trend of contributions according to the planning, as the value of the pension to which the future retired persons will be entitled after retirement is strongly influenced by the value of amounts transferred monthly and accumulated in the participants' personal accounts.

Last year, approximately 3.1 billion lei (EUR 0.7 billion) was transferred, with a monthly average of 0.3 billion lei, while the contribution rate for this year was 4%, and the first contributions increased were those for March 2013 (calculated at the gross salaries corresponding to January 2013).

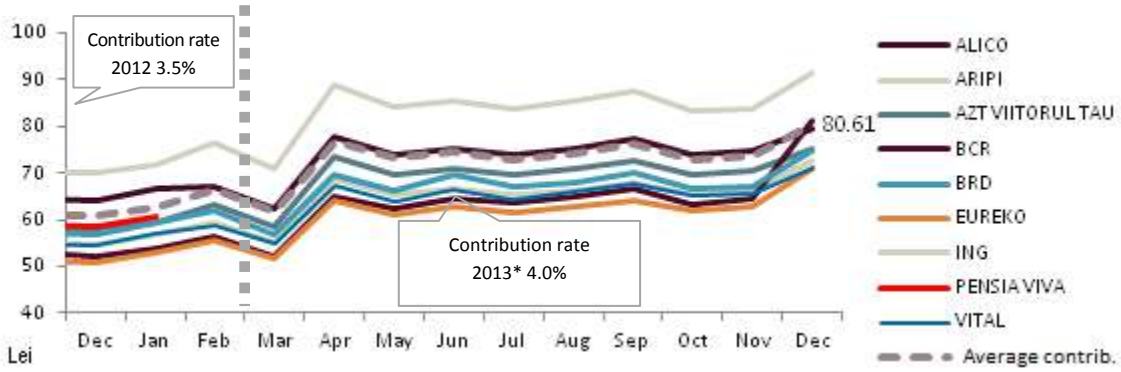
Figure I 119 Pillar II Participants with contributions in the current month and average contribution December 2012 – December 2013



The average contribution of participants with contributions in the reference month was 80.61 lei, which means a 32% increase as compared to December 2012 and 8% as compared to June 2013. The increase compared to the previous month was 9%.

Source: FSA

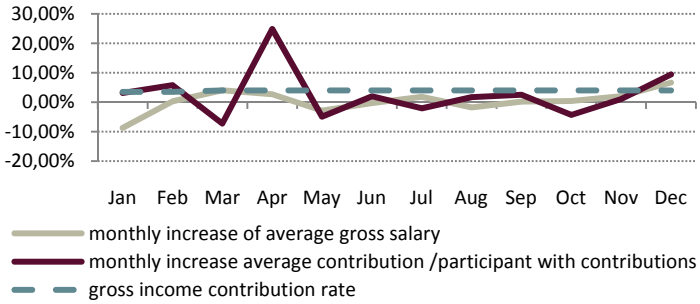
Figure I 120 Pillar II Average contribution/participant with contribution in the current month December 2012 - December 2013



**The amounts transferred in March 2013 relate to January 2013 calculation month.* *Source: FSA*

PMPF ING has registered the highest value of average contribution/participant with contributions, namely 91.46 lei, while the fund has registered the highest values of transferred amounts and number of participants with contributions in the reference month (approximately 36% and 32%). PMPF BCR with 81.25 lei/participant and PMPF ALICO, 79.43 lei/participant were the first three funds, accounting for 53% of the participants for which contributions were transferred and 57% of the transferred amounts as at 31 December 2013.

Figure I 121 Pillar II Evolution of monthly increase average contribution/participant and gross average earnings in 2013



The increase of the average contribution by participant over the last months of 2013 was correlated to the growth of the gross average salary in the economy in the same period.

Source: FSA, NIS

6.2.3. Assets of the Privately Managed Pension Funds

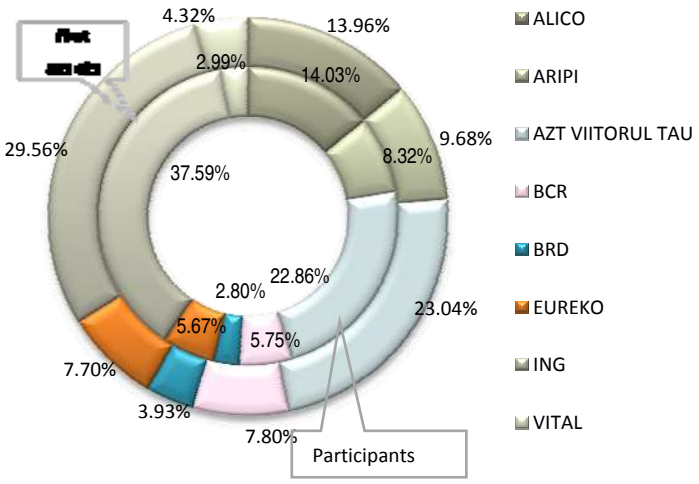
Table I 111 Pillar II Net assets (billion lei)

No.	Privately managed pension fund	Dec.-13	Dec.-12*	Dec.13/ Dec.12
1	PMPF ING	5.24	3.65	43.45%
2	PMPF AZT VIITORUL TĂU	3.19	2.24	42.21%
3	PMPF ALICO*	1.96	0.68	186.51%
4	PMPF ARIPI	1.16	0.79	47.16%
5	PMPF BCR	0.80	0.54	48.48%
6	PMPF EUREKO	0.79	0.54	46.43%
7	PMPF VITAL	0.42	0.28	50.67%
8	PMPF BRD	0.39	0.25	53.17%
	TOTAL	**13.94**	**9.64**	**44.64%**

**further to the merger of PMPF ALICO with PMPF AVIVA PENSIA VIVA*
Source: FSA

The value of the privately managed pension funds' **net assets** as at 31 December 2013 was **13.94** billion lei (EUR **3.11** billion), a **44.64%** increase as compared to December 2012 (**42.8%** by reference to euro).

Figure I 122 Pillar II Market share by reference to participants and net assets – December 2013



Source: FSA

In December 2013, PMPF ING, PMPF AZT VIITORUL TĂU and PMPF ALICO continued to occupy the first positions in terms of amounts of net assets and number of participants, totalling approximately 74% of the net assets and 67% of participants.

PMPF BRD, PMPF VITAL and PMPF BCR, accounting for approximately 12% of net assets and 16% of participants, continued to register the highest monthly growths both in terms of net assets and number of participants (the growth registered by PMPF ALICO was due to the absorption of PMPF PENSIA VIVA in 2012).

The average value of an account in Pillar II, calculated as a ratio between net assets and number of participants with contributions, was 2,385 lei at the end of 2013, representing EUR 532, which means a 37.99% growth as compared to the same period of last year. Approximately 69% of participants were below average and 31% above average, similarly to the values registered in December 2012. In December 2013, 3% of the accounts had 0 value.

Table I 112 Pillar II Evolution average value account December 2012 - December 2013

Privately managed pension fund	Dec.-13	Dec.-12	Dec. 2013/ Dec. 2012	Dec.-13	Dec.-12	Dec.2013/ Dec. 2012
	lei			EUR		
PMPF ALICO*	2,396	1,812	32.22%	534	409	30.57%
PMPF ARIPI	2,050	1,468	39.68%	457	331	37.94%
PMPF AZT VIITORUL TĂU	2,365	1,704	38.80%	527	385	37.07%
PMPF BCR	1,760	1,277	37.82%	392	288	36.10%
PMPF BRD	1,697	1,288	31.80%	378	291	30.15%
PMPF EUREKO	1,754	1,287	36.28%	391	291	34.58%
PMPF ING	3,032	2,178	39.18%	676	492	37.44%
PMPF PENSIA VIVA*	-	1,623	-	-	366	-
PMPF VITAL	1,647	1,237	33.13%	367	279	31.47%
TOTAL	**2,385**	**1,728**	**37.99%**	**532**	**390**	**36.27%**

** PMPF ALICO merged with PMPF PENSIA VIVA*

Source: FSA, EUR/RON exchange rate published by the NBR on 31.12.2013, 31.12.2012

6.2.4. Structure of Investment Portfolio

Table I 113 Pillar II Structure of Investments as at 31.12.2013

Investments	Dec.-13	Dec.-12	Dec.2013/ Dec.2012
Investments in RO	94.72%	93.64%	↑
Investments in EU Member States	5.28%	6.36%	↓

Source: FSA

In 2013, the privately managed pension funds slightly decreased their investments in EU Member States, and chose Romania as an investment destination. The listing of the public offerings of Romgaz and Nuclearelectrica on the BSE was among the decisive factors for such direction.

Table I 114 Pillar II Structure of Investments - total (billion lei)

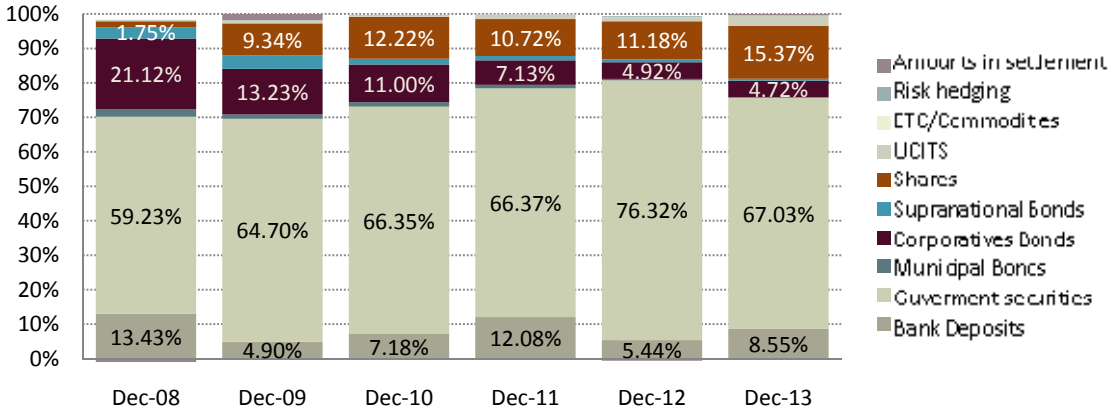
No.	Financial instruments	Dec.-13	Dec.-12	Dec.2013/ Dec.2012
1	Bank deposits	1.19	0.52	127.37%
2	Government securities	9.35	7.36	27.04%
3	Municipal bonds	0.04	0.04	-9.06%
4	Corporate bonds	0.66	0.47	38.84%
5	Bonds of foreign non-governmental bodies	0.08	0.08	-2.15%
6	Shares	2.14	1.08	98.75%
7	Equity securities - UCITS	0.41	0.12	249.77%
8	Commodities and precious metals funds	0.01	0.01	-1.32%
9	Hedge instruments	0.002	0.023	-89.82%
10	Amounts under settlement	0.07	-0.061	-214.08%
	Total asset	**13.95**	**9.64**	**44.64%**

Source: FSA

In December 2013, the amounts invested in municipal bonds, bonds of foreign non-governmental bodies, commodities and precious metals funds and hedging instruments decreased as compared to December 2012, while the amounts invested in other categories of assets increased by more than 27%, and total assets increased by approximately 45%.

As regards the distribution of financial resources by various categories of assets, in December 2013, bank deposits, stocks and equity securities registered increases in the total assets as compared to the same month of 2012. The other categories of assets registered decreases.

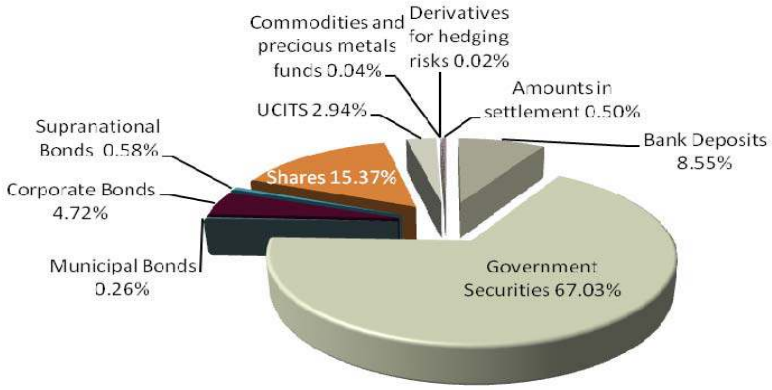
Figure I 123 Pillar II Evolution of strategic allocation of assets between 2008 and 2013



Source: FSA

As at 31 December 2013, the portfolio of privately managed pension funds had the following structure:

Figure I 124 Pillar II Investment structure – December 2013

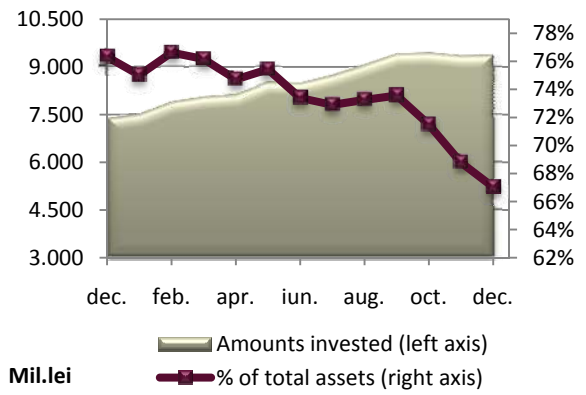


Source: FSA

6.2.4.1. Fixed-Income Instruments

Government Securities

Figure I 125 Pillar II Government securities December 2012 – December 2013



Source: FSA

Government securities still represent the most important investment in the portfolio of privately managed pension funds. They accounted for 67.03% of total assets, a decrease as compared to December 2012 (76.32%), continuing the descending trend registered last year (a difference of approximately 10 percentage points compared to the highest value registered in February 2013, of 77%). This trend was registered in particular in the last three months of 2013. The amounts invested, representing 9.35 billion lei, increased by 27.04% as compared to December 2012.

Table I 115 Pillar II Government Securities as at 31.12.2013

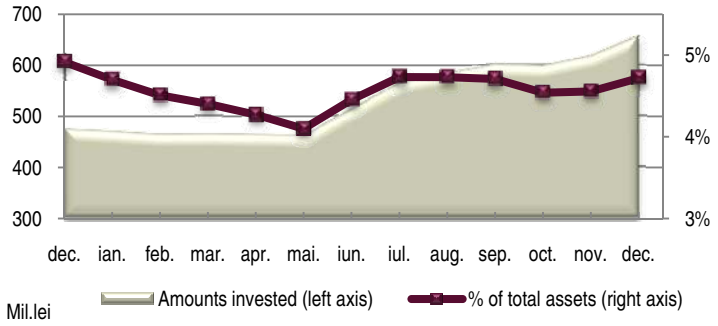
Financial instruments	dec.-13		dec.-12		dec.2013/ dec.2012	
	Value (billion lei)	Share in total assets (%)	Value (billion lei)	Share in total assets (%)	Value	Share in total asset (%)
Government securities	9.35	67.03%	7.36	76.32%	↑	↓

Source: FSA

Unlike the previous year, the portfolios of privately managed pension funds also include securities issued by the Italian state, purchased by PMPF BCR, accounting for 0.1% of investments in government securities corresponding to Pillar II.

Corporate Bonds

Figure I 126 Pillar II Corporate bonds December 2012 – December 2013



Source: FSA

Corporate bonds accounted for 4.72% of total assets, registering a slight decrease as compared to December 2012 (4.92%). The amounts invested in corporate bonds, representing 0.66 billion lei, which followed an ascending trend during the second half of last year, increased by approximately 39% as compared to December 2012.

Table I 116 Pillar II Corporate bonds as at 31.12.2013

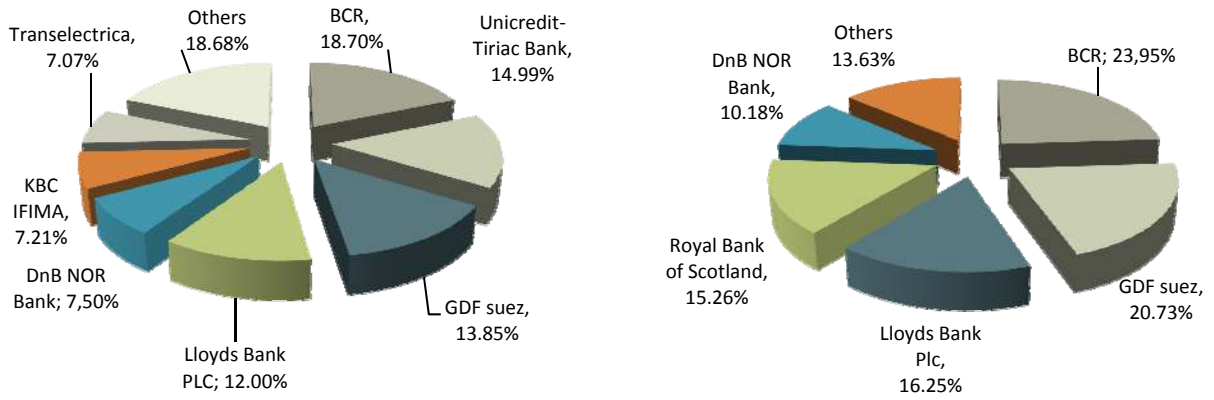
Financial instruments	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (billion lei)	Share in total assets (%)	Value (billion lei)	Share in total assets (%)	Value	Share in total asset (%)
Corporate bonds	0.66	4.72%	0.47	4.92%	↑	↓

Source: FSA

The exposure towards the main issuers was more extended in 2013 as compared to 2012. At the end of 2013, the first 7 issuers accounted altogether for 81.32% of bond holdings of privately managed pension funds, while in 2012 the first 5 issuers totalled 86.37% of bond investments.

Figure I 127 Pillar II Investment structure in corporate bonds

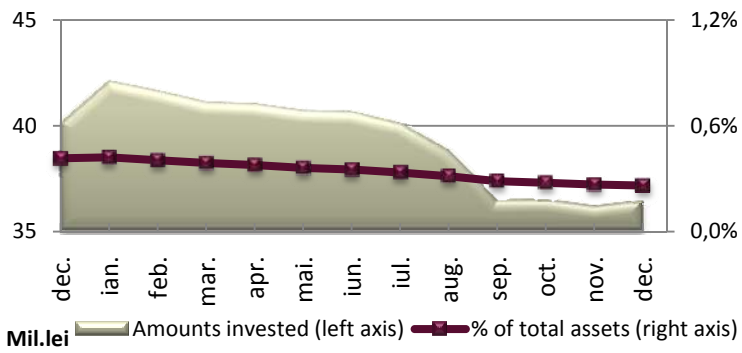
In 2013 ... **... by reference to 2012**



Source: FSA

Municipal Bonds

Figure I 128 Pillar II Municipal bonds December 2012 – December 2013



Investments in municipal bonds accounted for 0.26% of total assets, registering a constant decrease throughout the period under review, as compared to 0.42% in December 2012. The invested assets reached 0.04 billion, still a decrease, in particular in July and August (by 9% as compared to December 2012).

Source: FSA

Table I 117 Pillar II Municipal bonds as at 31.12.2013

Financial instruments	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (billion lei)	Share in total assets (%)	Value (billion lei)	Share in total assets (%)	Value	Share in total asset (%)
Municipal bonds	0.036	0.26%	0.040	0.42%	↓	↓

Source: FSA

In 2013, the privately managed pension funds reduced their investments in Finland and Spain. At the end of 2013, 79.60% of the municipal bonds were issued by Romanian public authorities, while 20.4% were issued by an authority in Sweden[52].

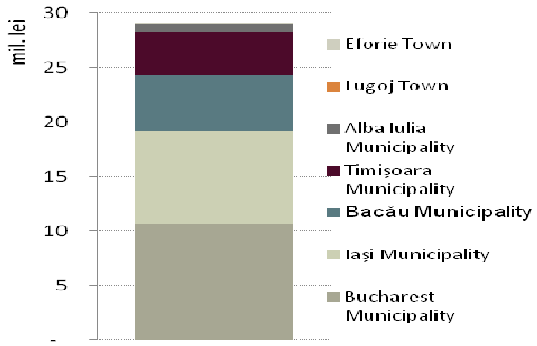
[52] As at 31.12.2013, there were two privately managed pension funds that were holding in their portfolios bonds issued in lei by Kommuninvest i Severige in Sweden. The bonds were issued in March 2009, due in March 2014, and yielded a coupon rate of 13.2%.

Table I 118 Evolution of structure by countries of investment in municipal bonds

Dec.-13			Dec.-12		
Municipal bonds	Value (billion Lei)	Share in total assets (%)	Municipal bonds	Value (billion Lei)	Share in total assets (%)
Total, of which	**36.44**	**0.26%**	Total, of which	**40.07**	**0.42%**
Romania	29.01	0.208%	Romania	30.9	0.32%
Sweden	7.43	0.053%	Sweden	7.49	0.08%
-	-	-	Finland	1.05	0.01%
-	-	-	Spain	0.63	0.01%

Source: FSA

Figure I 129 Pillar II Structure of Romanian municipal bonds as at 31.12.2013

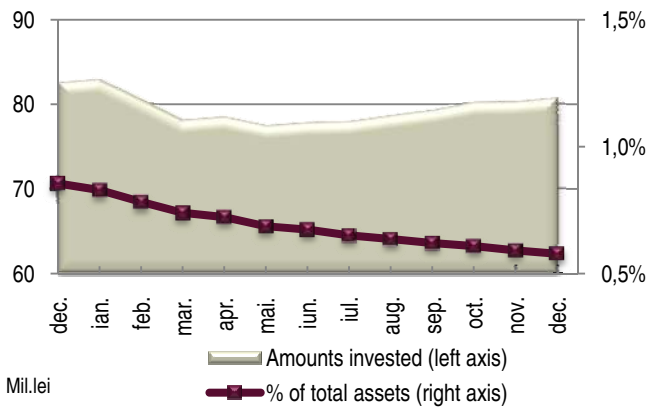


As at 31.12.2013, the highest share in Romanian municipal bonds was allocated to the bonds issued by the Bucharest Municipality, followed by Iași and Bacău.

Source: FSA

Supranational Bonds

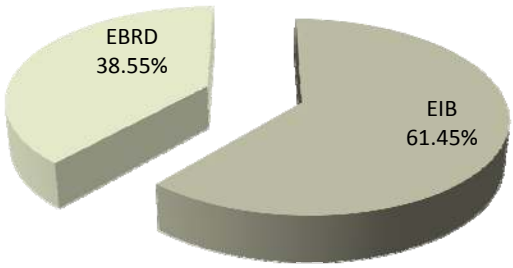
Figure I 130 Pillar II Bonds foreign non-governmental bodies December 2012 – December 2013



Source: FSA

The bonds of foreign non-governmental bodies accounted for 0.58% of total assets, constantly decreasing throughout 2013 (0.85% in December 2012 and 0.67% in June 2013). The assets invested in such type of instrument, representing 0.081 billion lei, decreased by 2% as compared to December 2012, but increased by approximately 4% as compared to June 2013.

Figure I 131 Pillar II Structure by issuers of supranational bonds as at 31.12.2013



Source: FSA

Like the previous years, the bond portfolio of foreign non-governmental bodies comprised bonds issued by the European Investment Bank - EIB (49.6 million lei) and the European Bank for Reconstruction and Development – EBRD (31.1 million lei), the bonds issued by the EIB accounting for the highest amount of bonds, at the same level of 2012, of 61%.

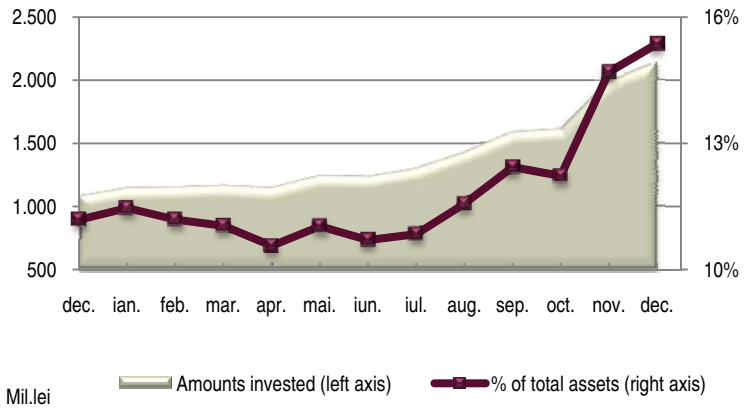
Table I 119 Pillar II Bonds of foreign non-governmental bodies as at 31.12.2013

Financial instruments	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (billion Lei)	Share in total assets (%)	Value (billion Lei)	Share in total assets (%)	Value	Share in total asset (%)
Bonds of foreign non-governmental bodies	0.081	0.58%	0.082	0.85%	↓	↓

Source: FSA

6.2.4.2. Shares

Figure I 132 Pillar II Shares December 2012 – December 2013



Source: FSA

The value of shares in the portfolio of privately managed pension funds has reached 15.37% of total assets, increasing as compared to December 2012 (11.18%) and June 2013 (10.70%), a slightly fluctuating trend in the first part of the period under review, but increasing in the second half of the year, in particular in the last three months (a difference of approximately five percentage points as compared to the lowest value registered in April 2013, 10.56%).

The amounts invested in shares, 2.14 billion lei, have also increased significantly as compared to last year, being double the value of December 2012 and 73.5% higher than June 2013.

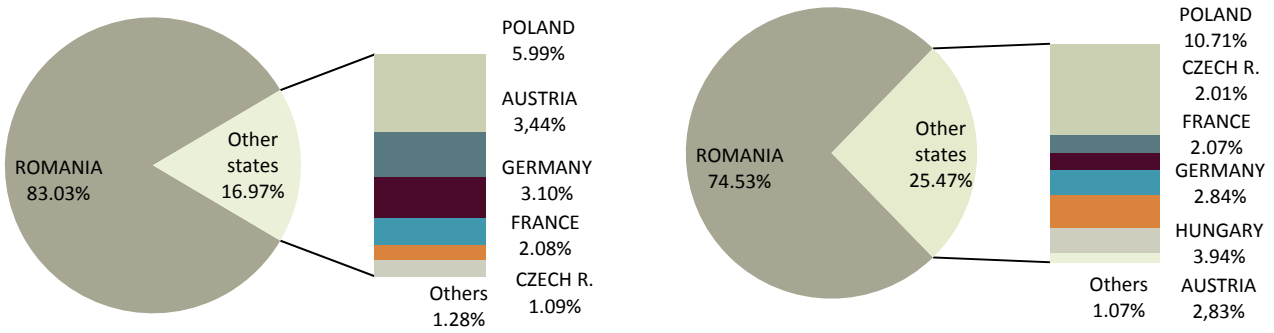
Table I 120 Pillar II Value of stock portfolio as at 31.12.2013

Financial instruments	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (billion lei)	Share in total assets (%)	Value (billion lei)	Share in total assets (%)	Value	Share in total asset (%)
Shares	2,14	15,37%	1,08	11,18%	↑	↑

Source: FSA

As regards the issuer's country, the largest investments were made in Romanian undertakings, totalling more than 83% of the total value of shares, an increase as compared to 2012, in particular due to the listing of Nuclearelectrica and Romgaz on the Bucharest Stock Exchange.

Figure I 133 Pillar II Structure of investments in shares by issuer's country
In 2013 ... ... by reference to 2012



Source: FSA

The privately managed pension funds have significantly reduced their weight in foreign shares to 16.97% in 2013, as compared to 25.46% in 2012. The top of the European countries in terms of the value of issuers consisted of: Poland, Austria, Germany, France and the Czech Republic.

In 2013, Fondul Proprietatea continued to represent the most important investment in shares of privately managed pension funds, accounting for 2.11% of total assets, more than in 2012 (1.81%). The value of the investment in the shares issued by Romgaz ranked third (1.86% of total assets), while the value of the Nuclearelectrica securities ranked tenth (0.35% of total assets).

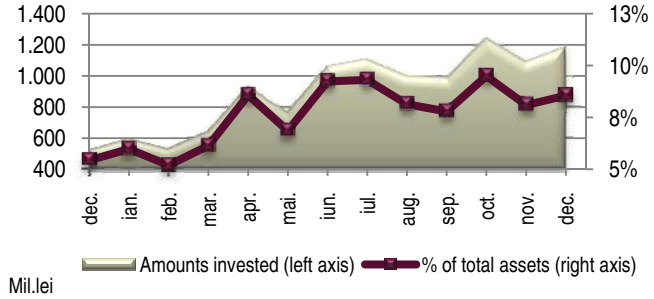
Table I 121 Pillar II Shares top 10 issuers in 2013

No.	Issuer name	Value (million lei)	Share in stock portfolio (%)	Share in total assets (%)
1	Fondul Proprietatea	294.68	13.75%	2.11%
2	OMV Petrom	265.65	12.40%	1.90%
3	Romgaz	258.76	12.08%	1.86%
4	Banca Transilvania	200.53	9.36%	1.44%
5	Transgaz	129.87	6.06%	0.93%
6	BRD-GSG	113.39	5.29%	0.81%
7	SIF 5 Oltenia	101.93	4.76%	0.73%
8	SIF 2 Moldova	75.38	3.52%	0.54%
9	SIF 1 Banat Crișana	48.17	2.25%	0.35%
10	Nuclearelectrica	48.16	2.25%	0.35%
	Total (top 10)	**1,536.51**	**71.70%**	**11.02%**
	Total stock value in pillar II	**2,142.92**		
	Total assets in pillar II	**13,946.20**		

Source: FSA

6.2.4.3. Bank Deposits

Figure I 134 Pillar II Bank deposits
December 2012 – December 2013



Source: FSA

Bank deposits accounted in 2013 for 8.55% of the total assets, more than December 2012 (5.44%), but less than June 2013 (9.24%). Assets invested in deposits, representing 1.19 billion lei, registered a significant increase as compared to December 2012, of more than double.

Table I 122 Pillar II Bank deposits as at 31.12.2013

Financial instruments	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (billion lei)	Share in total assets (%)	Value (billion lei)	Share in total assets (%)	Value	Share in total asset (%)
Bank deposits	1.19	8.55%	0.52	5.44%	↑	↑

Source: FSA

In addition to deposits in lei, US dollars and EUR, in 2013, the administrators of pension funds included, as compared to 2012, investments in the Hungarian forint and the Czech crown, giving up the deposits in the Polish zloty.

Table I 123 Pillar II Structure by currencies of deposits as at 31.12.2013

Bank deposits	Dec.-13		Dec.-12	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Total, of which	1,192.52	8.55%	524.47	5.44%
RON	1,089.23	7.81%	376.77	3.91%
USD	59.47	0.43%	91.98	0.95%
EUR	38.58	0.28%	51.75	0.54%
HUF	3.83	0.03%	-	-
CZK	1.41	0.01%	-	-
PLN	-	-	3.97	0.04%

Source: FSA

Like last year, in December 2013 BRD-GSG ranked the first as regards cumulated deposits of private pension funds, followed by Garanti Bank and Raiffeisen Bank.

Table I 124 Pillar II Detailed structure of banks where deposits are established as at 31.12.2013 by reference to 31.12.2012

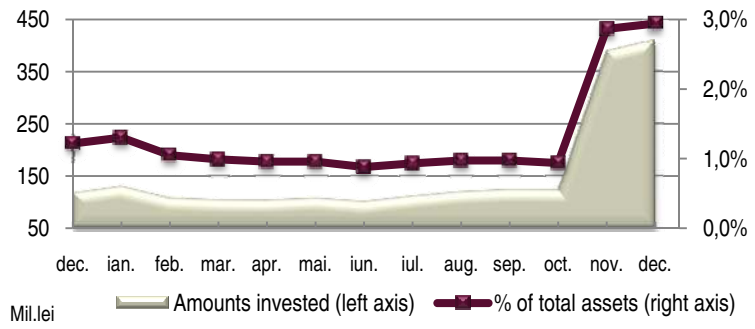
Dec.-13				Dec.-12			
Place in top 2013	Bank	Value (million Lei)	Share in total deposits (%)	Place in top 2012	Bank	Value (million Lei)	Share in total deposits (%)
1	BRD-GSG	237.48	19.91%	1	BRD-GSG	191.62	36.54%
2	Garanti Bank	196.09	16.44%	2	Raiffeisen Bank	81.04	15.45%
3	Raiffeisen Bank	171.19	14.36%	3	Unicredit-Țiriac Bank	51.86	9.89%
4	Citibank Europe Plc	166.15	13.93%	4	Volksbank	35.56	6.78%
5	BCR	140.29	11.76%	5	Marfin Bank	30.97	5.90%
6	Volksbank	113.43	9.51%	6	Piraeus Bank	30.54	5.82%
7	Piraeus Bank	80.91	6.78%	7	BCR	23.89	4.56%
8	Unicredit-Tiriac Bank	35.02	2.94%	8	Credit Europe Bank	22.89	4.36%
9	Banca Italo-Romena	28.17	2.36%	9	Garanti Bank	22.50	4.29%
10	OTP Bank	21.67	1.82%	10	Banca Transilvania	11.42	2.18%
11	Banca Transilvania	2.01	0.17%	11	Citibank Europe Plc	10.96	2.09%
12	ING Bank	0.10	0.02%	12	Royal Bank of Scotland	10.1	1.93%
13	-	-	-	13	ING Bank	1.1	0.21%

Source: FSA

6.2.4.4. Other Assets (UCITS)

Assets that are part of the portfolios of the privately managed pension funds with a limited weight are undertakings for collective investment in transferable securities, commodities and precious metals funds and derivatives, used exclusively for currency hedging.

Figure I 135 Pillar II Equity securities December 2012 – December 2013



Source: FSA

Equity securities - UCITS have accounted for 2.94 % of total assets, a decrease as compared to December 2012 (1.22%) and June 2013 (0.88%), increasing significantly late last year.

The value of assets invested in equity securities, approximately 0.41 billion lei, increased significantly, three times as compared to December 2012 and four times as compared to June 2013, an increase also registered between October and December 2013. The increase is due to the investments made by PMPF ING and PMPF ALICO (top funds in Pillar II) in securities of the investment fund in bonds of Erste Bond Flexible Ron (in excess of 275 million lei).

Table I 125 Pillar II Equity securities as at 31.12.2013

Financial instruments	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (billion lei)	Share in total assets (%)	Value (billion lei)	Share in total assets (%)	Value	Share in total assets (%)
Equity securities - UCITS	0,41	2,94%	0,12	1,22%	↑	↑

Source: FSA

In addition to such instruments, the portfolios of the private pension funds also include current accounts and other amounts. They are not investments; they represent the operational part of the investment activity: current accounts into/from which collections/payments related to the transactions are made and other amounts related in particular to their settlement.

Table I 126 Pillar II Other assets as at 31.12.2013

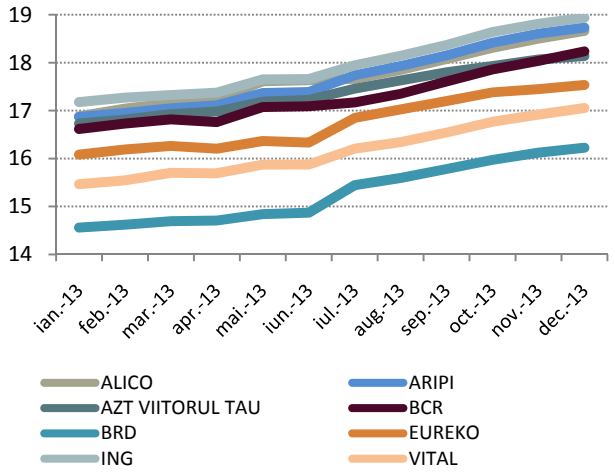
Other assets	Dec.-13		Dec.-12	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Precious metals funds	5.33	0.04%	5.4	0.06%
Current accounts	10.89	0.08%	1.5	0.02%
Rights (EU)	0.03	0.00%	-	-
Derivatives	2.30	0.02%	22.6	0.23%
Other amounts	58.30	0.42%	-62.3	-0.65%

Source: FSA

6.2.5. Rates of Return of Privately Managed Pension Funds and Investment Performance

In 2013, all administrators registered stable increases of the net asset value per share of privately managed pension funds and real positive rates of return, while the annual inflation rate was decreasing.

Figure I 136 Pillar II NAVPS evolution in 2013



Source: FSA

Table I 127 Pillar II Evolution of NAVPS December 2013 – December 2012

Privately managed pension fund	Dec.-13	Dec.-12	Dec.13/ Dec.12
PMPF ALICO	18.6618	16.4958	13.13%
PMPF ARIPI	18.7322	16.5515	13.18%
PMPF AZT VIITORUL TĂU	18.1377	16.4403	10.32%
PMPF BCR	18.2363	16.3848	11.30%
PMPF BRD	16.2263	14.4485	12.30%
PMPF EUREKO	17.5346	15.8465	10.65%
PMPF ING	18.9363	17.0146	11.29%
PMPF VITAL	17.0541	15.3115	11.38%

Figure I 137 Pillar II Weighted average rate of return December 2012 – December 2013

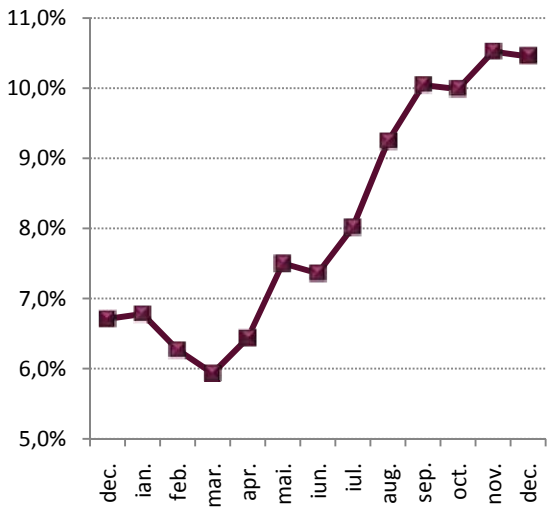
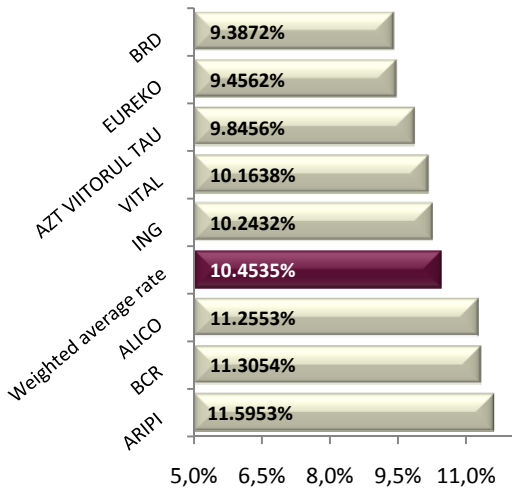


Figure I 138 Pillar II Annualized rates of return December 2013



Source: FSA

** The minimum rate of return was 5.3159% for average risk pension funds and 4.2527% for high risk pension funds (PMPF ARIPI)*

6.3. Pillar III – Voluntary Pension Funds

6.3.1. Participants

Table I 128 Pillar III Number of participants (persons)

No.	Voluntary pension fund	Dec.-13	Dec.-12*	Dec.13/ Dec.12
1	VPF ING OPTIM	99,551	89,161	11.65%
2	VPF BCR PLUS	86,114	81,572	5.57%
3	VPF AZT MODERATO	34,292	33,340	2.86%
4	VPF ING ACTIV	32,096	29,177	10.00%
5	VPF AZT VIVACE	20,300	20,277	0.11%
6	VPF BRD MEDIO	13,874	11,679	18.79%
7	VPF PENSIA MEA	10,259	10,292	-0.32%
8	VPF RAIFFEISEN ACUMULARE	8,313	7,855	5.83%
9	VPF STABIL	4,782	4,722	1.27%
10	VPF EUREKO CONFORT	3,767	3,713	1.45%
	TOTAL	**313,348**	**292,146**	**7.26%**

Source: FSA

At the end of last year, there were **313.348** participants registered with the ten voluntary pension funds, a **7.26%** increase as compared to December 2012 and **3.8%** as compared to June 2013. As compared to the previous month, the increase was only **0.81%**. The monthly increase rate registered a fluctuating trend in the period under review, a maximum value in December 2012, 1.27%, a minimum value in January 2013, 0.35%. The average monthly increase was 0.5%.

In Pillar III, the ratio between participants under 45 years of age and those above 45 years of age was as at 31 December 2013 approximately 58% to 42%, and the distribution by gender was approximately 49% men and 51% women.

Figure I 139 Pillar III Evolution of the structure of participants by age groups 2007 - 2013

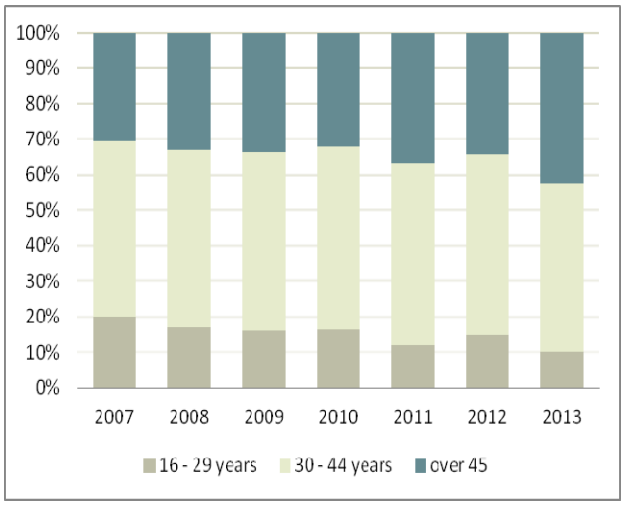
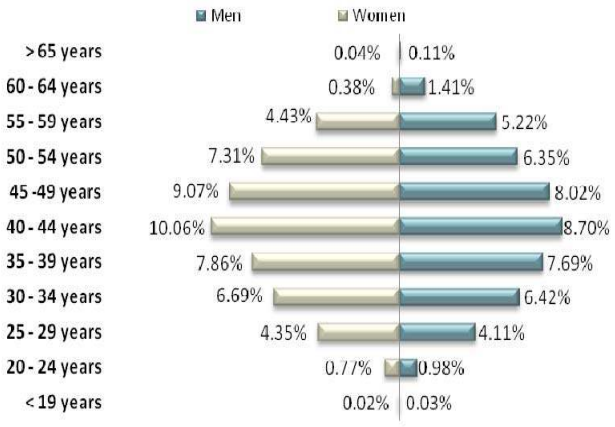


Figure I 140 Pillar III Age and distribution of participants by genders



Source: FSA

Figure I 141 Pillar III Structure of employees by reference to economic activities – December 2013

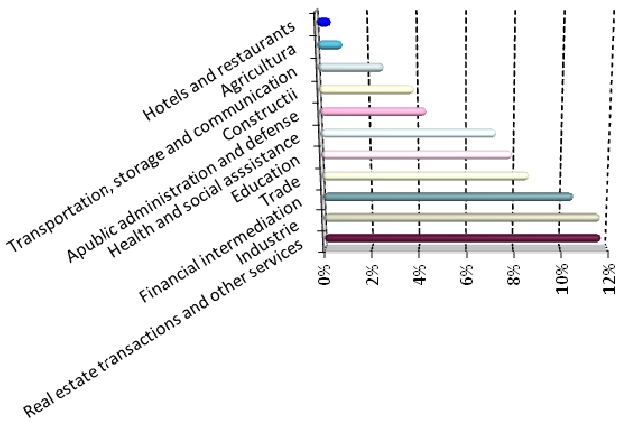
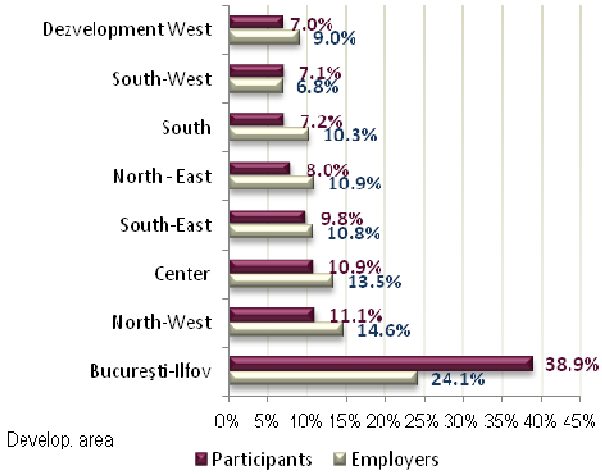


Figure I 142 Pillar III Structure of participants by development areas – December 2013

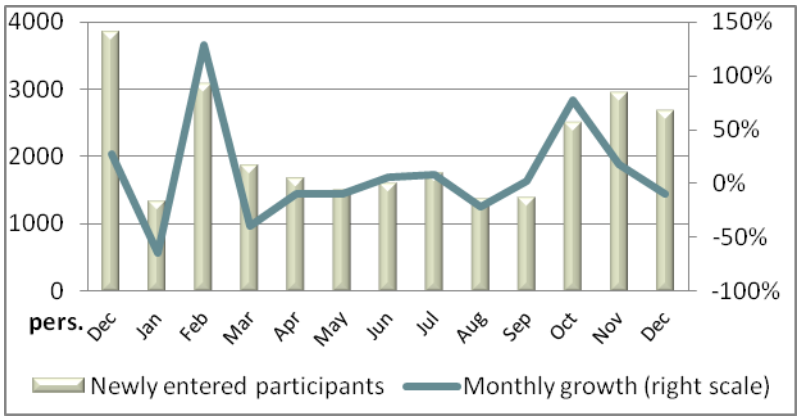


Source: FSA

Depending on the development areas of Romania, most participants were working in Bucharest (37%), and the best represented development areas were Bucharest-Ilfov: 39%, NORTH-WEST and CENTER with 11% each (the three regions total approximately 61% of participants), the other regions (39%) registered between 7 and 10% of the total.

The best represented economic activities in December 2013 were real estate transactions and the industry (approximately 12% each) and financial intermediations (11%), totalling 34%. The economic activities with the lowest level of representation, of approximately 1%, were agriculture and the hotel industry.

Figure I 143 Pillar III Evolution of the number of newly entered participants in December 2012 – December 2013

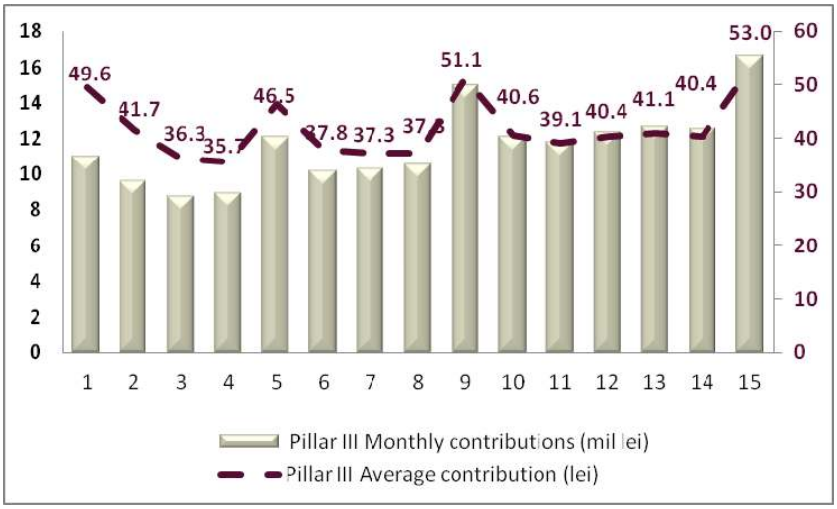


In 2013, approximately 24 thousand persons joined the system, registering a maximum level in February (3.1 thousand persons) and a minimum value in January (1.3 thousand persons). As compared to 2012, the total number of newly entered participants decreased by 29%.

Source: FSA

6.3.2. Gross Contributions

Figure I 144 Pillar III Evolution of gross contributions and average contribution in December 2010 – December 2013



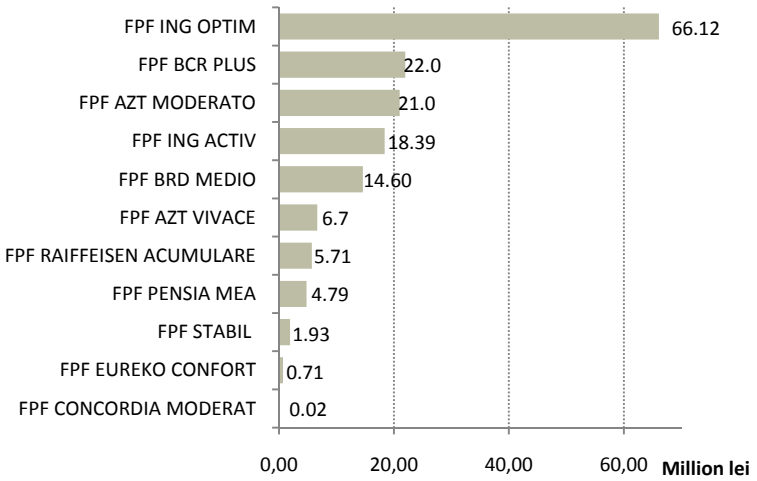
Contributions have registered moderate increases in the voluntary pension system, except for December, when a noticeable seasonal increase was registered. Most of the contributions to voluntary funds are paid by employers or participants together with their employers[53].

Source: FSA

In these circumstances, the variations of the contributions registered periodically in December may be explained by employers preferring to choose by themselves the frequency of making payments, sometimes linking the private pension with a salary benefit such as annual bonuses.

Although enjoying a favourable fiscal regime[54], the average contribution in Pillar III remains lower than the contribution in Pillar II. However, the average net asset of participants was higher in Pillar III than Pillar II at the end of 2013.

Figure I 145 Pillar III Total gross contributions in 2013



VPF ING OPTIM ranked first in 2013 as regards the total gross contributions received, which were approximately three times higher than the contributions received by the fund ranking second (VPF BCR PLUS). The voluntary pension fund with the lowest contributions was VPF EUREKO CONFORT.

*Source: FSA, * VPF Concordia Moderat ceased to operate further to special administration*

[53] In December 2013, 50% of contributions were paid by employers, 12% by participants together with their employers and 38% by participants themselves.
[54] Fiscally deductible up to EUR 400 for employee and EUR 400 for employer.

6.3.3. Assets of Voluntary Pension Funds

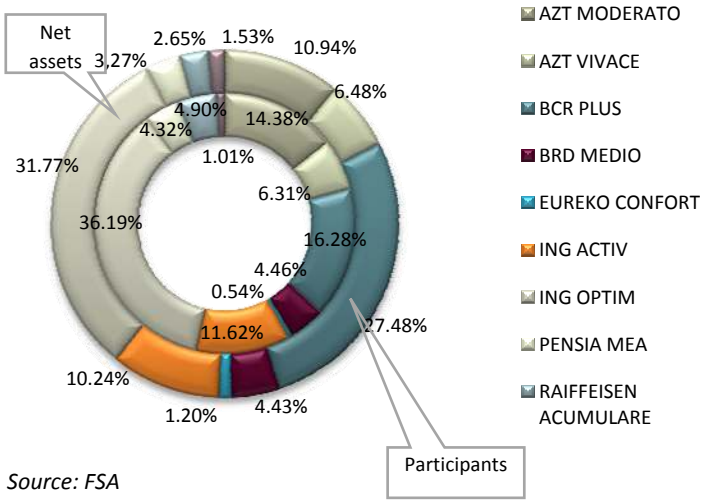
Table I 129 Pillar III Net assets (mil. lei)

No.	Voluntary pension fund	Dec.-13	Dec.-12*	Dec.13/Dec.12
1	VPF ING OPTIM	293,69	208,67	40,74%
2	VPF BCR PLUS	132,11	102,01	29,50%
3	VPF AZT MODERATO	116,68	88,37	32,03%
4	VPF ING ACTIV	94,34	70,73	33,39%
5	VPF AZT VIVACE	51,18	40,88	25,20%
6	VPF RAIFFEISEN ACUMULARE	39,74	30,23	31,46%
7	VPF BRD MEDIO	36,19	19,70	83,66%
8	VPF PENSIA MEA	35,08	28,56	22,83%
9	VPF STABIL	8,23	5,81	41,69%
10	PF EUREKO CONFORT	4,36	3,22	35,24%
	TOTAL	811,61	598,92	35,51%

Source: FSA

The net assets of voluntary pension funds reached **812** million lei in December 2013 (approximately **181** million), registering an increase of **35.51%** as compared to December 2012 and **18.05%** as compared to June 2013 (**33.82%** and **17.37%** as compared to the EUR). As compared to the previous month, the increase was 2.62%.

Figure I 146 Pillar III Market share by reference to participants and net assets – December 2013



Source: FSA

In December 2013, the first three pension funds, VPF ING OPTIM, VPF BCR PLUS and VPF AZT MODERATO were holding approximately 67% of the net assets and 70% of participants.

As at 31 December 2013, the average value of an account was **2,590 lei,** representing **EUR 578,** approximately **62%** of participants being below average and **38%** above average. The values registered an increase as compared to December 2012, when the ratio was 60% to 40% and in June 2013, the ratio was 61% to 39%.

Table I 130 Value of voluntary pension accounts

Voluntary pension fund	Dec.-13	Dec.-12	Dec.2013/Dec.2012	Dec.-13	Dec.-12	Dec.2013/Dec.2012
	lei			euro		
VPF AZT MODERATO	3,402	2,651	28.36%	759	599	26.76%
VPF AZT VIVACE	2,521	2,016	25.06%	562	455	23.50%
VPF BCR PLUS	1,534	1,251	22.67%	342	282	21.14%
VPF BRD MEDIO	2,608	1,687	54.60%	582	381	52.67%
VPF EUREKO CONFORT	1,158	868	33.30%	258	196	31.63%
VPF ING ACTIV	2,939	2,424	21.26%	655	547	19.75%
VPF ING OPTIM	2,950	2,340	26.06%	658	528	24.48%
VPF PENSIA MEA	3,420	2,775	23.23%	763	627	21.69%
VPF RAIFFEISEN ACUMULARE	4,780	3,848	24.22%	1066	869	22.66%
VPF STABIL	1,722	1,231	39.91%	384	278	38.17%
TOTAL	**2,590**	**2,050**	**26.34%**	**578**	**463**	**24.76%**

Source: FSA, exchange rate EUR/RON published by the NBR on 31.12.2013, 31.12.2012

6.3.4. Structure of Investment Portfolio

Table I 131 Pillar III Structure of Investments as at 31.12.2013

Investments	Dec.-13	Dec.-12	Dec.2013/ Dec.2012
Investments in RO	93.25%	93 64%	↓
Foreign investments – EU states	6.75%	6.36%	↑

Source: FSA

In 2013, the voluntary pension funds had approximately the same investment structure by countries, only the amount of investments in EU Member States registered a slight increase.

In December 2013, the amounts invested in municipal bonds, commodities and precious metals funds and hedge instruments decreased as compared to December 2012. As for the other classes of assets, the amounts invested increased between 5.28% and 70.53%, while the total assets increased by 35.50%.

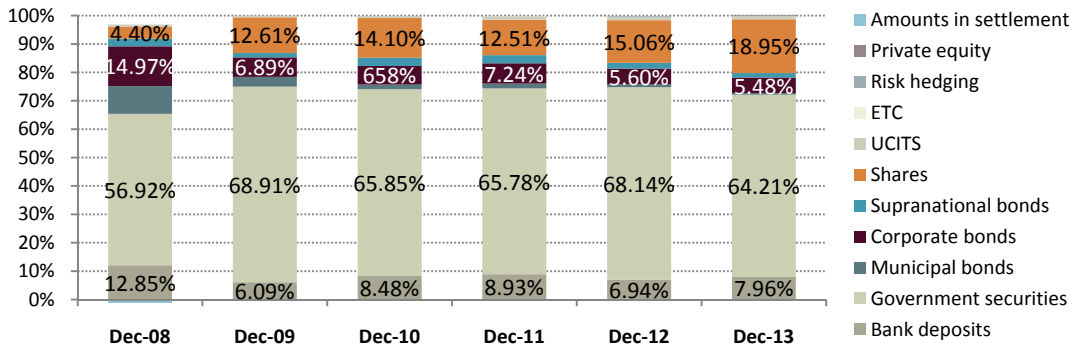
Table I 132 Pillar III Structure of Investments - total (mil. lei)

No.	Financial instruments	Dec.-13	Dec.-12	Dec.2013/ Dec.2012
1	Bank deposits	64.51	41.62	54.98%
2	Government securities	521.97	408.80	27.68%
3	Municipal bonds	4.58	6.00	-23.56%
4	Corporate bonds	44.57	33.63	32.55%
5	Bonds of foreign non-governmental bodies	12.73	12.10	5.28%
6	Shares	154.06	90.34	70.53%
7	Equity securities - UCITS	8.52	6.83	24.71%
8	Commodities and precious metals funds	0.03	0.04	-29.97%
9	Private equity	0.09	0.00	-
10	Hedge instruments	0.67	1.74	-61.62%
11	Amounts under settlement	1.24	-1.11	-211.06%
	Total asset	**812.96**	**599.97**	**35.50%**

Source: FSA

As regards the allocation of financial resources by different classes of assets, as compared to December 2012, bank deposits, shares and commodities and precious metals funds increased. The other classes of assets decreased.

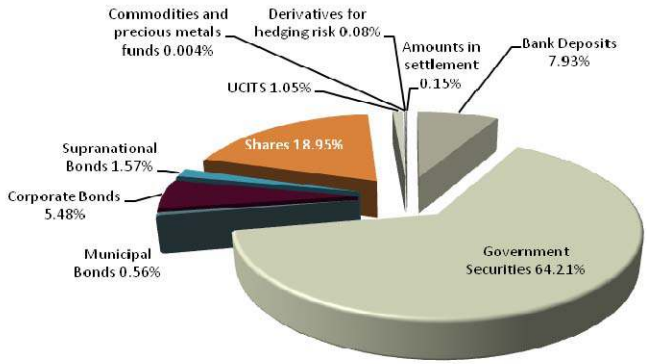
Figure I 147 Pillar III Evolution of strategic allocation of assets



Source: FSA

As at 31 December 2013, the portfolio of voluntary pension funds had the following structure:

Figure I 148 Pillar III Structure of portfolios as at 31.12.2013

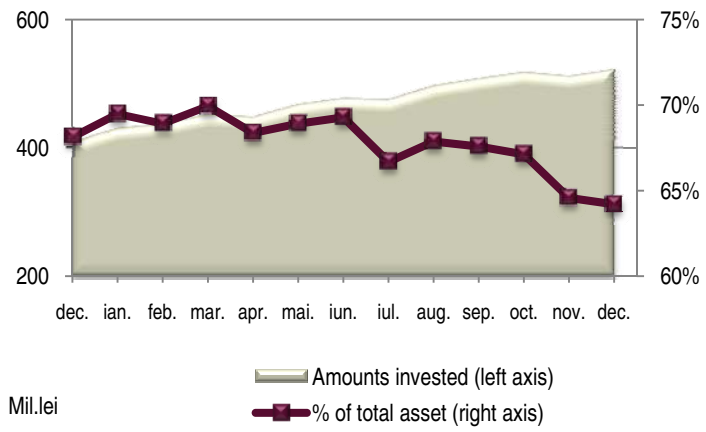


Source: FSA

6.3.4.1. Fixed-Income Instruments

Government Securities

Figure I 149 Pillar III Government securities December 2012 – December 2013



Source: FSA

Investments in Government securities decreased to 64.21% of total fund assets, as compared to December 2012 (68.14%), and June 2013 (69.28%). Although last year, the volume of investments in Government securities out of total assets fluctuated, there was a downward trend, in particular in the last months of the year (approximately 6 percentage points difference as compared to the highest value registered in March 2013, of approximately 70%). From the stand point of value, assets invested in Government securities, representing **521.97** million lei, increased by approximately 28% as compared to December 2012.

Table I 133 Pillar III Government Securities 31.12.2013

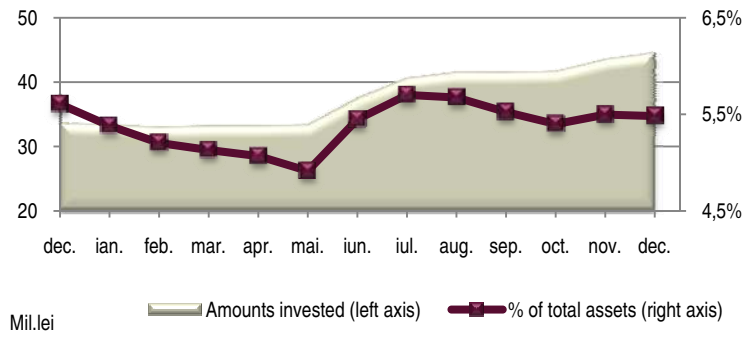
Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Government securities	521.97	64.21%	408.80	68.14%	↑	↓

Source: FSA

From the stand point of the preference for the issuing state, 99.68% of investments in Government securities under Pillar III were placed in instruments issued by the Romanian state, one voluntary pension fund (VPF BCR PLUS) also invested in securities issued by the Italian state (0.32% of the total Government securities under Pillar III).

Corporate Bonds

Figure I 150 Pillar III Corporate bonds December 2012 – December 2013



Source: FSA

At the end of 2013, 5.48% of total assets of voluntary pension funds were invested in corporate bonds, a decrease as compared to December 2012 (5.60%). The value of the assets invested in corporate bonds, 44.57 million lei, increased constantly, in particular in the second half of last year, by approximately 33% as compared to December 2012.

Table I 134 Pillar III Corporate bonds as at 31.12.2013

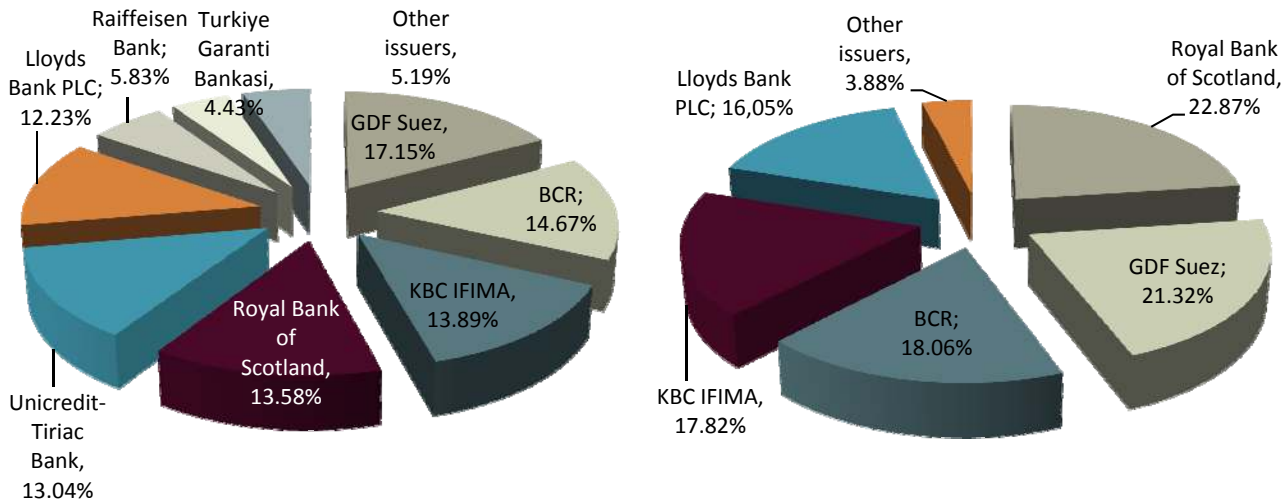
Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Corporate bonds	44.57	5.48%	33.63	5.60%	↑	↓

Source: FSA

As regards the number of issuers of corporate bonds, in 2013 the tendency was towards diversification, as compared to 2012. Thus, in December 2013, the first eight issuers of corporate bonds totalled 94.81% of total corporate bonds, while in 2012, the first 5 issuers alone totalled 96.12%.

Figure I 151 Pillar III Structure of corporate bonds

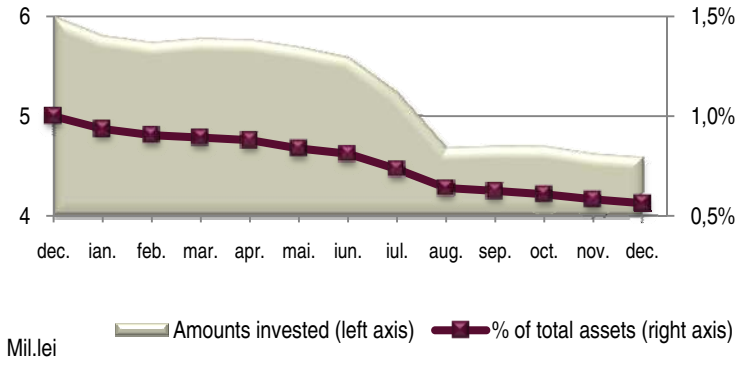
In 2013 ... **... by reference to 2012**



Source: FSA

Municipal Bonds

Figure I 152 Pillar III Municipal bonds December 2012 – December 2013



Municipal bonds were representing 0.56% of the total funds' assets, registering a constant descending trend of 1.00% in December 2012 and 0.81% in June 2013. The amounts invested in municipal bonds constantly decreased, too, by 24% as compared to December 2012 and by 18% as compared to June 2013, reaching **4.58** million lei.

Source: FSA

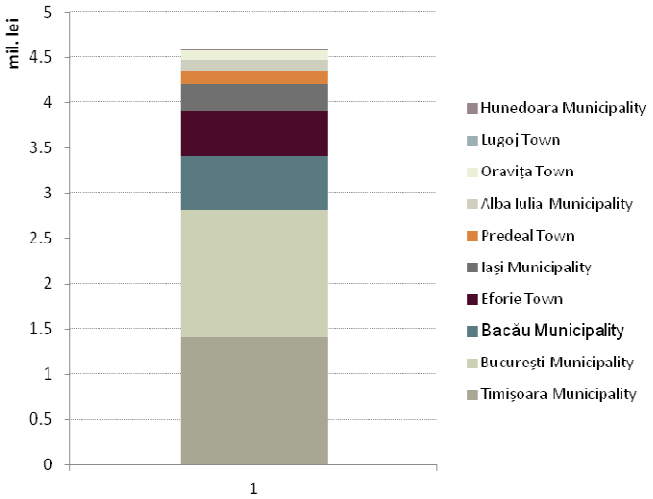
Table I 135 Pillar III Municipal bonds as at 31.12.2013

Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Municipal bonds	4,58	0,56%	6,00	1,00%	↓	↓

Source: FSA

All municipal bond investments of voluntary pension funds were made in securities issued by Romanian public authorities, unlike 2012, when the funds' portfolios included also instruments of Finish authorities.

Figure I 153 Pillar III Structure of municipal bonds as at 31.12.2013

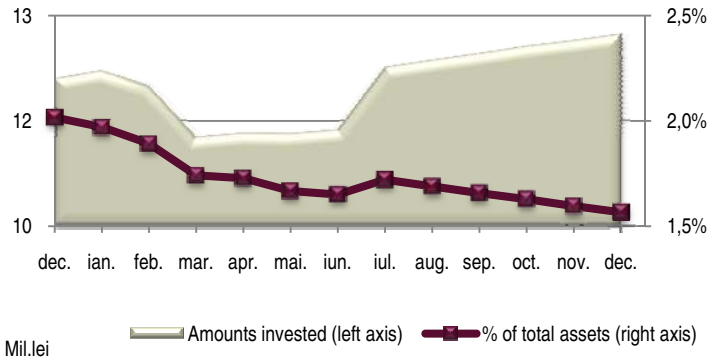


As at 31.12.2013, the highest weight of Romanian municipal bonds was allocated to securities issued by the Timișoara Municipality, followed by Bucharest and Bacău. One of the reasons for the decrease is the particularity of more Romanian municipal bonds, which periodically pay a portion of the principal together with the owed coupon, thus reducing the amount due upon maturity.

Source: FSA

Supranational Bonds

Figure I 154 Pillar III Bonds of foreign non-governmental bodies December 2012 – December 2013



Source: FSA

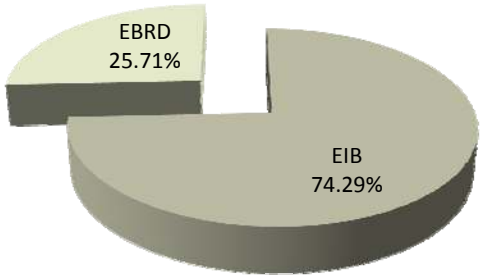
Bonds issued by foreign non-governmental bodies accounted for 1.57% of the funds' assets, constantly decreasing as compared to December 2012 (2.02%) and June 2013 (1.65%). The assets invested in bonds of non-governmental bodies, of 12.73 million lei, increased as compared to December 2012 by 5.28% and by 12% as compared to June 2013.

Table I 136 Pillar III Bonds of foreign non-governmental bodies as at 31.12.2013

Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Bonds of foreign non-governmental bodies	12,73	1,57%	12,10	2,02%	↑	↓

Source: FSA

Figure I 155 Pillar III Structure of supranational bonds as at 31.12.2013

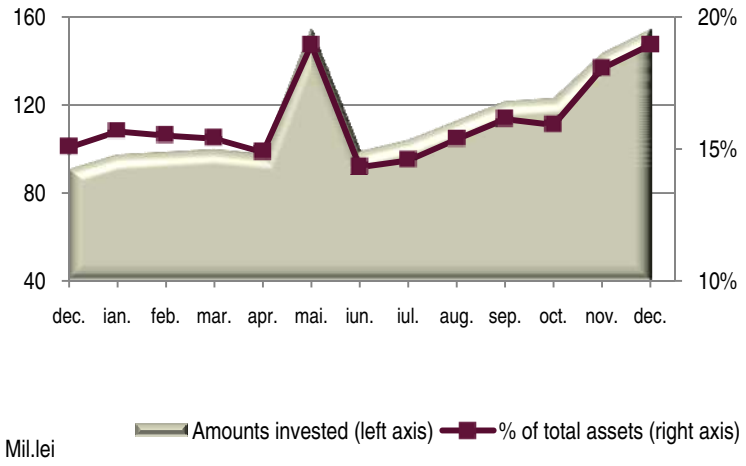


In 2013, the portfolio of foreign non-governmental bonds also included securities issued by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The investment structure of the two types of securities remained approximately the same like in 2012.

Source: FSA

6.3.4.2. Shares

Figure I 156 Pillar III Shares December 2012 – December 2013



Source: FSA

Shares, accounting for 18.95% of the funds' assets, which registered a fluctuating trend last year, increased constantly in the second half of the year, after having decreased in June (15.06% in December 2012 and 14.31% in June 2013). Overall, there was a difference of approximately 5 percentage points as compared to the highest value registered in May 2013, of 19%. Amounts invested in shares, representing 154.06 million lei, increased by 70.53% as compared to December 2012.

Table I 137 Pillar III Shares as at 31.12.2013

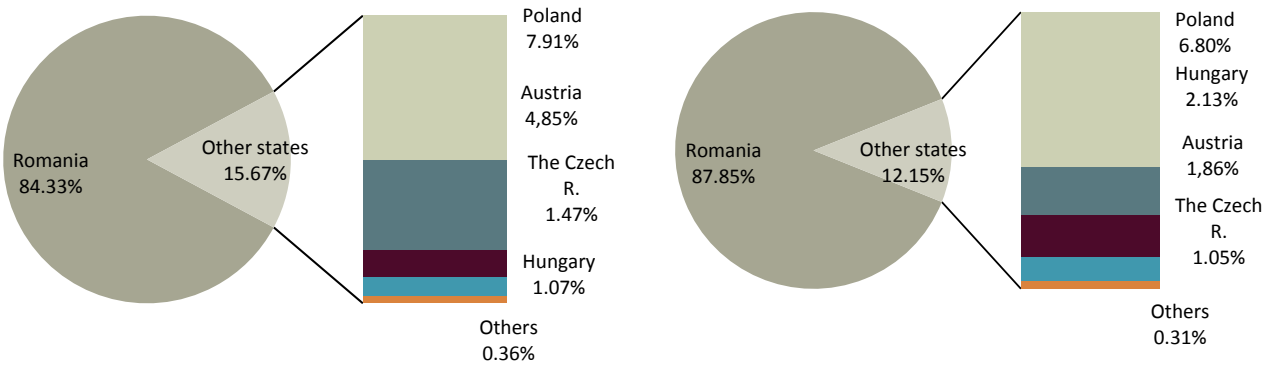
Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Shares	154,06	18,95%	90,34	15,06%	↑	↑

Source: FSA

As regards the issuer's country, the highest investments were made in Romanian undertakings, accounting for more than 84% of the total value of shares.

Figure I 157 Pillar III Structure of investments in shares by issuer's country

In 2013 ... **... by reference to 2012**



Source: FSA

In 2013 too, Poland[55], Austria, the Czech Republic and Hungary occupied top positions among the European countries with the highest investments.

Table I 138 Pillar III Shares, top 10 issuers in 2013

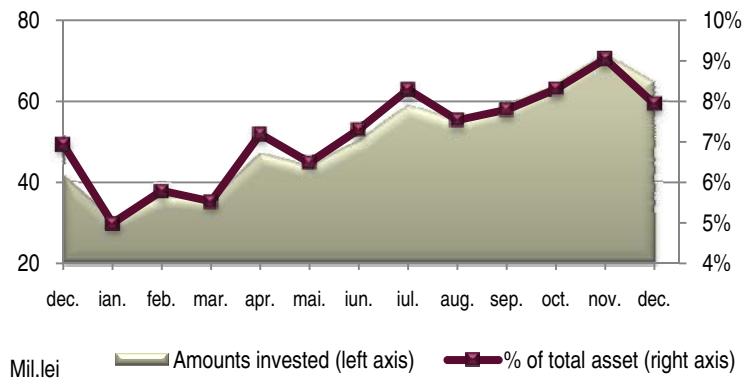
No.	Issuer name	Value (mil. lei)	Share in stock portfolio	Share in total assets
1	Fondul Proprietatea	23.55	15.29%	2.90%
2	OMV Petrom	18.35	11.91%	2.26%
3	Banca Transilvania	17.69	11.49%	2.18%
4	Transgaz	13.98	9.07%	1.72%
5	Romgaz	12.30	7.98%	1.51%
6	BRD-GSG	8.92	5.79%	1.10%
7	SIF 5 Oltenia	6.82	4.43%	0.84%
8	SIF 2 Moldova	4.55	2.95%	0.56%
9	Transelectrica	4.10	2.66%	0.50%
10	SIF 1 Banat Crișana	3.75	2.43%	0.46%
	Total top 10 shares	**114.02**	**74.01%**	**14.02%**
	Total value of shares under Pillar III	**154.06**		
	Total Assets under Pillar III	**812.93**		

Source: FSA

In 2013, the most significant investment in sharex of voluntary pension funds was represented by Fondul Proprietatea, accounting for 2.9% of the total assets, a slight increase as compared to 2012 (2.35%).

6.3.4.3. Bank Deposits

Figure I 158 Pillar III Bank deposits December 2012 – December 2013



Bank deposits accounted for 7.93% of the funds' total assets, increasing as compared to December 2012 (6.94%). Assets invested in deposits, representing 64.51 million lei, increased by 55% as compared to December 2012.

Source: FSA

[55] More than 42% of investments in Polish shares were made in bank institutions.

Table I 139 Pillar III Bank deposits as at 31.12.2013

Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Bank deposits	64.51	7.93%	41.62	6.94%	↑	↑

Source: FSA

As regards the structure by currencies, in 2013, unlike 2012, the administrators of voluntary pension funds included investments in the Polish zloty and the Czech crown, giving up deposits in Turkish liras[56].

Table I 140 Pillar III Structure by currencies of deposits as at 31.12.2013

Bank deposits	Dec.-13		Dec.-12	
	Value (mil lei)	Share in total assets (%)	Value (mil lei)	Share in total assets (%)
Total, of which	64.51	7.93%	41.62	6.94%
RON	60.87	7.49%	36.16	6.03%
USD	2.66	0.33%	2.5	0.42%
EUR	0.80	0.10%	2.36	0.39%
CZK	0.16	0.02%	-	-
PLN	0.01	0.00%	-	-
TRY	-	-	0.61	0.10%

Source: FSA

In 2013, Garanti Bank ranked first as regards raised deposits, followed by BRD-GSG and Unicredit Țiriac.

Table I 141 Pillar III Detailed structure of banks where deposits are established as at 31.12.2013 by reference to 31.12.2012

Dec.-13				Dec.-12			
Position in 2013 top	Bank	Value (mil. Lei)	Weight in total deposits (%)	Position in 2012 top	Bank	Value (mil. Lei)	Weight in total deposits (%)
1	Garanti Bank	17.14	26.57%	1	BRD-GSG	11.81	28.37%
2	BRD-GSG	13.45	20.85%	2	Garanti Bank	5.64	13.56%
3	Unicredit Tiriac Bank	13.23	20.51%	3	OTP Bank	5.19	12.47%
4	BCR	6.92	10.73%	4	Unicredit Tiriac Bank	5.01	12.04%
5	Citibank	4.83	7.49%	5	BCR	3.92	9.43%
6	VolksBank	2.97	4.61%	6	VolksBank	3.4	8.16%
7	Raiffeisen Bank	2.00	3.10%	7	Raiffeisen Bank	1.35	3.23%
8	OTP Bank	1.60	2.49%	8	Marfin Bank	1.27	3.06%
9	Intesa	1.17	1.81%	9	ING Bank	1.08	2.58%
10	Piraeus Bank	1.07	1.66%	10	Intesa	0.93	2.22%
11	Banca Italo-Romena	0.07	0.11%	11	Citibank	0.74	1.78%
12	ING Bank	0.05	0.07%	12	Piraeus Bank	0.67	1.61%
	-	-	-	13	Other banks	0.61	1.49%

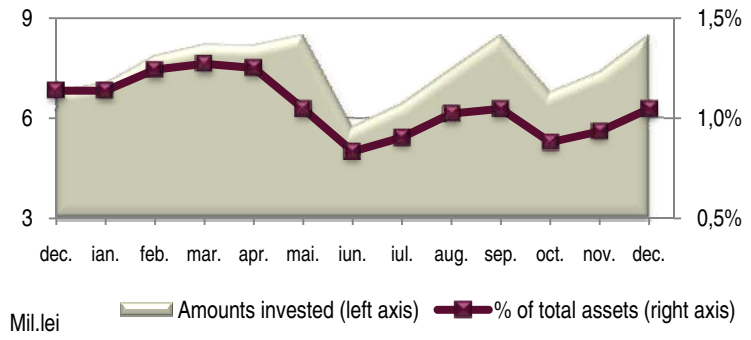
Source: FSA

[56]One explanation might be the instability in Turkey.

6.3.4.4. Other Assets (UCITS etc.)

Other assets part of the portfolios of voluntary pension funds, with a lower percentage, are represented by undertakings for collective investment in transferable securities, private equity funds, current accounts and derivatives, used exclusively as hedge instruments against currency risk.

Figure I 159 Pillar III Equity securities – UCITS December 2012 – December 2013



Equity securities UCITS: 1.05% of the funds' total assets, a decrease as compared to December 2012 (1.14%). The assets invested in equity securities reached 8.52 million lei, which means an increase of approximately 25% as compared to December 2012.

Source: FSA

Table I 142 Pillar III Equity securities - UCITS as at 31.12.2013

Financial instrument	Dec.-13		Dec.-12		Dec.2013/ Dec.2012	
	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)	Value (million lei)	Share in total assets (%)
Equity securities UCITS	8.52	1.05%	6.83	1.14%	↑	↓

Source: FSA

The first investments in private equity funds, made by VPF PENSIA MEA, are an element of novelty, although they represent only 0.01% of the total assets under Pillar III.

In addition to such instruments, the portfolios of the private pension funds include also current accounts and other amounts. They are not investments, but rather the operational part of the investment activity: current accounts into/from which collections/payments related to the transactions are made and other amounts related in particular to their settlement.

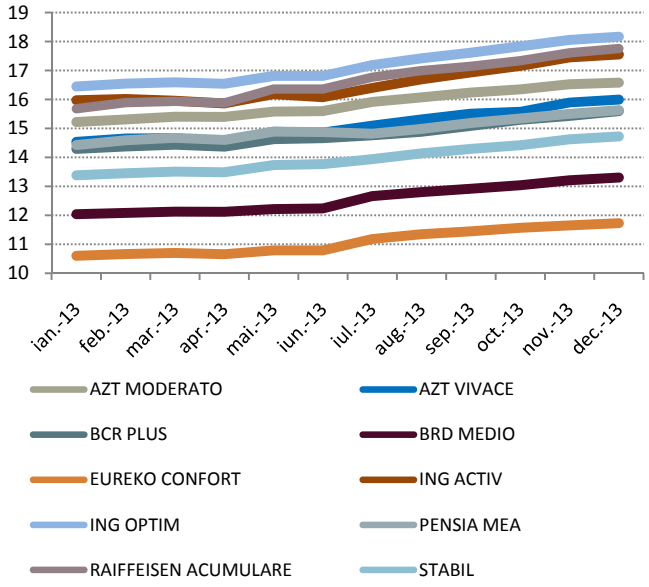
Table I 143 Pillar III Other assets as at 31.12.2013

Other assets	Dec.-13		Dec.-12	
	Value (mil. Lei)	Share in total assets (%)	Value (mil. Lei)	Share in total assets (%)
UCITS	8.516	1.05%	6.83	1.14%
Precious metals funds	0.029	0.00%	0.04	0.01%
Current accounts	0.170	0.02%	0.8	0.13%
Rights (EU)	0.001	0.00%	-	-
Derivatives	0.667	0.08%	1.74	0.29%
Private equity funds	0.093	0.01%	-	-
Other amounts	1.066	0.13%	-1.96	-0.33%

Source: FSA

6.3.5. Rates of Return of Voluntary Pension Funds

Figure I 160 Pillar III NAVPS evolution in 2013



Source: FSA

Table I 144 Pillar III Evolution of NAVPS 2012 - 2013

Voluntary pension fund	Dec.-13	Dec.-12	Dec.13/ Dec.12
VPF AZT MODERATO	16,5809	14,9085	11,22%
VPF AZT VIVACE	15,9939	14,2581	12,17%
VPF BCR PLUS	15,5936	14,1510	10,19%
VPF BRD MEDIO	13,3064	11,9528	11,32%
VPF EUREKO CONFORT	11,7324	10,4664	12,10%
VPF ING ACTIV	17,5494	15,8129	10,98%
VPF ING OPTIM	18,1643	16,2504	11,78%
VPF PENSIA MEA	15,6303	14,3020	9,29%
VPF RAIFFEISEN ACUMULARE	17,7582	15,5532	14,18%
VPF STABIL	14,7249	13,1648	11,85%

Source: FSA

Voluntary pension funds have obtained real positive rates of return, although more commissions are paid from the fund's asset[57] as compared to Pillar II, and fewer assets are likely to increase the trading costs.

Figure I 161 Pillar III Average rates of return between December 2012 – December 2013

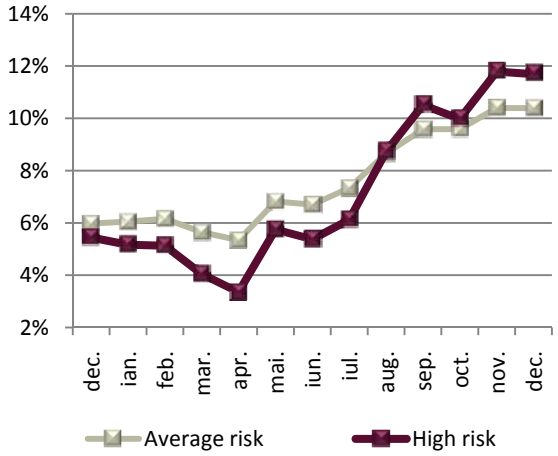
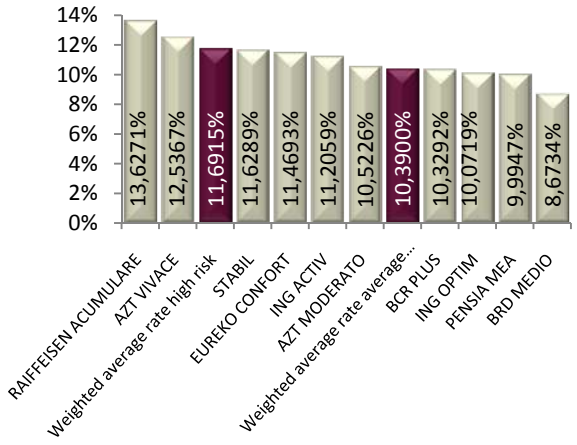


Figure I 162 Pillar III Annualized rates of return December 2013



Source: FSA,

** As at 31.12.2013, the minimum rate of return for average risk voluntary pension funds was 5.1950% and for high risk funds was 5.8457% (VPF ING ACTIV and VPF AZT VIVACE).*

[57] Bank, trading commissions, etc.

6.4. Marketing Agents

The number of marketing agents decreased by approximately 21% in 2013, both among natural and legal persons. Due to a larger Pillar II as compared to Pillar III and to the modality of randomly distributing participants by equal shares allocated to administrators, the promotion of compulsory pensions is limited. With a few exceptions, most administrators have a small amount of marketing campaigns meant to attract new participants.

Table I 145 List of marketing agents in 2013

Marketing agents	2013	2012	2013/2012
Natural persons (thousand pers.)	72	91	-20.88%
Legal persons	48	61	-21.31%

Source: FSA

The number of marketing agents in the private pension system continues to decrease, in close connection with the administrators' general policy on marketing in the field of private pension funds.

An indirect cause for the reduction of the marketing of private pension funds is represented by commissions charged by brokers and legal person intermediaries, which decreased in 2013 as compared to 2012 by 29.21% under Pillar II and by 20.61% under Pillar III.

Table I 146 Evolution of revenues of legal persons marketing agents in 2013 by reference to 2012

Revenues of legal person marketing agents from	2013	2012	2013/2012
Marketing of privately managed pension funds	4.78	6.75	-29.24%
Marketing of voluntary pension funds	1.23	1.55	-20.61%

Source: FSA

6.5. Financial Results

6.5.1. Privately Managed Pension Funds

All privately managed pension funds obtained profit in 2013, increasing as compared to the previous year due to the accumulation of assets and consequently, the increase of amounts used for investments. The level of the fund's income and expenditure was correlated to the amount of assets and the trading strategy adopted by administrators (transactions with a higher or lower frequency).

In 2013, the highest profit was registered by PMPF ING, which also ranked the first as regards total assets and number of participants, and the lowest was obtained by PMPF BRD.

Table I 147 Pillar II Financial results pension funds in 2013

Privately managed pension fund	Total revenues (mil. lei)		Total expenditure (mil. lei)		Net profit (mil. lei)	
	2013	2013/2012	2013	2013/2012	2013	2013/2012
PMPF ING	3591.27	218.96%	3115.89	273.83%	475.39	62.55%
PMPF AZT VIITORUL TĂU	750.12	58.85%	489.24	66.39%	260.88	46.41%
PMPF ALICO	934.29	321.14%	754.62	354.54%	179.67	221.80%
PMPF ARIPI	417.87	95.35%	298.88	104.37%	119	75.86%
PMPF BCR	361.66	62.10%	290.26	69.46%	71.4	37.80%
PMPF EUREKO	258.46	78.50%	192.41	79.60%	66.04	75.37%
PMPF BRD	94.17	118.30%	56.85	100.54%	37.32	152.32%
PMPF VITAL	97.75	77.57%	60.6	78.42%	37.15	76.20%
TOTAL	**6505.59**	**160.22%**	**5258.75**	**195.35%**	**1246.85**	**73.30%**

Source: FSA

6.5.2. Voluntary Pension Funds

All voluntary pension funds obtained profit in 2013, increasing as compared to the previous year due to the accumulation of assets and consequently, the increase of amounts used for investments. The level of the fund's income and expenditure was correlated to the amount of assets and the frequency with which the fund's assets were traded.

In 2013, the highest profit was registered by VPF ING OPTIM, which also ranked the first as regards total assets and number of participants, and the lowest was obtained by VPF EUREKO CONFORT.

Table I 148 Pillar III Financial results pension funds in 2013

Voluntary pension fund	Total revenues (mil. lei)		Total expenditure (mil. lei)		Net profit (mil. lei)	
	2013	2013/2012	2013	2013/2012	2013	2013/2012
VPF ING OPTIM	85.21	68.85%	57.2	56.84%	28.01	100.16%
VPF BCR PLUS	68.22	48.50%	56.76	52.78%	11.47	30.41%
VPF AZT MODERATO	31.3	44.78%	20.54	41.79%	10.77	50.87%
VPF ING ACTIV	43.91	26.13%	35.2	24.57%	8.71	32.88%
VPF AZT VIVACE	20.7	18.49%	15.42	17.07%	5.28	22.83%
VPF RAIFFEISEN ACUMULARE	27.79	87.25%	23.15	98.36%	4.64	46.33%
VPF BRD MEDIO	8.01	175.25%	4.95	148.51%	3.06	233.25%
VPF PENSIA MEA	13.12	33.73%	10.3	42.11%	2.82	10.07%
VPF STABIL	2.8	95.24%	2.02	116.23%	0.78	56.18%
VPF EUREKO CONFORT	1.41	92.08%	0.97	113.42%	0.44	57.24%
TOTAL	**302.48**	**51.21%**	**226.50**	**49.18%**	**75.98**	**57.60%**

Source: FSA

6.5.3. Administrators

In 2013, five administrators obtained an aggregate profit of 46.54 million lei, while the other 6 registered a cumulated loss of 35.1 million lei. Overall, the net result obtained by all administrators in the private pension system was positive, of 14 million lei.

Table I 149 Private pension funds' administrators – Financial results in 2013

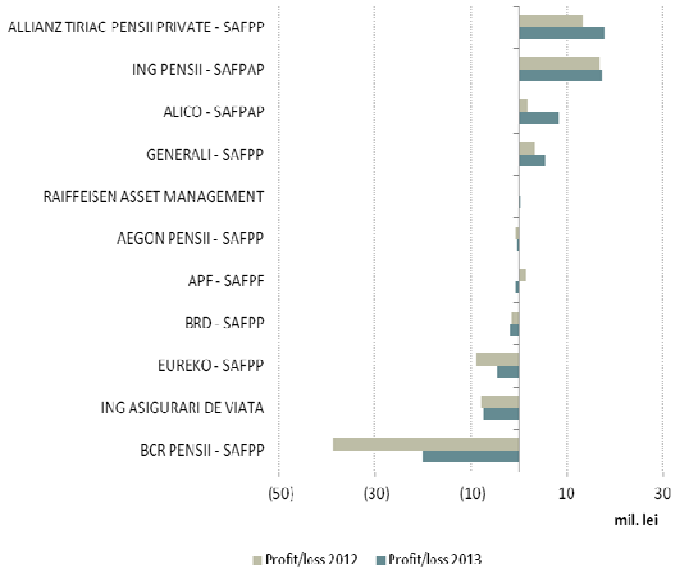
Administrator	Total revenues (mil. lei)		Total expenditure (mil. lei)		Net profit (mil. lei)		Loss (mil. lei)	
	2013	2013/ 2012	2013	2013/ 2012	2013	2013/ 2012	2013	2013/ 2012
* AEGON PENSII - SAFPP	6.11	40.16%	6.54	30.79%	-	-	0.43	-33.12%
* BRD - SAFPP	7.31	35.42%	9.3	34.11%	-	-	1.99	29.52%
* EUREKO - SAFPP	10.54	19.60%	15.12	-14.31%	-	-	4.57	-48.19%
* BCR PENSII - SAFPP	14.97	35.21%	35.05	-29.70%	-	-	20.08	-48.23%
** ING ASIGURĂRI DE VIAȚĂ	10.84	30.06%	18.24	12.24%	-	-	7.39	-6.55%
** APF - SAFPF	3.84	-60.69%	4.48	-46.14%	-	-100.00%	0.63	-
* ALLIANZ TIRIAC PENSII PRIVATE - SAFPP	40.85	37.61%	23.04	39.98%	17.8	34.67%	-	-
* ING PENSII - SAFPAP	59.97	30.60%	42.62	46.72%	14.79	-12.32%	-	-
* ALICO - SAFPAP	21.74	135.67%	13.37	79.12%	8.36	376.08%	-	-
* GENERALI - SAFPP	16.32	31.81%	10.98	20.10%	5.34	64.87%	-	-
**RAIFFEISEN ASSET MANAGEMENT	1.22	30.22%	0.97	22.24%	0.24	74.08%	-	-
*** TOTAL Administrators Pillar II or Pillar II and Pillar III**	**177.81**	**40.17%**	**156.03**	**10.22%**	**46.30**	**31.95%**	**27.08**	**-45.62%**
**** TOTAL Administrators exclusively Pillar III**	**15.91**	**-16.49%**	**23.68**	**-6.59%**	**0.24**	**-84.90%**	**8.03**	**1.48%**
TOTAL GENERAL	**193.72**	**32.77%**	**179.71**	**7.67%**	**46.54**	**26.86%**	**35.10**	**-39.17%**

Source: FSA

Due to the high amount of assets and the compliance with the contribution growth calendar, the financial results obtained by most administrators managing funds under Pillar II or Pillar II and Pillar III were better in 2013 compared to 2012. One exception is BRD SAFPP, which registered a 29.52% higher loss in 2013 as compared to 2012.

Of the administrators managing exclusively funds under Pillar III, the only administrator that obtained profit is Raiffeisen Asset Management, a 74.08% increase as compared to the previous year. However, the profit is mainly due to financial revenues, not to operating revenues. APF SAFPF is the former AVIVA Pensii Private SAFPP, which changed its name after the absorption of PMPF PENSIA VIVA by PMPF ALICO further to a merger. The financial results worsened considerably and the undertaking registered a loss at the end of 2013, after having obtained a net profit 1.46 million lei in 2012.

Figure I 163 Private pension funds administrators - Profit/loss in 2012-2013 financial year



Allianz Țiriac Pensii Private SAFPP and ING Pensii SAFPP obtained the largest profit from the management of pension funds. Allianz Tiriac Pensii Private manages a fund under Pillar II and two funds under Pillar III (an average risk one and a high risk one). ING Pensii manages one fund under Pillar II, but still leads as regards the market share of total assets and number of participants. In addition, ING Pensii leads a proactive policy of attracting new participants in the system, having the highest number of signed adhesion deeds. On the other side, BCR Pensii SAFPP registered the highest loss, however lower than in 2012. BCR Pensii manages one fund under Pillar II and one fund under Pillar III.

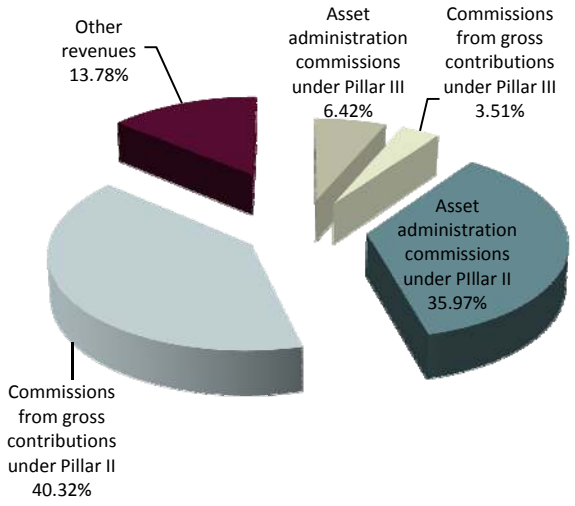
Source: FSA

Table I 150 Private pension funds' administrators – Structure financial results in 2013

Ratios (mil. lei)	2013	% of total revenues	2013/2012
Total revenues, of which	**193.72**	**100.00%**	**32.77%**
Revenues from assets administration commissions, of which:	**82.12**	**42.39%**	46.65%
- related to Pillar II	69.68	35.97%	45.17%
- related to Pillar III	12.44	6.42%	55.54%
Revenues from commissions from gross contributions, of which	**84.90**	**43.83%**	23.04%
- related to Pillar II	78.11	40.32%	25.98%
- related to Pillar III	6.79	3.51%	-2.94%
Other revenues	**26.69**	**13.78%**	27.11%
Total expenses, of which	**179.71**	**92.77%**	**7.67%**
Personnel expenses	37.48	19.35%	1.30%
FSA/PPSSC taxes*	25.71	13.27%	97.65%
Expenses with marketing agents	6.01	3.10%	-27.62%
- related to Pillar II	4.78	2.47%	-29.24%
- related to Pillar III	1.23	0.64%	-20.61%
Other expenses	110.52	57.05%	1.68%
Financial result	**13.99**	**7.22%**	**-**
Profit	49.10	25.35%	33.82%
Loss	(35.10)	-18.12%	-39.17%

*Source: FSA, *include both operating taxes and authorization taxes*

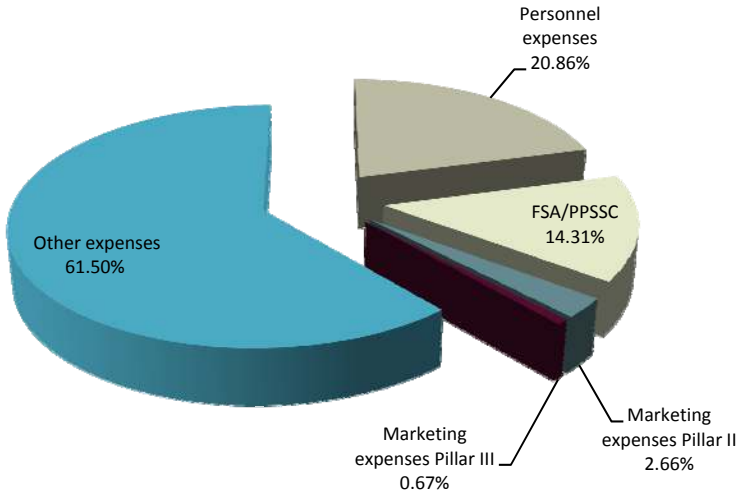
Figure I 164 Private pension funds administrators – Structure of Revenues in 2013



The largest share of revenues obtained from the administration of private pension funds (76%) comes from commissions from contributions and net assets received under Pillar II. Commission obtained from the administration of voluntary pension funds accounts for only 10% of revenues, while 14% accounts for other revenues.

Source: FSA

Figure I 165 Private pension funds administrators – Structure of Expenses in 2013



Most expenses incurred by administrators vary depending on their own policy and strategy, and are classified under *Other expenses.* Of the expenses that may be unitarily attributed to the core activity, the personnel expenses are the highest, accounting for 20.86% of the total expenses. Expenses with legal person marketing agents are low as compared to the total, due to the high number of natural person marketing agents working directly for administrators.

Source: FSA

II. FSA 2013 ACTIVITY REPORT

1. INSURANCE-REINSURANCE SECTOR

1.1. Supervision of the Insurance-Reinsurance Sector

FSA carries out the continuous prudential supervision of the activity of insurance and/or reinsurance undertakings and brokers through analyses and evaluations of the information contained in the reports, briefings and documents submitted by such (off-site supervision).

FSA performed a self-assessment with regard to its supervisory activity of the insurance market. The report evidences that the insurance market supervisory system is insufficiently oriented towards specialized risk analyses. The system monitors the observance of the rules, but has its weaknesses with regard to the early identification and monitoring of vulnerabilities and risks. The low information processing capacity is one of its biggest problems, which directly affects the analysis capabilities (off-site) and the supervisor's possibility to intervene. Among the necessities are the improvement of the supervisory process coordination, access to information and implementation of a common database, clear operational delimitation, development of the monitoring component, reorientation of human resources and integration of IT applications in the evaluation process (off-site).

As part of the implementation efforts of FSA strategy regarding the transition from a compliance-type supervision to a risk-based supervision, the supervisory actions carried out in 2013 were focused on those problems and those insurers which present the highest risks to the achievement of the Authority's objectives, *i.e.* the promotion of the insurance activity stability and protection of the rights of the policyholders. Consequently, **the frequency and intensity of supervisory activities applied to each insurer were correlated to their risk level by reference to the financial stability and protection of the rights of the policyholders.** At the same time, new software applications with analytical purposes and new reporting platforms were developed. FSA developed a **"dashboard"[1] application for the insurance market** which allows a graphical presentation of the dynamics and structure of the financial indicators reported by the supervised entities, which facilitates the future implementation of an alert system and a rating system based on categories and risk levels.

Given that the date for enforcement of Directive 2009/138 (Solvency II) was scheduled for 1 January 2016, the actions of FSA regarding the risk-based supervision of the insurance undertakings targeted mainly the continuation of creating the conditions for the transition to the new supervisory system.

One of the important actions of FSA for the purpose of transitioning to the risk-based supervision under the Solvency II regime is the participation in the Supervisory Colleges[2] for insurance groups, particularly in the colleges established for two large insurance groups which are developing a partial internal model for the calculation of the solvency capital requirement, a model which will be used by their subsidiaries in

[1]Software application which allows the set up and automatic generation of synthetic reports including important indicators for the insurance market, both at an aggregate level and for each insurance undertakings. The application retrieves the necessary information from databases updated based on the periodic reports of the insurance undertakings, and the generated reports are useful for the identification and monitoring of risks at an aggregate or an individual level.
[2]The formal frame in which the aggregated supervision of multinational insurance groups is conducted, as well as the information exchange among the competent authorities from each country in which such group carries out its activity.

Romania. Within the two colleges, the analysis of the documentation submitted by the group regarding the internal model and review of the information communicated by the representatives of the group and its subsidiaries continued, a stage which precedes the process of officially applying for the approval of the internal model provided under Directive 2009/138. The implication of FSA in these colleges has helped improve the knowledge of the activity of the insurance undertakings within the group and the risks they face.

The main weaknesses which FSA identified for the insurance market are the level of receivables from insurance, the concentration of activity on MTPL[3], the inadequate reinsurance policies, the rapid expansion of loan and guarantee insurance, the contagion risk, the wrong perception of the internal control system and consequently its inadequate functioning and incorrect reporting.

Supervision of Insurance/Reinsurance Undertakings

Considering its role to protect the rights of the policyholders and to promote the stability of the insurance activity in Romania, FSA monitored, analysed and verified the technical and financial indicators determined based on reports submitted by the insurance and/or reinsurance undertakings on a monthly, quarterly, half-yearly and yearly basis, such as: technical reserves, liquidity ratio, solvency ratio, ratio of assets admitted to cover gross technical reserves, loss rating, combined loss rating, technical result by insurance class, the necessary capital related to the writing of natural disaster risk, etc.

The off-site supervision of the insurance undertakings in 2013 revealed **deficiencies regarding the assets admitted to cover the established technical reserves, caused mainly by the large share of non-liquid assets** (land and buildings, receivables from policyholders and intermediaries, the part from the technical reserves pertaining to the reinsurance ceded contracts and deferred acquisition costs) in the total assets admitted by law to cover the gross technical reserves. Such a situation may lead in time to the diminishing of the liquidity ratio down to the legal limit (*i.e.* the value 1). This is the reason why the risk analysis of the management of insurance undertakings must consider this element and FSA is analysing the opportunity to introduce stricter rules in the regulatory framework with regard to the quality of the assets considered for the coverage of the technical reserves in order to decrease the undertakings' liquidity risk.

Another important aspect identified during the supervisory activity is the **inadequacy of technical reserves established by some insurance undertakings, particularly for auto insurance, which has led to unrealistic premium rates charged by such undertakings, especially in the case of MTPL insurance**. It is evident, therefore, that some supervised entities employ a dumping policy, especially in the case of MTPL insurance, a phenomenon determined by a "rush" to a attract clients in order to increase their market share without considering the profitability by insurance class/product when calculating the premium rates. In the medium term, this is reflected by the incapacity of such undertakings to meet future payment obligation, which leads to the necessity to increase the capital. The technical results obtained from the MTPL insurance activity at the market level and the losses from the main activity must determine such insurers to revaluate of the premium rates for such insurance.

In the case of insurance undertakings for which the adequacy tests have reported inadequate reserves, unannounced inspections were performed and meetings were organized with the respective undertaking representatives, which resulted in measures on their part to establish an adequate level of reserves to allow the fulfilment of obligations undertaken under the insurance contracts.

[3] The compulsory motor vehicle liability insurance whereby any third party prejudiced by an automobile accident is indemnified, be it car damages, bodily injury, death or property damage.

For an important part of the insurance undertakings, **it is necessary to improve the internal control activity and internal risk management, especially with regard to the pricing policy**, as it was noted that the undertakings' management policy of recent years, which was focused mainly on increasing the market share (which generates growth of the liquidity level only in the short term), cannot be sustained in the medium and long terms, without significant capital intake. It is necessary that the undertakings' management policy be readjusted to increase the profitability of the business lines and the internal capacity to generate the financial resources to sustain the activity.

In 2013, ISC Order No. 3 introduced the **obligation of MTPL insurers to set the annual premium rates in such a way that, with a probability of at least 99.5%, the estimated premiums for the next 12 months should cover all related expenses**, in compliance with the applicable legislation and the generally accepted actuarial principles. For this purpose, meetings were organized, in collaboration with NAIRU, with the actuaries of the undertakings practicing MTPL insurance, to discuss on the applicable pricing methods. The actuaries within FSA analysed the MTPL premium rates reported by insurers in 2013 to determine if the new requirements were met.

FSA performs a quarterly analysis of the loss rating and combined loss rating for the entire market, by undertakings and insurance class, and conducts quarterly tests regarding the adequacy of reserves for non-life insurance. In 2013, an improvement was recorded regarding the loss rating at the insurance market level, due to the new legal provisions enforced.

As a result of the supervisory activity in 2013, **notices were sent to eight insurance and/or reinsurance undertakings regarding their failure to observe the legal provisions** regarding the assets admitted to cover gross technical reserves, failure to disburse the assets considered for the coverage of the gross technical reserves, failure to submit reports on time, and also regarding the calculation of solvency margin. Following such notices, certain obligations were imposed on one of the undertakings, and its executive management was sanctioned by written warning.

Also, in 2013, **five insurance undertakings were monitored, which reported a solvency level as at 31 December 2012 lower than 1.05, as well as two undertakings with a solvency indicator below the minimum threshold, and the evolution of the solvency ratio was examined on a monthly basis, while for the undertakings with sub-unitary solvency the measures taken for the increase in the share capital were monitored**. In the case of such undertakings, the solvency ratio was calculated as a ratio between the available solvency margin and the value of the safety fund.

In the case of Carpatica Asig SA, operational errors were identified on the part of the undertaking's employees, as well as deficiencies in the implementation of its own procedures and working instructions regarding the reporting, assessment and adjustment of MTPL claims. Also, FSA noted that the undertaking's internal control system did not operate appropriately and that the undertaking did not establish the outstanding claim reserve reported at an adequate level.

FSA sanctioned Carpatica Asig SA and requested that measures be taken to correct the deficiencies observed during the control. FSA ordered the revaluation of the reinsurance contracts of Carpatica Asig,, including with regard to how such agreements are reflected in the undertaking's financial statements. In the first part of 2014, FSA decided to open the procedure for the financial redress of the undertaking, based on a financial redress plan.

During the current supervisory activity, FSA identified certain issues with regard to the management method of MTPL loss files by Euroins Romania Asigurare Reasigurare SA. Following the requests for clarification sent to the undertaking, it was observed that a large number of claim files were eliminated

from the loss reserve (specifically 12,626 files rejected in 2012), which created the premise for additional checks, following which FSA decided to sanction the head of the claims department with a fine and imposed several obligations on the undertaking, among which the re-examination of all rejected claim files for which the statute of limitations did not expire up to that time.

Following a new unannounced inspection at Euroins Romania Asigurare Reasigurare SA, FSA found that the regulations and instructions regarding the reporting and adjustment of claims were inadequate, that in some cases the indemnity amount was unjustifiably reduced compared to the value resulting from the documents present in the claim files, and that amounts were paid to the claimants later than legally allowed in some claim files. In the case of certain claim files, the prejudiced party was not notified with regard to the rejection of the indemnity claims and the grounds for rejection.

The above reasons led FSA to temporarily prohibit the undertaking's sale activity of MTPL policies. The undertaking subsequently revised its policy on the establishment of reserves, the process for loss payment was improved and capital infusions were made. These positive developments resulted in the lifting of the abovementioned restriction in September 2013.

In the case of Astra SA, following the completion of the periodic control in the first part of 2013, FSA (ISC) identified the inadequacy of the premiums reserve and claims reserve, the erroneous calculation of the ratio of assets admitted to cover technical reserves, deficiencies of the reinsurance program, an inadequate internal control system and other major deficiencies. For these reasons, FSA requested the undertaking to prepare a plan of measures to correct the deficiencies identified.

The plan's objectives were, *inter alia*, the review of the investment and reinsurance activities, proper registration and evaluation of insurance contracts concluded, making the necessary corrections to ensure the correspondence between the undertaking's technical and accounting records, cancellation of receivables from insurance relating to contracts no longer within the validity term, the correct calculation of all technical reserves, according to law.

The final implementation deadline for this plan of measures was 31 December 2013. FSA conducted another unannounced inspection, which established that the undertaking did not comply in due time with the measures imposed upon it. Based on the findings and the report drafted following the continuous inspection, the FSA Board ordered in the first quarter of 2014 the initiation of the procedure for the undertaking's financial redress through special administration.

Also during the supervisory activity of the insurance-reinsurance Sector, FSA analysed the feasibility studies submitted by the insurance undertakings regarding the authorization and operation of insurers or the authorization of portfolio transfers and/or mergers among undertakings.

For the purpose of prudential supervision, FSA personnel attended meetings with various representatives of insurance and/or reinsurance undertakings to clarify interpretations of the legislation in force or other issues raised by the insurers.

Also, FSA personnel responsible for supervising the insurance-reinsurance sector (off-site supervision) participated together with inspection specialists in periodical and unannounced inspections (on-site supervision) carried out at insurance undertakings and brokers, contributing to ensuring the implementation of the measures plans ordered following the analysis of the results of such inspections.

The result of the supervisory activities and inspections carried out by FSA in 2013 were reflected in the recapitalizations of insurance undertakings, increase of the recorded technical reserves levels, revaluation of premium rates charged, improvement of the internal control and risk management activities. As a result of the situations identified through the supervisory and control activity, in some cases, measures were taken with a significant impact for the redress of insurance undertakings whose financial situation could not be consolidated by their internal management and financial capabilities.

FSA aims **to ensure better governance within the insurance undertakings, which would lead to an increase of the quality of the financial information reported by the undertakings**, by making the management of the insurance undertakings and the persons from the management who are involved in activities of risk management, internal control and internal audit responsible. **This includes increasing the responsibility of actuaries and external auditors.**

The supervisory activity of FSA will be intensified in 2014 and will aim to strengthen and improve the governance system within the insurance undertakings, considering also the implementation of Solvency II. One of FSA's objectives is to ensure an increase of the insurance undertakings' internal capacity to manage risks, which would lead to more prudency in evaluating reserves and setting premiums, and also to more credibility of the financial information submitted.

In 2013, EIOPA decided to perform a **stress test on the insurance market in the Member States of the European Union, which was scheduled to begin on 30 April 2014**. The purpose of the exercise is to test the insurance undertakings in scenarios with potential impact on their assets and activity to identify major vulnerabilities. This exercise will allow the national authorities and EIOPA to define the areas for which analyses and additional supervisory measures are required. FSA joined the EIOPA initiative and initiated the stress test at the national level, and the aggregate data from the insurance undertakings will be validated by 31 July 2014.

Compulsory Insurance

Considering the significant share of MTPL compulsory insurance in the total insurance, as well as the importance of MTPL insurance and compulsory home insurance for the protection of the population, FSA carries out prudential supervisory activity by monitoring and analysing the technical indicators of the insurance undertakings for the two abovementioned types of insurance.

The primarily monitored indicators are those regarding MTPL insurance, both for each undertaking and at the entire market level, such as: average premium, average paid loss and average loss reserve, loss rating, expenses rating. Also monitored are the loss reserves and value of the premium rates.

As a result of the situations identified following the continuous supervision by FSA of **insurance undertakings authorized to conclude MTPL compulsory insurance and home insurance, sanctions were issued to two undertakings in 2013**, which consisted, for one undertaking, of written warning for the actuary and a plan of measures for the undertaking, while in the case of the second undertaking the leader of the claims department was issued a 50,000 lei fine and the undertaking a plan of measures. In the case of other minor breaches of the regulations, the insurance undertakings were sent notification letters. Also,

inspections were conducted at the headquarters of some insurance undertakings to clarify in detail the situations identified during the supervisory activities.

Ceded Reinsurance

For the supervision of ceded reinsurance, FSA analysed information submitted by the 26 insurance undertakings authorized to write natural disaster risks and their annual reports regarding the adopted reinsurance strategy to verify the coverage of the required capital for writing natural disaster risks.

The rules on the authorization and operation of natural disaster risk underwriting and reinsurance activities enforced by Order No. 12/2012 include the methodology for calculation of the required capital for disaster risks. This facilitates a consistent calculation of the maximum probable loss for all Romanian insurers writing such risks. The calculation is based on a three-event scenario: one earthquake and two floods.

The analysis of the annual reports regarding the reinsurance strategy adopted revealed that the insurance undertakings opted for a combination of traditional reinsurance contracts, both proportional and non-proportional, by considering the structure of the insurance portfolio, frequency and severity of losses, risk appetite and other indicators, so as to properly protect against the assumed risks from the underwriting activity.

The financial reinsurance contracts are a late comer on the local market. From a supervisory point of view, the characteristic issues of the financial reinsurance contracts are very important because they influence the prudential indicators and are connected to the risk transfer, directly impacting the way the reinsurance contract is reflected in accounting records, which influences the calculation of the undertaking's solvency. In some situations, the use of financial reinsurance may lead to a distorted image of the undertaking's financial position, an issue of obvious concern for the supervisory authority. The complex clauses included in the financial reinsurance contracts make the quantification of the ceded risk difficult for the supervisory authority.

The actual supervision was improved by the close international collaboration among the supervisory authorities through information exchanges regarding the financial stability and owners of the undertakings involved in the transactions. The insurers which are part of international financial groups have protection principles established within the general group strategy. They cede the reinsurance risks within the group to which they belong and the relationships with the reinsurers are monitored at group/holding level for a significant decrease of the profit ceded outside the group. In their turn, these holdings retrocede the portfolios to professional reinsurers to diminish the concentration risk.

The supervisory and control activities carried out by FSA in 2013 identified situations in which the reinsurance plans of the undertakings were inadequate both with regard to the ceded reinsurance degree and the quality of the selected reinsurers. In such cases, FSA requested the undertakings to apply measures for mitigating the situation and monitored the compliance thereof.

Supervision of Insurance Brokers

The insurance brokers' supervisory activity intensified in 2013 to ensure a viable competitive environment on the insurance market, through the verification of the performance of intermediation activity on the insurance market at professional level. **Many deficiencies were observed regarding the organization of activity, internal control and reporting of the operations performed.** FSA notified the insurance brokers in

breach of legal provisions and, following the analysis of the responses received, **29 insurance brokers were sanctioned and two insurance brokers had their operating authorizations revoked.**

The insurance undertakings must undertake an active role and an additional responsibility in supervising the activity and conduct of insurance agents. The intensification of the supervision of the quality of internal control and risk management activities within the insurance undertakings also includes the management of the activities carried out through the insurance intermediaries, with an emphasis on the collection and transfer of insurance premiums and the quality of information provided to the clients regarding the intermediated products.

Public or Internal Registries and Databases on the Insurance Market Maintained by FSA

FSA maintains the Actuaries Registry. In 2013, after the analysis of the documentation required by applicable law, 14 new actuaries were registered.

FSA also maintains the **CEDAM[4] database**, whose role is to provide useable information to the policyholders and prejudiced persons and also to simplify the writing of MTPL policies.

To support the insurance market with calculating the losses paid for bodily injuries and deaths, **a database was set up**, in collaboration with NAIRU representatives, **including information regarding the losses paid by insurance undertakings for bodily injuries and deaths as a result of traffic accidents.**

The process of verification and analysis of the new EWS (Early Warning System) electronic platform for the management of the reports submitted by insurance undertakings and brokers continued in 2013. The compliance of reporting templates' structure was verified, as well as the compliance of data in the final reports against the data in the reporting templates, the terms and content, and the uploading modality of the rectifying reports in the new electronic system. Throughout 2013, FSA experts in the supervision of the Insurance-reinsurance sector provided assistance to the reporting entities to become aware of the new information related to the reporting platform correctly prepare the reports[5], a process which continues to the present day.

The personnel responsible for supervising the Insurance-reinsurance sector contributed to the development of the "Dashboard" IT platform, an application which aims to become a monitoring tool of the prudential indicators at the undertaking and insurance market levels, and also an analytical tool of specific indicators.

In 2013 **a reporting platform was also developed for the new information requested during the preparatory period for the transition to Solvency II, using the XBRL[6] taxonomy recommended by EIOPA**. FSA is considering updating the templates and calculation formulas implemented in the reporting platform to the latest modifications to the Technical Specifications subsequently communicated by EIOPA.

[4] The CEDAM database was implemented and is maintained by FSA under Emergency Ordinance No. 189/2005 on the establishment of certain measures regarding registered road vehicles and under Directive 2000/26/EC of the European Parliament and of the Council on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles. Its purpose is to provide a centralized registry of MTPL policies concluded on the territory of Romania, both for a better observance of the legislation in force, and to facilitate the access of all interested person to information regarding the existence of an MTPL policy for any particular vehicle.

[5] Most of the new reports are recommended by EIOPA and are part of the implementation of Solvency II.

[6] XBRL is an international standard for the publication, exchange and financial analysis of reported data.

Institutional Collaboration for the Supervision of the Insurance Market

The FSA's specialized personnel handled the **drafting of the solvency certificates**, which attest the insurers' possession of the minimum solvency margin before the competent authorities of the Member States.

Based on the protocols concluded with other authorities and bodies in Romania (such as the National Bank of Romania, National Institute of Statistics, the Ministry of Public Finance or the Competition Council), FSA prepares and transmits periodic information regarding the insurance market, as well as other reports requested by these institutions.

In 2013, after consultations with the insurance undertakings, FSA contributed to the bill amending Law No. 260/2008 on compulsory home insurance against earthquakes, landslides and floods, republished, in order to allow all insurers authorized to write disaster risks, to conclude compulsory PAD insurance, based on co-insurance and/or intermediation contracts concluded with PAID, which becomes again the sole manager of the compulsory home insurance against natural disasters. The result of the project was Law No. 243/2013 amending and supplementing Law No. 260/2008 on compulsory home insurance against earthquakes, landslides and floods, published in the Official Journal No. 456 of 24 July 2013.

FSA also contributed to the task force established at the level of the Ministry of Health, which also includes representatives of the College of Physicians, of NAIRU, of the College of Dentists and of the Patients Associations, in preparing Title XV "Civil liability of the medical personnel and the medical, sanitary and pharmaceutical products and services supplier" of the bill amending Law No. 95/2006 regarding the healthcare reform.

FSA was involved, together with the National Authority for Tourism, in task force established at the level of the Ministry of Tourism, to prepare the bill amending and supplementing Order No. 235/2011 regarding insurance of tourists against the insolvency or bankruptcy of the travel agency.

FSA specialists also contributed to another task force at the national level, established at the level of Commissions within the Chamber of Deputies for the finalization of the bill for approval of Government Emergency Ordinance No. 195/2002 regarding circulation on public roads, especially the chapter regarding traffic accidents resulting only in material loss.

One of FSA's continuous concerns is the monitoring of the coverage ratio by MTPL insurance of Romania's motor vehicle fleet, to meet the limits imposed by the European Union. For this purpose, FSA monitors and compares the number of insured vehicles against the number of registered vehicles, with the collaboration of the Driving License and Registration of Motor Vehicle Directorate (DLRMVD) within the Ministry of Administration and Interior. In this respect, under the provisions of GEO No. 189/2005 on the establishment of certain measures regarding registered road vehicles, approved with amendments by Law No. 432/2006, the Cooperation Protocol between FSA and DLRMVD was concluded on 13 June 2013 regarding the information exchange for the purpose of increasing the ratio of road vehicles with MTPL insurance.

Collaboration with other supervisory authorities and European institutions played an important role in the supervisory activity in the Insurance-reinsurance sector. FSA experts continued to actively participate in the supervisory colleges of insurance groups established at the level of the European Union, within the committee established at EIOPA on the topic of reporting (IGSRR) and responded to requests for information from EIOPA, including information for the annual report of EIPA on financial stability and

various questionnaires regarding qualitative aspects or quantitative information. At the same time, answers were submitted to many questionnaires, standpoints were issued and specific indicators were submitted to European and internal bodies like EIOPA, IMF and the World Bank.

The conclusions and experience of supervisory activities were put to use in the drafting process of bills on the amendment/supplementing of rules issued by FSA, but also in conferences and seminaries organized during the preparatory process for the new supervisory regime Solvency II.

1.2. Regulation of the Insurance-Reinsurance Sector

With regard to the **primary legislation applicable to the insurance field**, in 2013, **Law No. 32/2000 on the insurance activity and insurance supervision was amended** by Law No. 272/2013 on the amendment and supplementation of Government Emergency Ordinance No. 98/2006 on the supplementary supervision of credit institutions, insurance and/or reinsurance entities, investment firms and asset management undertakings in a financial conglomerate, of Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy and of Law No. 32/2000 on the insurance activity and insurance supervision.

This amendment transposes the provisions of Art. 1 Para 1 and Para 2 of Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 for the amendment of Directives 98/78/CE, 2002/87/EC, 2006/48/EC and 2009/138/EC with regard to the supplementary supervision of financial entities in a financial conglomerate.

In Europe, on account of the European Parliament, European Commission and European Union Council having finalized the negotiations (the so-called "trialogue") and having reached a consensus on the **draft Omnibus II Directive** on the amendment of Directive 2009/138/EC on Solvency II only in November 2013 (long exceeding the previously agreed timetable), it was necessary to urgently adopt in 2013 a new directive for the postponement of the transposition data and application date of Directive 2009/138/EC.

Known as the **Quick Fix Directive II**, Directive 2013/58/EC of the European Parliament and of the Council of 11 December 2013 amending Directive 2009/138/EC (Solvency II) regarding the transposition date and application date thereof, as well as the abrogation date of certain directives (Solvency I), published in the Official Journal of the European Union No. L 341 of 18 December 2013 postpones the transposition date in the legislation of the Member States from 30 June 2013 to 31 March 2015, and the application date of the new solvency regime from 1 January 2014 to 1 January 2016.

The consensus on the draft Omnibus II Directive was reached after **a large scale evaluation exercise was conducted at European level regarding the impact of the provisions regarding insurance products with long term guarantees on the solvency capital requirements (LTGA – long term guarantee assessment),** the aspect which generated the most controversies and which caused repeated delays of the negotiations' finalization dates.

LTGA was conducted between March and April 2013 and required the participation of insurers and national supervisory authorities of all EU Member States, under the coordination of EIOPA, which delivered the final aggregate report to the participants in the three-party dialogue in June 2013. The purpose of the exercise was to test the methods proposed to be introduced in the draft Omnibus II Directive, *i.e.*: matching adjustment (MA), countercyclical liquidity premium (CCP), extrapolation and transitional measures. **FSA submitted to EIOPA the quantitative results for each LTGA participant (in anonymous form) and the**

qualitative questionnaire (in aggregate form), after which two FSA representatives participated in the validation of the results and preparation of the report at European level.

In the absence of a political decision regarding Omnibus II Directive, EIOPA issued four guidelines in 2013, applicable as at 1 January 2014, regarding the preparatory period for the implementation regime Solvency II.

The purpose of these guidelines, which were approved by the Supervisors Council of EIOPA on 25 September, is to prevent the adoption of different solutions by the competent national authorities to promote the best supervisory practices under the requirements of Solvency II Directive.

The four guides, applicable as of 1 January 2014, refer to:

- governance system, including the risk management system;
- the insurance undertakings using prospective analysis of their own risks;
- the prior evaluation of the internal model (used for the calculation of the solvency capital requirement under the Solvency II regime);
- transmission of the information to the competent national authority.

FSA reached the conclusion that a sudden application of the requirements of the Solvency II directive, without any prior preparation, both of the insurers and of the Authority, would increase the risk of a negative impact on the market, including on the policyholders. Therefore, and also considering that, under (EU) Regulation No. 1094/2010 of the European Parliament and of the Council on the establishment of EIOPA, the guidelines are subject to the "comply or explain" procedure, **FSA chose to incorporate the provisions of the four guidelines in the regulatory and supervisory framework and issued Decision No. 47/2013 in this respect**. Also, FSA drafted a Solvency II Glossary of terms, which also includes the comments received from the professional associations of the insurers.

As a result of the measures taken in 2013, FSA benefited from the expertise of specialists from the authority of Great Britain (Prudential Regulation Authority – PRA) during a technical seminar which took place in February 2014 on the topic of internal models useable by insurance undertakings for the calculation of the solvency capital requirement under Solvency II regime.

The legislative framework applicable to insurers and insurance intermediaries in Romania was amended and supplemented in 2013 by the following normative acts:

Order No. 1 of 11 January 2013 of the president of ISC for the **amendment and supplementation of the Rules regarding the Insurance Pool against Natural Disasters**, applied by Order No. 17/2009 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 47 of 22 January 2013):

- *updated the conditions allowing the insurers to become PAID shareholders;*
- *amended/introduced new provisions with the purpose of clarifying the procedure for settlement by PAID of the insurers expenses related to the activity of damage reporting and payment of losses resulting from the occurrence of the compulsory insured risks;*

Order No. 2 of 15 January 2013 of the president of ISC for **the amendment of the note to annex No. 4 to the Rules on the authorization and operation of natural disaster risk underwriting and reinsurance activities**, applied by Order No. 12/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 48 of 22 January 2013);

Order No. 3 of 16 January 2013 of the president of ISC for **the amendment and supplementation of the Rules on compulsory civil liability insurance against loss resulting from traffic accidents**, applied by Order No. 14/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 41 of 18 January 2013), as subsequently amended and supplemented:

- *new obligations incumbent upon the insurer to request supporting documents when concluding MTPL policies, considering they undertake the responsibility for the insurance documents issued;*
- *introduction of the insurers' obligation to establish their premium rates for the compulsory MTPL insurance with a certain level of trust and in observance of the generally accepted actuarial principles. The aim of issuing this normative act was for the resulting MTPL premium rates to be correct and sufficient to cover all risks undertaken and related expenses;*

Order No. 4 of 17 January 2013 of the president of ISC for **the amendment of the Rules on the conditions and modalities for the electronic communication of information regarding the insurance contracts**, applied by Order No. 10/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 56 of 24 January 2013), as subsequently amended and supplemented:

- *eliminated of the obligation of the insurance undertakings authorized to write compulsory civil liability insurance against loss resulting from motor vehicle accidents to send complete information regarding the occurred road events to the REVER road events registry.*

Order No. 5 of 17 January 2013 of the president of ISC for **the amendment of the annex to the Rules on the methodology for calculation and recording of minimal technical reserves for the non-life insurance activity** applied by Order No. 3.109/2003 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 59 of 28 January 2013):

- *established a new methodology for calculation of the outstanding claims reserve-IBNR related to the compulsory civil liability insurance contracts in the case of loss resulting from motor vehicle accidents.*

Order No. 6 of 23 January 2013 of the president of ISC for **the amendment and supplementation of the Rules on the authorization and operation of insurers,** applied by Order No. 16/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 66 of 31 January 2013).

Order No. 7 of 4 February 2013 of the president of ISC for the application of **the Rules on the closing of the 2012 financial year for the undertakings in the insurance field** (published in the Official Journal, Part I, No. 100 of 20 February 2013).

Order No. 8 of 4 February 2013 of the president of ISC on **the share of the contribution of the insurers to the Street victim protection fund** (published in the Official Journal, Part I, No. 84 of 7 February 2013).

- *established the contribution of the insurers writing compulsory civil liability insurance against loss resulting from motor vehicle accidents to the Street victim protection fund related to 2013 to a share of 1% of the gross premium rates collected for such insurance.*

Order No. 9 of 8 February 2013 of the president of ISC **on the amendment of the Rules on vocational qualification and continuous vocational training of insurance intermediaries**, applied by Order No. 9/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 95 of 15 February 2013);

Order No. 10 of 25 March 2013 of the president of ISC **on the amendment of annex No. 6 the Rules on the authorization of insurance and/or reinsurance brokers, as well as the conditions for maintaining such authorization**, applied by Order No. 15/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 176 of 1 April 2013);

Order No. 11 of 11 April 2013 of the president of ISC on **the amendment of the Rules on the authorization and operation of insurers,** applied by Order No. 16/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 223 of 18 April 2013);

Order No. 2 of 16 May 2013 of the president of FSA **on the amendment of the Rules on vocational qualification and continuous vocational training of insurance intermediaries**, applied by Order No. 9/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 290 of 22 May 2013);

FSA Rule No. 3 of 22 July 2013 on the application of the Accounting reporting system as at 30 June 2013 of undertakings in the insurance field (published in the Official Journal, Part I, No. 463 of 26 July 2013);

Rule No. 6 of 14 July 2013 on the **Insurance Pool against Natural Disasters** (published in the Official Journal, Part I, No. 521 of 20 August 2013):

- *harmonised the provisions of the secondary legislation with the provisions of Law No. 260/2008 on compulsory home insurance against earthquakes, landslides and floods, republished;*

Rule No. 7 of 14 August 2013 on the **form and clauses included in the contract for compulsory home insurance against earthquakes, landslides and floods** (published in the Official Journal, Part I, No. 521 of 20 August 2013):

- *harmonised the provisions of the secondary legislation with the provisions of Law No. 260/2008 on compulsory home insurance against earthquakes, landslides and floods, republished;*

FSA Rule No. 11 of 11 September 2013 on the **implementation of the principle of equal treatment between men and women as regards access to insurance services and the supply of insurance services** (published in the Official Journal, Part I, No. 593 of 20 September 2013):

- *by ruling of 1 March 2011 of the Court of Justice of the European Union (CJEU) in the Test-Achats case, as of 21 December 2012 the provisions of Art. 5 Para (2) of Directive 2004/113/CE, which permitted premiums and benefits in the insurance field differentiated by gender, became inapplicable;*
- *following the ruling of the CJEU, it became necessary to amend the secondary legislation in Romania in the insurance field, but this required the appropriate prior amendment of Government Emergency Ordinance No. 61/2008 on the implementation of the principle of equal treatment between men and women as regards access to goods and services and the supply of goods and services, which transposed Directive 2004/113/CE at a primary level. This was due to the fact that, although Art. 7 Para (1) of the GEO provided the principle of unisex insurance premiums and benefits, Para (2) provided an exception from this principle, when the gender element, used for calculation of the insurance premiums and benefits, was a determinant factor for risk evaluation,*

and the actuarial and statistical data used were relevant and realistic;

- *GEO No. 61/2008 was amended by Law No. 128/2013 for the abrogation of Paras. (2)-(4) of Art. 7 of Government Emergency Ordinance No. 61/2008 on the implementation of the principle of equal treatment between men and women as regards access to goods and services and the supply of goods and services, which later allowed FSA to issue Rule No. 11/2013 which ensures the correspondence with the amendments to the relevant Romanian primary legislation and implicitly with the ruling of the CJEU in the Test-Achats case;*
- the Rule abrogates Order No. 6/2009 of the president of ISC on the implementation of the Rules on implementation of the principle of equal treatment between men and women as regards access to insurance services and the supply of insurance services;

FSA Rule No. 15 of 8 November 2013 on the amendment of Art. 29 Para (2) of the Rules on the authorization and operation of insurers, applied by Order No. 16/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 15 of 20 November 2013);

FSA Rule No. 17 of 27 November 2013 **on the amendment of the Rules on the authorization of insurance and/or reinsurance brokers, as well as the conditions for maintaining such authorization**, applied by Order No. 15/2012 of the president of the Insurance Supervisory Commission (published in the Official Journal, Part I, No. 784 of 14 December 2013);

1.3. Authorization/Approval in the Insurance-Reinsurance Sector

In 2013, the authorization activity was comprised mainly of the following types of activities:

- authorization of the insurance and/or reinsurance undertakings;
- approval of new classes of insurance;
- approval of the writing of natural disaster risks;
- approval and endorsement of amendments to the constitutive acts of insurance and/or reinsurance undertakings consisting mainly of:
  - change of undertaking name;
  - registration/deregistration/change of headquarters of work points/agencies/branches;
  - approval of the general managers and the deputy managers/board of administration;
  - approval of the members of the directorate/supervisory board;
  - approval of other significant persons;
  - assignment/sale-purchase of shares;
  - increase/decrease of share capital,
- approval of the direct/indirect significant shareholders;
- transfer of portfolios, mergers;
- expanding insurance operations on the territory of the European Union, according to the right of establishment and freedom to provide services;
- sanctioning insurance and/or reinsurance undertakings and significant persons;
- authorization of the insurance and/or reinsurance brokers;
- approval and endorsement of amendments to the constitutive acts of insurance and/or reinsurance brokers, consisting mainly of:
  - increase of share capital;
  - assignment of shares/social parts;

    - significant shareholders/associates;
    - approval of the executive leader/general manager;
    - approval of new administrators;
    - change of undertaking name;
    - supplementation of the object of activity with:
        - voluntary and/or private pension plans;
        - risk and damage assessment activities;
- sanctioning of insurance and/or reinsurance brokers;
- approval of subordinate insurance agents;
- updating the database, using the application shared for FSA – Insurance-reinsurance sector for the Registry of Insurance Undertakings and Insurance Brokers, as well as the database of insurance and intermediation undertakings authorized in Romania which notify their intention to operate in EU territory, according to the right of free movement of services or the right of establishment;
- authorization of the suppliers of educational programs and certification of lectors in the insurance field;

Authorization/Approval of Insurance-Reinsurance Undertakings

As at 31 December 2013, **37 insurance undertakings were authorized to operate, of which 8 composite insurance undertakings (both life and non-life insurance), 20 life insurance undertakings and 9 non-life insurance undertakings.**

Prior to the establishment of FSA, as a result of the authorization activity carried out by ISC in 2013, the transfer of the insurance portfolio from AEGON Asigurări de Viață SA to AEGON Towarzystwo Ubezpieczen na Åycie SA was approved and consequently the operating authorization of AEGON Asigurări de Viață SA was withdrawn upon request.

Also, ISC authorized the change of undertaking name of Platinum Asigurări Reasigurări SA to Gothaer Asigurări Reasigurări SA and endorsed the notification of Onix Asigurări SA for expansion of its operation in the EU Member States according to the freedom to provide services.

Also during the first part of 2013, ISC approved the increase of the share capital of the following 10 insurance undertakings:

- Axa Life Insurance SA;
- Fata Asigurări SA;
- ING Asigurări de Viață SA;
- Omniasig Vienna Insurance Group SA;
- Gothaer Asigurări - Reasigurări SA;
- Groupama Asigurări SA;
- Societatea de Asigurare - Reasigurare City Insurance SA;
- Forte Asigurări Reasigurări SA;
- Signal Iduna Asigurări de Viață SA;
- German Romanian Assurance SA.

Subsequent to the establishment of FSA, as a result of its activity, the following were approved in 2013:

- the merger by absorption between Metropolitan Life Asigurărias the absorbing entity and Alico Asigurări România SA as the absorbed entity;

- the transfer of the insurance portfolio from Alico Asigurări România SA to Metropolitan Life Asigurări SA;
- the increase of the share capital for the following 10 insurance undertakings:
  - Axa Life Insurance SA;
  - Fata Asigurări SA;
  - Euroins Romania Asigurare Reasigurare SA;
  - ING Asigurări de Viață SA;
  - Compania de Asigurări - Reasigurări Exim Romania SA;
  - Gothaer Asigurări - Reasigurări SA;
  - Asigurare Reasigurare ASIMED SA;
  - ABC Asigurări - Reasigurări SA;
  - ERGO Asigurări De Viață SA;
  - Asito Kapital SA;
- the decrease of the share capital for the following two insurance undertakings:
  - ATE Insurance Romania SA;
  - Gothaer Asigurări - Reasigurări SA;
- the withdrawal upon request of the operating authorization of Alico Asigurări România SA;
- the change of undertaking name of Societatea Comercială Alico Asigurări România SA to Societatea Asigurare - Reasigurare Astra SA (by operation of law);
- the notification for expansion of operation in the EU Member States according to the freedom to provide services for the following undertakings:
  - Societatea de Asigurare - Reasigurare City Insurance SA
  - Metropolitan Life Asigurări SA;
  - Forte Asigurări Reasigurări SA;
- the expansion of operation in the EU Member States according to the right of establishment for the following undertakings:
  - Onix Asigurări SA;
  - Societatea Asigurare - Reasigurare Astra SA.

Also in 2013, FSA sanctioned the following three insurers under Art. 39 Para. (3) of Law No. 32/2000 on the insurance activity and insurance supervision, as subsequently amended and supplemented:

- Onix Asigurări SA (written warning);
- Eureko Asigurări SA (5,000 lei fine);
- ATE Insurance Romania SA (5,000 lei fine).

Authorization/approval activities regarding compulsory insurance

With regard to compulsory insurance, **11 insurers were authorized in 2013 to carry out MTPL insurance activity**. At the same time, **22 undertakings authorized to write disaster risks** were concluded home insurance policies against earthquakes, landslides and floods in the name of PAID compulsory, as follows:

- 12 insurers shareholders of PAID;
- 12 insurers which concluded collaboration protocols with PAID;

As at 27 July 2013, subsequent to the amendment of Law No. 260/2008, republished, PAID concluded collaboration protocols with Allianz, Omniasig, ASIROM, Garanta, Exim, Asito, Fata, ASIMED, Forte and Eurolife.

Authorization/Approval of Insurance Brokers

As at 31 December 2013, **593 insurance brokers** were authorized to carry out intermediation activities.

In 2013, prior to the establishment of FSA, ISC approved the application for the operation authorization for the following seven insurance/reinsurance brokers:

- CBGLOB Broker de Asigurare SRL;
- Health Smart Investments Broker de Asigurare SRL;
- Avanti Insurance Broker de Asigurare SRL;
- Topaz Broker de Asigurare - Reasigurare SRL;
- Directline Broker de Asigurare SRL;
- RKA-BURG Broker de Asigurare SRL;
- ISPO Broker de Asigurare SRL.

Also, ISC approved in 2013 the increase of the share capital of six insurance/reinsurance brokers:

- Consilium Broker de Asigurare SRL;
- Baldor Insurance Broker SRL;
- Marshaly - Zepter Insurance Financial Associated, Broker de Asigurare - Reasigurare SRL;
- Doio Asig Broker de Asigurare SRL;
- Stemma Broker de Asigurare SRL;
- Unity Broker de Asigurare Reasigurare SRL.

Also, ISC approved the decrease of the share capital of Trygon Broker de Asigurare SRL.

ISC sanctioned two insurance brokers by fine, Peia Group Broker de Asigurare SRL and EURIAL Broker de Asigurare SRL, for failure to comply with provisions of [Law?] 32/2000, as subsequently amended and supplemented, and the regulations in force. At the same time, ISC sanctioned by written warning four insurance brokers, *i.e.* Perfect Asig - Broker de Asigurare SRL, ASIPREST Broker de Asigurare SRL, Sfinx Broker de Asigurare SRL and UNIASIG - Broker de Asigurare SRL.

Subsequent to the establishment of FSA, it approved the applications for issuance of the operation authorization for the following seven insurance/reinsurance brokers:

- Visionware Broker de Asigurare SRL;
- Crux Insurance Broker SRL;
- Renker Broker de Asigurare SRL;
- Aro-Asigurări Romania Broker de Asigurare SRL;
- Shanti Do Broker de Asigurare SRL;
- Gordian - Broker de Asigurare - Reasigurare SRL;
- Forsafe Broker de Asigurare SRL;
- Savulescu Broker de Asigurare SRL;
- Albert-Broker de Asigurare SRL;

- Dynamich Broker de Asigurare SRL;
- Impuls Broker de Asigurare SRL;
- Interserv Total Broker de Asigurare SRL;
- Preventiv Insurance Broker SRL;
- Tineea Broker de Asigurare SRL;
- Fabrica de Asigurări - Broker de Asigurare SRL;
- Crest Asig - Broker de Asigurare SRL;
- Savinvest C.I. Broker de Asigurare SRL;
- Bogdan Insurance Broker de Asigurare Reasigurare SRL;
- Zoom Insurance Reinsurance Broker SRL;
- Asig Center-Broker de Asigurare SRL.

In 2013, FSA approved the increase of the share capital of eight insurance/reinsurance brokers:

- Gepa Broker de Asigurare SRL;
- Proximus Broker de Asigurări SRL;
- Zurich Broker de Asigurare - Reasigurare SRL;
- Pintilie Broker de Asigurare SRL;
- MAI Broker de Asigurare - Reasigurare SRL;
- Decon Insurance Broker de Asigurare SRL;
- OVB Allfinanz Romania Broker de Asigurare SRL;
- Credo Insurance Broker SRL.

Also in 2013, FSA approved the change of undertaking name of Coris Roumanie Broker de Asigurare - Reasigurare SRL to April-Broker de Asigurare Reasigurare SRL, and the decrease of the share capital of two insurance brokers, Staff Broker de Asigurare SRL and Logos Broker de Asigurare SRL. During the same period, Zurich Broker de Asigurare - Reasigurare SRL submitted the notification for expanding its operations in the EU Member States according to the freedom to provide services.

For failure to comply with provisions of Law No. 32/2000, as subsequently amended and supplemented, and the regulations in force, FSA sanctioned UIRB - United Insurance Reinsurance Broker SA and Felix Insurance Broker de Asigurare Reasigurare SRL by temporarily prohibiting their operation (for Felix Insurance Broker de Asigurare Reasigurare SRL, the prohibition was lifted in 2014). Also, FSA sanctioned Sfinx Broker de Asigurare SRL by fine and General Insurance & Consulting Broker de Asigurare - Reasigurare SRL by written warning.

In order to facilitate the public's access to useful information, FSA is continuously updating the **Register of insurance undertakings and insurance brokers**, **the Register of education service providers in the insurance field** and the **Register of insurance lecturers**, which may be accessed on FSA websites.

1.4. Insurance Consumers' Protection

In 2013, FSA personnel provided to natural/legal persons, upon request, **standpoints and answers regarding the legislation in force on compulsory insurance**. Most of the 1,002 questions/requests for clarification received by the Compulsory Insurance Directorate from natural/legal persons were related to:

application modality of the bonus-malus system, method of setting the MTPL premium rates, modality in which the obligation regarding conclusion of compulsory home insurance is observed, etc.

The complaints related to the insurance market were handled within FSA by the Policyholder's Protection Directorate, whose activities consisted mainly of receipt, registration, analysis and answering the complaints, requests, complaints, and notifications received in writing or by e-mail. Through the "Public Relations" Department within this Directorate, FSA provided assistance in the field of insurance and sent the necessary information to the policyholders/prejudiced to clarify/settle their issues. The policyholders' access to assistance in the field of insurance was facilitated by the toll-free telephone number "*Dialog ASF*".

The complaints handling activity involved the analysis of the loss files which formed the object of such complaints with regard to the issues raised by the complainants, and the explanatory notes requested from the insurance undertakings regarding the review method of the files and assessing the insurer's compliance with the legislation in force in the insurance field and with the contractual conditions.

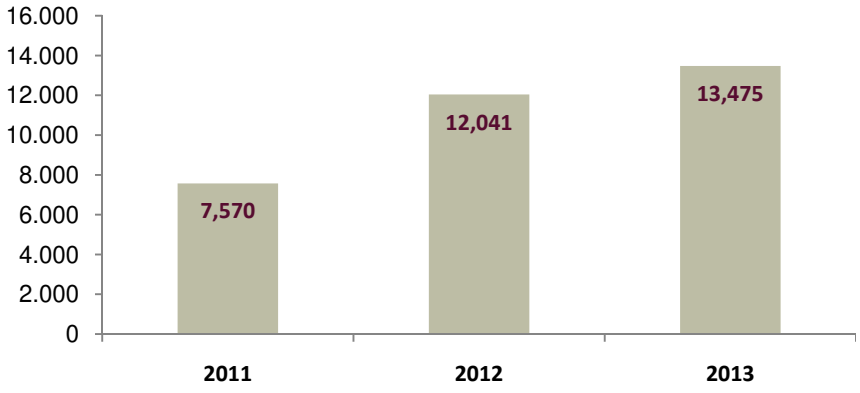
If the settlement of the file by the insurance undertakings proved to be inadequately grounded or in the case of disagreements, FSA requested the re-examination of the files and/or meetings with authorized persons from the insurance undertakings to clarify the object of the complaints.

Also, for the protection of the insurance consumers, FSA personnel responsible for the protection of the policyholders joined the inspection specialists in carrying out the periodical and unannounced inspections at the headquarters of the insurance undertakings.

In order to enforce and observe the provisions of Ordinance No. 27/2002 on regulating complaints handling, FSA kept up-to-date records of all complaints received, which were recorded in a dedicated and continuously updated database.

In 2013, a number of **13,475 complaints sent by the policyholders/prejudiced** were uniquely registered for each complainant, reviewed and settled. In addition, FSA has sent 451 responses to requests for information received from consumers/prospective insurance consumers.

Figure II 1 Evolution of the number of complaints registered by the policyholders/prejudiced



Source: FSA

The increase by 11.91% of the number of complaints registered in 2013 by reference to 2012 was determined by the approx. 6.03% increase of the total number of new insurance contracts, as well as the existence of 384,092 outstanding reported claims, which were reviewed and finalized in 2013. Consequently, the total number of complaints registered in 2013 represents 1.5361% of the total reported claims and 0.0776% of the total insurance contracts in force in 2013.

The analysis of the complaints registered by the policyholders/prejudiced in 2013, which was made separately during the operation of ISC (January –April) and the period following the establishment of the Financial Supervisory Authority, reveals an increase of 31.68% between January and April 2013 as compared to the same period of 2012, while for the period comprised between May and December 2013 the increase was 4.20%.

Table II 1 Number of complaints registered and settled in 2013

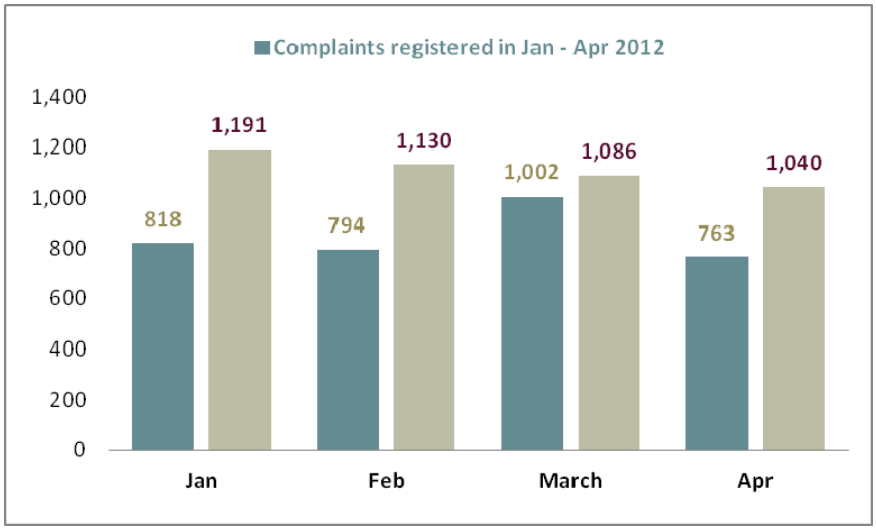
	Complaints registered in 2012	% of total year 2012	Complaints registered in 2013	% of total year 2013	*% Increase in 2013 from 2012*
January – April	3,377	28.05	4,447	33.00	*31.68*
May – December	8,664	71.95	9,028	67.00	*4.20*
TOTAL	**12,041**	**100.00**	**13,475**	**100.00**	***11.91***

Source: FSA

Complaints Registered with ISC

Of the total 4,447 complaints registered between January and April 2013, 3,031 complaints were settled in favour of the complainants, as a result of the intervention of the supervisory authority, representing 68.16% of the total complaints registered during this period. The majority of complaints registered between January and April 2013, *i.e.* 4,156 complaints (93.46% of total), related to the partial payment or non-payment of claims/surrenders. The largest ratio of the total complaints registered with ISC between January and April 2013 is comprised of complaints related to non-life insurance, *i.e*. 4,393 (98.79% of total). Within this category, the complaints regarding MTPL policies and Green Card form the majority, i.e. 3,064 complaints (68.90% of the total complaints registered between January and April 2013), representing an increase of 29.50% as compared to the same period of 2012.

Figure II 2 Number of complaints sent by policyholders/prejudiced to ISC



Source: FSA

The decrease of complaints related to life insurance is the result of the clients' receiving better information from the insurers on the risk insurance conditions, even from the pre-contractual stage, as well as a better assessment of their financial needs (according to ISC Order No. 23/2009), so that the chosen product may fit their needs.

Table II 2 Structure of complaints registered with ISC, by insurance class

	Complaints registered between January and April 2012	% of total policies (I+II) in 2012	Complaints registered between January and April 2013	% of total policies (I+II) in 2013	*Increase/decrease (%)in 2013 from 2012*
I. Non-life insurance (1+2+3+4)	**3,277**	97.04	**4,393**	**98.79**	***34.06***
1 CASCO insurance	567	16.79	928	20.87	***63.67***
2 Compulsory MTPL and Green Card insurance	2,366	70.06	3,064	68.90	***29.50***
3 Fire and other property damage insurance	282	8.35	278	6.25	***-1.42***
4 Other forms of non-life insurance	62	1.84	123	2.77	***98.39***
II. Life insurance	**100**	**2.96**	**54**	**1.21**	***-46.00***
Total non-life and life insurance (I+II)	**3,377**	**100.00**	**4,447**	**100.00**	***31.68***

Source: FSA

Between January and April 2013, 99.21% of the total complaints were directed against the insurance undertakings, while the complaints directed against the insurance brokers accounted for 0.79% of the total.

Of the first ten insurance undertakings with the largest number of complaints between January and April 2013, three insurance undertakings accounted for, on aggregate, 68.52% of the total number of complaints registered with ISC, *i.e.*: Euroins SA (31.62%), Astra SA (22.94%) and Omniasig VIG SA (13.96%).

Table II 3 Top ten insurance undertakings with the largest number of complaints sent by the policyholders/prejudiced parties between January and April 2013

No.	Insurance undertaking / broker	Complaints registered between January and April 2012	*% of total in 2012*	Complaints registered between January and April 2013	*% of total in 2013*	*Increase/decrease (%) in 2013 from 2012*
1	EUROINS SA	465	*13.77*	1,406	*31.62*	*202,37*
2	ASTRA SA	1,045	*30.94*	1,020	*22.94*	*-2,39*
3	OMNIASIG VIG SA	592	*17.53*	621	*13.96*	*4,90*
4	UNIQA Asigurări SA	105	*3.11*	267	*6.00*	*154,29*
5	ASIROM SA	425	*12.59*	277	*6.23*	*-34,82*
6	CARPATICA ASIG SA	321	9.51	235	5.28	*-26,79*
7	CITY INSURANCE SA	16	0.47	179	4.03	*1018,75*
8	GROUPAMA	72	2.13	120	2.70	*66,67*
9	ALLIANZ-TIRIAC SA	79	2.34	104	2.34	*31,65*
10	GENERALI ROMANIA SA	112	3.32	82	1.84	*-26,79*
Other insurance undertakings / brokers		145	*4.29*	136	*3.06*	*-6.21*
	TOTAL	**3,377**	***100.00***	**4,447**	***100.00***	***31.68***

Source: FSA

Between January and April 2013, 499 requests were received from repair shops presenting powers of attorney/mandates from the prejudiced, requests which were reviewed and registered separately. 431 of such requests, representing 86.37%, were settled favourably.

Based on the aspects identified during the analysis of the complaints, FSA initiated unannounced inspections at the headquarters of Euroins SA, Astra SA and Omniasig VIG SA, the objectives of which were the verification of the review and settlement method of the loss files, as well as the assessment of

the compliance with provisions of Order No. 11/2012 on the application of the Rules regarding the procedure for settlement of complaints regarding the activity of insurance undertakings and brokers.

As a result of the inspections, **FSA sanctioned the significant persons of all three insurance undertakings**, according to provisions of Art. 39 Para (3) of Law No. 32/2000 and imposed certain obligations and measures upon Euroins SA and Astra SA.

Also, in light of the increasing number of complaints registered by the beneficiaries of insurance policies regarding "disbursement of repatriation expenses and/or amounts paid by the tourist in case of insolvency or bankruptcy of the travel agency" against German Romanian Assurance SA, ISC conducted an unannounced inspection to verify the review method of the loss files. Considering that the issues raised by the beneficiaries of these policies revealed that, in the event of the travel agency's insolvency, the tourists' rights were insufficiently protected by the provisions of OMT No. 235/2011, ISC sent a notification to the Ministry of Tourism to analyse the possibility of amending such Order.

Complaints Submitted to FSA

Between May and December 2013, 9,028 complaints were sent by policyholders/prejudiced to FSA, which were uniquely reviewed and settled for each complainant, an increase of 4.20% from the same period of 2012. Of these, 6,349 complaints were settled in favour of the complainants, as a result of the intervention of the supervisory authority, representing 70.33% of the total number of complaints.

Figure II 3 Number of complaints sent by the policyholders/prejudiced to FSA

Source: FSA

As in the first part of the year, the majority of complaints registered between May and December 2013 referred to the partial payment or non-payment of claims/surrenders, i.e. 8,565 complaints (94.99% of total). FSA intervened in all of such cases and requested the insurers under scrutiny to re-examine the claim files with regard to the review method and to recalculate the value of the rightful compensation, according to the legal and/or contractual provisions, as the case may be, to properly categorize the notified events according to the risks insured by the voluntary insurance contracts. In addition, to protect the interests of the policyholders and prejudiced who registered complaints, meetings were organized with representatives of the insurers to analyse and settle amicably the issues raised.

The complaints related to non-life MTPL, Green Card and CASCO insurance still comprised the great majority of complaints (90.9%) even after the establishment of FSA, an increase as compared to the same period of 2012.

Table II 4 Structure of complaints registered with FSA, by insurance classes

	Complaints registered between May and December 2012	% of total policies (I+II) in 2012	Complaints registered between May and December 2013	% of total policies (I+II) in 2013	*Increase/decrease (%) in 2013 from 2012*
I. Non-life insurance (1+2+3+4)	**8,504**	98,15	**8,902**	**98.60**	***4.68***
1 CASCO Insurance	2,114	24,40	2,023	22.41	***-4.30***
2 Compulsory MTPL and Green Card insurance	5,283	60,98	6,183	68.49	***17.04***
3 Fire and other property damage insurance	914	10,55	509	5.64	***-44.31***
4 Other forms of non-life insurance	193	2,23	187	2.07	***-3.11***
II. Life insurance	**160**	**1,85**	**126**	**1.40**	***-21.25***
Total non-life and life insurance (I+II)	**8,664**	**100,00**	**9,028**	**100.00**	***4.20***

Source: FSA

Between May and December 2013, **99.44% of the total complaints were directed against the insurance undertakings**, while the complaints directed against the insurance brokers accounted for 0.56% of the total.

As in the first part of 2013, before the establishment of FSA, the same three insurance undertakings situated on the first three positions in the top ten insurance undertakings with the largest number of complaints, accounting for, on aggregate, 65.97% of the total number of complaints registered with ISC, *i.e.*: Euroins SA (31.83%), Astra SA (25.90%) and Omniasig VIG SA (8.24%).

As a result of FSA's intervention, more than 50% of the complaints were settled in favour of the complainants in the case of the following insurance undertakings: Euroins SA (88.14%), City Insurance SA (78.97%), Astra SA (73.82%), Uniqa Asigurări SA (68.92%) and Asirom VIG SA (63.80%).

Between May and December 2013, 392 requests were received from repair shops presenting powers of attorney/mandates from the prejudiced. 241 of such requests, representing 61.48%, were settled favourably.

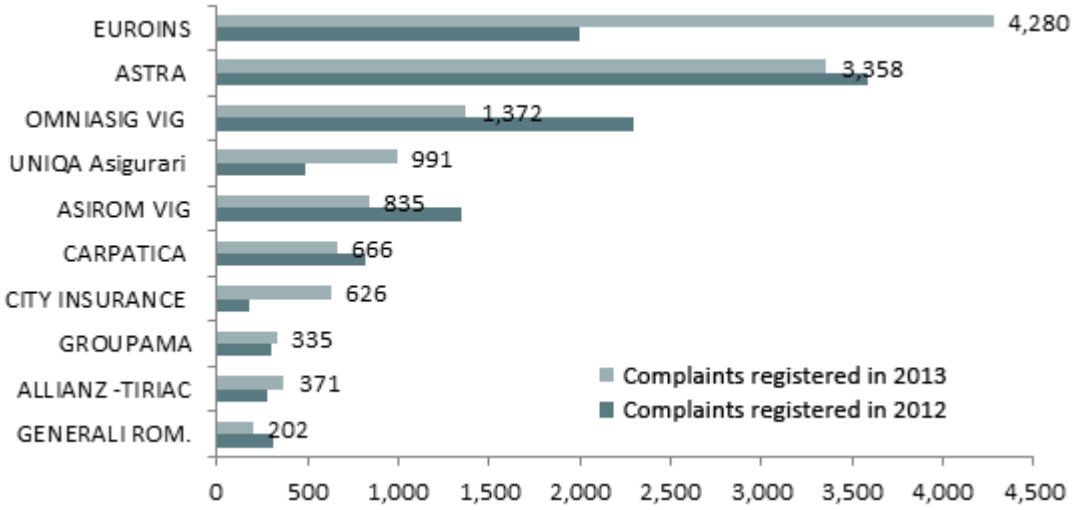
Table II 5 Top ten insurance undertakings with the largest number of complaints sent by service units

No.	Insurance undertaking / broker	Complaints sent by service units between May and December 2012	*% of total in 2012*	Complaints sent by service units between May and December 2013	% of total in between May and December 2013
1	EUROINS SA	96	14.84	*134*	34.18
2	ASTRA SA	273	42.19	*75*	19.13
3	OMNIASIG VIG SA	86	13.29	*35*	8.93
4	ASIROM SA	87	13.45	*41*	10.46
5	UNIQA Asigurări SA	20	3.09	*23*	5.87
6	CARPATICA ASIG SA	6	0.93	6	1.53
7	CITY INSURANCE SA	45	6.96	35	8.93
8	GROUPAMA	0	0.00	0	0.00
9	ALLIANZ-TIRIAC	4	0.62	12	3.06
10	GENERALI ROMANIA SA	12	1.85	4	1.02
Other insurance undertakings / brokers		18	2.78	*27*	6.89
	TOTAL	**647**	100.00	**392**	100.00

Source: FSA

Considering the significant increase in the number of complaints registered in 2013 against Euroins SA, City Insurance SA and Uniqa Asigurari SA, as well as the difficulties faced in settling such complaints, FSA decided on 4 February 2014 to perform unannounced inspections at the headquarters of these insurance undertakings to verify the review and settlement method of the claim files and observance and to assess the compliance with provisions of the Rules applied by ISC Order No. 14/2012 and ISC Order No. 11/2012.

Figure II 4 Top ten insurance undertakings which recorded the largest number of complaints with FSA



Source: FSA

1.5. Insurance Vocational Training

In 2009, ISC Insurance Supervisory Commission founded the Insurance Management Institute (IMI) with the aim of improving the quality of insurance vocational training.

In 2013, IMI operated at the national level through eight vocational training centres (one in each of the development regions of Romania) and organized 12 vocational training programs, as follows:

Table II 6 IMI classes in 2013

No.	Class	No. of classes organized	No. of participants	No. of certified persons
1	Prevention and sanctioning of money laundering and terrorism financing through the insurance market	1	15	15
2	Prevention and sanctioning of money laundering and terrorism financing through the insurance market	1	15	15
3	Accounting regulations, technical and financial reporting of insurance brokers	1	23	23
4	Insurance fraud	4	123	123
5	Motor insurance	3	69	68
6	Sales techniques	2	55	53
	TOTAL	**12**	**300**	**297**

Source: IMI

The insurance vocational certifications were obtained through examination sessions organized according to provisions of ISC Order No. 9/2012, as subsequently amended and supplemented. For this purpose, IMI organized 300 examination sessions at the national level, with 27,739 attendees, as follows:

Table II 7 Examination sessions organized by IMI at a national level in 2013

2013/month	No. of examination sessions	No. of registered persons	No. of examined persons	No. of persons certified
January	17	963	898	745
February	26	1,635	1,583	1,387
March	48	7,565	7,199	5,780
April	20	1,615	1,534	1,211
May	29	2,275	2,150	1,767
June	36	3,884	3,686	2,947
July	27	1,384	1,290	1,008
August	25	1,138	1,077	852
September	20	1,615	1,492	1,125
October	18	1,481	1,406	1,104
November	21	4,081	3,868	3,120
December	13	1,448	1,356	1,098
Grand total	**300**	**29,84**	**27,539**	**22,144**

Source: IMI

Of the 29,084 persons registered for the examination, 5.31% did not attend. The graduation rate at the end of the year was of 80.41%.

With regard to certifications, the continual vocational training category comprised the largest majority, which was determined by the terms provided by ISC Order No. 9/2012 on attending the first continuous vocational training program, as subsequently amended and supplemented.

Table II 8 Certificates granted by IMI in 2013

2013/month	Vocational Qualification Natural Person Intermediaries (VCNP)	Continuous Vocational Training Natural Person Intermediaries (CVTNPI)	Vocational qualification executive leaders of insurance and/or reinsurance brokers (CBRK)	Continuous vocational training executive leaders of insurance and/or reinsurance brokers (PBRK)	Total certified persons
January	264	474	5	2	745
February	449	913	16	9	1,387
March	1,170	4,584	9	17	5,780
April	693	508	10	0	1,211
May	551	1,209	7	0	1,767
June	692	2,250	5	0	2,947
July	446	559	3	0	1,008
August	432	413	7	0	852
September	491	633	1	0	1,125
October	602	498	4	0	1,104
November	1,218	1,891	11	0	3,120
December	921	172	4	1	1,098
Total	**7,929**	**14,104**	**82**	**29**	**22,144**

Source: IMI

The activities of the ”National program for vocational training of insurance specialists and intermediaries” project, ID 49461, which was financed through the Sectoral Operational Program for Human Resources Development, were finalised on 31 December 2013. The projected lasted three years, between 1 January 2011 and 31 December 2013.

During the project, 189 classes (61.76% of the total of 306 planned classes) were organized and completed in 2013, which were attended by 5,250 persons from insurance and reinsurance undertakings and insurance intermediaries (brokers, agents).

Of the 5,250 attendees, 5,128 persons passed the graduation examination (graduation rate of 97.67%).

In total, 306 classes were organized and completed within the project, which were attended by 8,339 persons, of which 8,158 persons passed the graduation examination (graduation rate of 97.83%).

Table II 9 List of classes organized within the project in 2013

Class	No. of classes planned	No. of classes organized
Insurance fundamentals	41	41
Insurance fundamentals. Environmental protection	40	40
Negotiation and sales techniques	68	68
Negotiation and sales techniques. Environmental protection	54	54
Accounting regulations and financial reporting standards	1	1
Reviews, tools and the preparation of financial statements	3	3
Specific risks, assessment, regulations	1	1
Risk management in view of Solvency II	2	2
Legal compliance of insurance undertakings	2	2
Legal compliance of insurance brokers	1	1
Motor insurance claims reporting, handling and settlement	7	7
Motor claim adjustment	33	33
Non-motor claim adjustment	13	13
Protection of policyholders, personal data protection, professional ethics in insurance	1	1
Methods and techniques for evaluation of client's needs	15	15
Health insurance	4	4
Online insurance sales systems	2	2
Management of electronic information in insurance	2	2
Management of sales workforce. Labour health and security	6	6
Management of sales workforce.	8	8
Introduction in actuarial sciences	1	1
Insurance fraud	1	1
TOTAL	**306**	**306**

Source: IMI

2. FINANCIAL INSTRUMENTS AND INVESTMENT SECTOR

The complexity of FSA's role to regulate, authorize and supervise the entities and activities on the capital market and to protect investors, as well as the significant effort required, is the result of the large number of entities, instruments and professional activities involved in this sector: intermediaries in operations with financial instruments, financial investment services undertakings, undertakings for collective investment, investment management undertakings, financial investment advisers, financial instruments markets, market and system operators, central depositories, clearing-settlement houses, central counterparties, market operations, issuers of securities, Investor compensation fund, other natural or legal persons carrying out activities regulated by FSA.

Considering its role in the development of the capital market, FSA participated, together with public and private institutions, in a joint effort to identify and reduce the major obstacles impeding the natural evolution of the capital market in Romania. Among these are the market access, difficulties related to the financial compliance of foreign investors, observance of the investors' fundamental rights (such as the right to vote or the right to dividends), the complex regime of public offerings and the listing of shares and bonds.

The main conclusions of these actions were reflected in a paper titled "Eight systemic barriers in the path of development of the modern capital market in Romania"[7], drafted by a group of experts from within the industry, FSA, NBR, and the Ministry of Finance. The document was presented during the conference titled "Creating an international capital market in Romania" organized on 12 February 2014 at the headquarters of the National Bank of Romania. The eight barriers identified in this document are of crucial importance to the development of the local capital market, and their presence significantly slows down the market's growth rate. To eliminate such barriers, FSA is working both on updating its own regulations and on a bill regarding the activities on the capital market. Also, FSA decided to reduce its fees and tariffs charged in the case of certain trades with financial instruments and public offerings. FSA is also analysing the possibility to reduce certain fixed tariffs applied to the authorization and supervisory activities of regulated entities.

2.1. Supervision of the Financial Instruments and Investment Sector

2.1.1. Supervision of Regulated Entities

FSA supervises the activity of regulated entities and monitors the application of the capital market-specific legislation and of the rules in force and takes action to increase transparency and protect investors' interests.

Financial Investment Services Undertakings (SSIF)

A financial investment services undertaking[8] is any legal person whose current activity is to provide one or more types of investment services to third parties and/or to carry out several investment activities on a

[7] http://www.bvb.ro/juridic/files/Raport%20bvb%20web.pdf.
[8] Defined in Art. 1 Para (1) Letter 6 of GEO No. 99/2006. In MiFID terms, SSIF is named an investment firm.

professional basis, including the financial investment services undertakings[9].

SSIFs are supervised and monitored under NSC Regulation No. 32/2006 on financial investment services and NSC Instruction No. 8/2007 on reporting minimum capital requirements. Compliance with conduct rules is monitored under GEO No. 99/2006 on credit institutions and capital adequacy, as approved and amended by Law No. 227/2007, as well as under the common regulations of NBR/NSC on the application of Law No. 227/2007 in compliance with prudential and capital adequacy requirements.

January – April 2013

At the end of this period, 43 SSIFs were authorized, of which, depending on the authorized object of activity:

- 27 SSIFs were authorized to provide all financial investment services types;[10]
- 16 SSIFs which do not trade in financial instruments on their own account, do not write financial instruments and/or investments of financial instruments under a firm commitment, do not provide investment services and activities related to the administration of an alternative trading system.

During the performance of its supervisory duties, **FSA conducted three hearings** for the clarification of aspects related to the activity of the responsible persons within the SSIFs on behalf of their clients and clarification of aspects related to the sale of shares from their own portfolios, recording of such transactions and the revaluation thereof at the end of the fiscal year. **Sanctions were applied, which consisted of reducing the object of activity and issuance of fines imposed on the responsible persons** within the undertakings.

Following the analysis and verification of the periodic reports and the investigation of the activity of SSIFs, FSA identified breaches of legal provisions, against which various administrative measures were taken.

Table II 10 Sanctions applied within the monitoring activity of SSIF between January and April 2013

No.	Sanctions	No. of sanctions
1.	Granting terms for becoming compliant with legal provisions and reducing the object of activity	1
2.	Suspension of the authorization of the SSIF/persons within the SSIF	2
3.	Reducing the object of activity of the SSIF	1
4.	Monitoring the activity	2

Source: FSA

May – December 2013

37 SSIFs were authorized as at 31 December 2013, of which, depending on the authorized object of activity:

- 27 SSIFs were authorized to provide all financial investment services types;[10]
- 12 SSIFs which do not trade in financial instruments on their own account, do not write financial instruments and/or investments of financial instruments under a firm commitment, do not provide investment services and activities related to the administration of an alternative trading system .

Throughout the year, **eight hearings were conducted** for the clarification of aspects related to the activity of the responsible persons within the SSIFs on behalf of their clients, the sale of shares from their own portfolios, the recording of such transactions and the revaluation thereof at the end of the fiscal year.

[9] Defined according to Law No. 297/2004 on capital market, as subsequently amended and supplemented.
[10] According to Art. 7 Para (1) Letter 6 and Art. 421^1 of Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as approved by Law No. 227/2007.

Sanctions were applied, which consisted of reducing the object of activity and imposing fines on the responsible persons within the undertakings.

Table II 11 Sanctions applied within the monitoring activity of SSIF between May and December 2013

No.	Sanctions	No. of sanctions
1.	Fines issued to the responsible persons within the SSIFs	20
2.	Monitoring the activity	2
3.	Granting terms for becoming compliant with legal provisions	3
4.	Withdrawal of the authorization of the SSIF	1
5.	Fines issued to the SSIF	2
6.	Withdrawal of the authorization of the responsible persons within the SSIFs	1
7.	Suspension of the authorization of the SSIF	1
8.	Suspension of the authorization of the responsible persons within the SSIFs	1
9.	Reducing the object of activity of the SSIF	2

Source: FSA

In accordance with the provisions of FSA (NSC) Regulation No. 32/2006 on financial investment services and regulations for application of GEO No. 99/2006 on credit institutions and capital adequacy, the SSIFs submit reports to FSA for the supervision of their activity. Following the review of such reports, 131 notifications were sent with regard to the correct method of filling out the reports. **In particular, the problems identified refer to the incorrect classification of some financial instruments under the risk categories, the incorrect evaluation thereof under the provisions of the secondary legislation issued in common by NBR and FSA and the non-inclusion or the incorrect deduction of some elements from the structure of its own funds.**

The following documents and statements were submitted by the SSIFs[11] to FSA for the supervision of their activity:

- the monthly and quarterly[12] financial statements, the report regarding the recorded loan operations, purchases on margin, short selling, within 10 days of the end of the reporting month;
- the bi-annual report, including the bi-annual financial statements comprised of balance sheet, the profit and loss account, the statement of changes to shareholders' equity and the statement of treasury flows, within the legal term provided by FSA regulations;
- the annual report, within the legal term provided by FSA regulations, which includes:
  - the annual financial statements comprised of balance sheet, profit and loss account;
  - the statement of changes to shareholders' equity;
  - the statement of treasury flows;
  - the accounting policies and explanatory notes;
  - the administrators' report;
  - the financial auditor's report;
- the internal auditor's report, which is submitted together with the annual report;
- the report on the sources of revenues (detailed by financial investment services categories) and the destination of expenses, by each headquarters, submitted together with the annual report.

[11] According to Art. 153 of NSC/FSA Regulation No. 32/2006.
[12] According to the regulations on the application of GEO No. 99/2006 on credit institutions and capital adequacy.

The following documents and statements are submitted annually to FSA by the SSIFs:

- information regarding shareholders, leaders and financial investment services agents, the list of authorized financial investment services, updated and supplemented in full, until 31 January at the latest, together with:
  - the list of authorized secondary headquarters, including financial investment services agents and the representatives of the internal control department carrying out its activity at the respective secondary headquarters.
  - the report regarding the structure of the clients' individual portfolios under the SSIFs' management;
  - the report on the disciplinary measures taken against leaders, financial investment services agents and representatives of the internal control department;
  - the list of contracts concluded with other intermediaries and the object of such contracts;
  - the report on the activities included in the authorized object of activity which have been outsourced;
- the report of the internal control department, until 1 March;
- the report on the organizational structure and accounting system, until 31 March;

Following the analysis of the reports, FSA sent 12 letters requesting the supplementation of the reports and explanatory notes regarding certain elements and/or discrepancies identified during the analysis thereof.

During the supervisory activity, **five investigations were conducted based on notifications received and irregularities found in connection with the activity of the agents related to financial investment services and with the responsible persons within the SSIF, as a result of which sanctions were issued to the responsible persons and notification of the competent bodies.**

The supervision of the SSIFs was based both on the reports/statements sent, and on the analysis of aspects identified through the various notifications received from natural/legal persons or State institutions with regard to the undertakings' activity.

In 2013, FSA (NSC) resolved 41 notifications/requests received from natural/legal persons. In addition, 14 notifications received from State authorities and other institutions were solved.

Table II 12 Notifications/requests received from State authorities and other institutions

No.	Institution	No. of requests – 1st period	No. of requests – 2nd period
1	MIA – GDBP and the county police inspectorates	4	3
2	Prosecutor's Office attached to the High Court of Cassation and Justice/DNA	3	
3	Prosecutor's Office attached to the Supreme Court of Justice The President of Romania, the Government of Romania	1	
4	Other public institutions	2	1
Total		**10**	**4**

Source: FSA

The Harinvest case was probably the most publicized example of intermediation operations on the capital market carried out in breach of the secondary legislation, to defraud the clients by alienating their assets without their consent.

The circumstances which allowed the abuses identified at SSIF Harinvest SA were: failure to register performed operations in accounting records and back-office or the evidently incorrect registration thereof, the submission to FSA (NSC), other capital market institutions (market operator, central depository, investor compensation fund) and to the Ministry of Public Finance/Financial Administration of periodic/financial reports which presented a distorted view of the undertaking's financial situation, solvency and liquidity ratios.

Immediately after the identification of signs of SSIF Harinvest SA's breach of the legal provisions in force, FSA took measures to stop such activities and to sanction the responsible persons.

Following the analysis of the mode of operation in the Harinvest SA case, FSA took measures to prevent similar situations and to improve the supervisory and control activities of financial investment services undertakings. Consequently, actions were initiated for the transition to a risk-based supervision by creating prudential indicators to measure aspects regarding solvency, liquidity, indebtedness and the excessive exposure of the intermediary in relation to a counterparty, economic area or geographical area, as well as to a certain category of financial instruments characterized by high leverage, intended to emphasize the preventative character of the supervisory activity.

FSA introduced in its off-site and control supervisory activities the request for and verification of bank statements of account regarding the available funds of the clients and of the undertaking and the correlation thereof with the data in the undertakings' trial balances. Also, FSA supplemented the verifications of clients' holdings conducted at the intermediaries by cross-checking the equivalence between the holdings registered in the client global account from the intermediary and the holdings registered in the RoClear system of the Central Depository.

Also, as a result of the findings during FSA's inspection at SSIF Harinvest SA, in order to protect the interests of the market participants and to discourage fraudulent practices, FSA requested the Bucharest Stock Exchange and the Central Depository to tighten their own regulations with regard to special sell-out procedures, including with regard to the supporting documents necessary prior to the performance of such operations.

For the same purpose, FSA took steps to amend Law No. 297/2004 to re-categorize as criminal offences certain actions which are currently considered minor offences (fraudulent practice, under NSC Regulation No. 32/2006).

Both in the Harinvest case and in other situations, attention was drawn by the theft of investors' shares, sometimes accompanied by identity substitution and fraud. Thus, by using falsified documents (including identity cards), various persons carried out transfer operations, share trading and funds management in the name and account of the rightful owners. In some cases, the illegal actions were perpetrated by employees of the authorized intermediation undertakings. The measures adopted by FSA in these situations were the sanctioning by fine of the responsible legal and natural persons within the intermediaries involved in such operations and, in the case of serious misconduct, the withdrawal of authorizations and notification of the criminal investigation bodies.

To prevent similar situations, and taking into account the increasing number of criminal offences on the capital market with the use of falsified identity documents, the responsible directorates within FSA are working to amend the secondary legislation with regard to the correct identification of the client. It was considered necessary for the intermediary to set identification passwords for each individual client if the client requests by telephone information regarding his financial instrument account opened with the respective undertaking, the transfer of the financial instruments to the depository or other operations

involving the financial instruments in the client account. Also, FSA took steps to conclude **a collaboration protocol with the Ministry of Internal Affairs to identify more effective methods to verify the identity of investors**.

In the same context, FSA is also considering focusing on monitoring the entities which may induce systemic risk, which present vulnerabilities, gaps in activity, to prevent a systemic contamination and also to make the capital market a safer and fairer environment for the participants and investors.

Credit Institutions

At the end of April 2013, 12 credit institutions were registered in the Public Registry of FSA (NSC) and, at the end of the year, 10 credit institutions were authorized by NBR, which submitted reports as provided by Regulation No. 32/2006 on financial investment services, as well as the report of the internal department regarding the activities carried out on the capital market and the report of the leader of the organizational structure regarding the activities carried out on the capital market.

During the period subject to review, FSA (NSC) sent two information letters to the credit institutions regarding their compliance with the conduct rules related to keeping of documents and submission of various reports.

Market Operators

In 2013, the supervisory activity related to the two market operators, i.e. Bucharest Stock Exchange (BSE) and Sibiu Stock Exchange (SIBEX) was focused mainly on:

- *the verification of compliance with provisions of Law No. 297/2004 on capital market and NSC Regulation No. 2/2006 on regulated markets and alternative trading systems, as subsequently amended and supplemented;*
- *the verification and analysis of the current and periodic reports (annual, bi-annual, quarterly, monthly) received by FSA (NSC)[13];*
- *the verification of the shareholding for each market operator, as well as compliance with provisions of Art. 129 of Law No. 297-2004 on the capital market.*

As regards the sanctions applied in 2013, two fines were issued to natural persons in their capacity as shareholders of the market operators for failure to observe the legal provisions in force.

The RASDAQ market represents a special situation on the capital market in Romania, the resolving of which is one of the main objectives of FSA. The regulation of the legal status of the RASDAQ market, which does not currently fall into any of the exchanges provided by the European legislation in this field, which was implemented in the national legislation, is an obligation of the Romanian State deriving from its capacity as member of the European Union.

Today, most of the undertakings traded on RASDAQ are undertakings which became “publicly owned” as a result of the mass privatization process, regulated in particular by Law No. 58/1991 on privatization of undertakings and Law No. 55/1995 on the acceleration of privatization process, acts which were abrogated.

[13] According to provisions of NSC Regulation No. 2/2006 on regulated markets and alternative trading systems, as subsequently amended and supplemented.

According to the current legislation related to the capital market (Law No. 297/2004, as subsequently amended and supplemented), which includes the relevant provisions of European directives, the financial instruments may be traded on a regulated market or on an alternative trading system. The current status of the RASDAQ market does not allow its categorization into any of these types of trading systems; this market is currently administered by the Bucharest Stock Exchange.

The solution to the RASDAQ issue has been one of FSA's priorities since its establishment and, during 2013, actions were taken to promote a primary legislation bill to establish the status of undertakings whose shares are traded on the RASDAQ market. Considering that FSA does not have legislative initiative, the actions taken to promote the bill were carried out through the Parliament of Romania and through the Ministry of Public Finance.

Thus, starting from a bill submitted to the Ministry of Public Finance in February 2013 by NSC, the supervisory authority at that time, FSA approved, in July 2013, a bill to tackle the RASDAQ issue. The bill was sent for promotion both to the Government of Romania and to the Ministry of Public Finance, as authorities possessing legislative initiative, and to the specialized committees of the Parliament of Romania.

During 2013, the bill was successively amended (with the intention to pass the bill as a matter of urgency in the form of an emergency ordinance) based on the proposals and comments received from interested parties, including those received during the public consultation process conducted by the Ministry of Finance as part of the process of transparency in decision-making.

The bill was signed by the representatives of the Ministry of Public Finance and by FSA and is currently subject to approval by the competent ministries in the Government of Romania.

Also, in 2013, FSA attended the discussions within the specialized committees of the Parliament of Romania regarding two bills initiated by members of the Parliament on addressing the issue of RASDAQ, in addition to the bill submitted by FSA for approval of the Parliament.

Considering that one of the abovementioned bills contains provisions similar to those in the bill endorsed and promoted by FSA, and also that it is in an advanced debate stage, FSA sent its comments on such bill to the Romanian Parliament for consideration during the approval process.

Until present, the respective bill has not yet been adopted and is subject to debate in the specialized committees.

The Main Changes Expected to be Introduced by the Bill Proposed by FSA for the Clarification of the Status of Undertakings Traded on the RASDAQ Market

The bill aims to create a framework for regulating the trading of financial instruments harmonised with the European legislation and to guarantee the integrity and global efficiency of the Romanian financial system.

To comply with Directive 2001/34/EC on the admission of securities to official stock exchange listing and on information to be published on those securities, the bill introduces the obligation for the undertakings traded on the RASDAQ market to call for a general assembly of shareholders to request the approval of the shareholders on a regulated market, as well as the drafting of a prospectus for admission to trading on a regulated market according to the provisions of Directive 2003/71/EC, transposed in the Romanian legislation by Law No. 297/2004 on the capital market, as subsequently amended and supplemented, and by NSC Regulation No. 1/2006 on issuers and trading of securities.

To protect the minor shareholders and to ensure continuity, the bill establishes certain additional requirements which the undertakings traded on the RASDAQ market, which do not fall under the provisions of Art. 213, Art. 215 and Art. 217 Para (1) and Para (2) of Law No. 297/2007 on the capital market, as subsequently amended and supplemented, must observe following the transfer to an alternative trading system. The additional requirements were introduced in view of provisions of Directive 2004/25/EC regarding public offerings, Directive 2007/36/EC on the exercise of certain rights of shareholders of traded undertakings, Directive 2006/6/EC (MiFID) on market abuse, 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 and amending Directive 2001/34/EC.

Also, the bill introduces the obligation of the issuers which comply with the criteria for admission on a regulated market, but whose general assembly of shareholders does not approve the trading on such markets, to grant to those minor shareholders which did not agree with the decision of the general assembly of shareholders, under certain conditions, the right to withdraw from the undertaking and to request that their shares be purchased by the undertaking.

Clearing and Settlement Systems

The clearing and settlement operations on the capital market in Romania are provided by the following entities: the Central Depository (CD), the Sibex Depository (SD), the Bucharest Clearing House (BCH) and the Romanian Clearing House (RCH).

The main object of activity of the two depositories, *i.e.* the Central Depository and the Sibex Depository, is to provide depositing and repository services regarding the securities traded on the regulated markets, while the Bucharest Clearing House and the Romanian Clearing House manage the risk of participants in the regulated derivatives markets by the daily clearing and marking-to-market all open positions and operations settlement.

The Supervisory Activity of the Four Entities Consisted of:

- *the verification of compliance with provisions of Law No. 297/2004 on capital market and Regulation No. 13/2005 on authorization and operation of the central depository, clearing houses and central counterparties;*
- *the review and analysis of current (weekly and monthly) and periodic (annual, bi-annual, quarterly) reports submitted to NSC[14]. No significant changes were operated in 2013 with regard to the content and type of reports submitted to FSA by the central depositories.*

The Central Depository was involved in continuing the process of adhesion to the pan European TARGET 2 Securities settlement platform. In addition the two central depositories continued the organizational steps to establish an internal control department[15].

The four entities applied a prudent investment policy by limiting exposure with regard to investment of funds in current accounts, term deposit, government securities with a maturity of less than one year and bonds fully guaranteed by the State, in compliance with the legal limits under NSC Regulation No. 13/2005.

In 2013, the clearing houses submitted re-authorization files to FSA in observance of the conditions imposed at European level by (EU) Regulation No. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR). One of the conditions for authorization of the two clearing houses as central counterparties (CCP) is the level of the permanent and available initial capital of at least EUR 7.5 million.

EMIR's entry into force activated the obligation it imposes to initiate and carry out the process of authorizing as central counterparties those entities which had previously fulfilled the role and functionalities of central counterparties. In the case of the Romanian capital market, these entities are the clearing houses previously authorized by FSA (NSC) to conduct clearing and operations and settlement of derivatives transactions. For this purpose, FSA (NSC) collaborated/corresponded extensively with entities which would/could potentially be involved in the process of applying this European regulation, such as the National Bank of Romania, the Ministry of Public Finance, the Romanian Clearing House, the Bucharest Clearing House.

According to FSA Regulation No. 3/2013[16], in order to continue to provide clearing services under EMIR, Casa Romana de Compensare SA and Casa de Compensare Bucuresti SA were under the obligation to submit to FSA by 15 September 2013 an application for authorization as central counterparty according to (EU) Regulation No. 648/2012, together with the necessary documentation as provided by such regulation.

To comply with this legal obligation, BCH and RCH submitted to FSA, within the legal term, applications for authorization as central counterparties in accordance with Art. 14 and Art. 17 of (EU) Regulation No. 648/2012 together with part of the documents provided by Art. 4 Para (2) of FSA Regulation No. 2/2013. Given that the files submitted initially by BCR and RCH were incomplete, FSA repeatedly requested the two clearing houses, between November 2013 and February 2014, to supplement the files and, implicitly, the necessary documentation to obtain the authorization as central counterparties.

[14] In accordance with Executive Order No.1/2008, as subsequently amended and supplemented, Instruction No. 5/2006, Executive Order No. 2/2010, Executive Order No.12/2010, Regulation No. 5/2010 and Regulation No. 13/2005.
[15] Obligation imposed by provisions of NSC Executive Order No. 27/2012 with a deadline set for 31 March 2014.
[16] FSA Regulation No. 3/2013 establishes technical aspects related to the process of authorizing the central counterparties under EMIR and regulates the operation and supervision modality of the central counterparties in the context of this regulation.

FSA continues to be involved in the inter-institutional dialogue on the subject, both with NBR and the Ministry of Finance and with the two market operators, and believes that it is important for there to exist in Romania both a central counterparty and a trade repository authorized under EMIR, which could sustain the development of the derivatives trading necessary for the management of the market risk.

Investment Management Undertakings (SAI)

The object of activity of SAIs is the management of undertakings for collective investment in non-transferable securities (UCITS).[17] Apart from the management of UCITS, a SAI may also manage undertakings for collective investment, subject to authorization by FSA. By exception from the previously mentioned activities, SAIs may also manage individual investment portfolios, as well as related services, according to the authorization granted to them. Thus, SAIs also hold the capacity as qualified investors on the capital market[18]. The most important consequence derived from this capacity is that qualified investors are exempt from clearing in the case of payment default of the members of the Investors Compensation Fund, i.e. the authorized intermediaries and investment management undertakings managing individual investment portfolios.[19]

Under Regulation 575/2013/EU, SAIs have the obligation to maintain at least an equal level of their own funds to that of the initial necessary capital at the moment of their authorization, throughout the performance of their activity. To ensure the application of provisions of Regulation No. 575/2013, a draft regulation was prepared and submitted for public consultation and shall be finalized in the coming period. Also, in order to evaluate **the capacity of SAI to comply with such requirements, the prudential analysis of capital adequacy was instituted (the database is provided by the monthly reports incumbent upon them), by corroborating the capital requirements with the various types of risk (corresponding to each type of operation) and with the requirements regarding the coverage of losses which may be incurred by the activities carried out by SAI.**

The SAIs whose object of activity includes the discretionary management of individual accounts have the obligation to prepare and submit to FSA, at least bi-annually, information regarding the level of own funds, capital requirements and large exposures. In this context, the clarification of aspects regarding the applicable requirements related to own funds is also considered, so as to have a clear distinction among the applicable reporting obligations, depending on whether or not the management of individual investment portfolio services is included in the object of activity, and the actual performance of this service.

In the case of SAIs whose object of activity includes the management of individual investment portfolio based on special mandate contracts, according to which the clients choose their custodian, the assets and the financial instruments in which they wish to invest, as well as the maximum investment thresholds for each type of assets or issuer of financial instruments, the capital adequacy rules apply exclusively to their own positions.

[17] According to Art. 5 of GEO No. 32/2012.
[18] According to Art. 2 Para 15 of Law No. 297/2004.
[19] According to Art. 46 Para (5) Letter a) of Law No. 297/2004.

Undertakings for Collective Investment (UCI)

To ensure the integrity and correct operation of the undertakings for collective investment, the supervision of UCI and SAIs is based on the following components:

- *monitoring the activity and operations of UCI and SAIs;*
- *verifying the modality in which the supervised entities comply with the legal provisions to ensure the capital market transparency and a correct information of investors;*
- *applying the prudential and preventative supervisory principles, continuously verifying the ability of such entities, through the analysis and evaluation of the periodic (weekly, monthly) reports, the bi-annual and annual reports, as well as other notifications/documents submitted by the entities to FSA;*
- *receiving and reviewing notifications from investors and other State institutions regarding the activity and operations of the UCI and SAIs;*
- *conducting investigations and proposing appropriate measures regarding the activities and operations of such entities;*
- *requesting documents, details or information from the regulated entities, other institutions or State authorities and collaboration with the other organizational departments within FSA for the fulfilment of its responsibilities.*

The supervisory activity is performed by continuously monitoring and analysing the relevant information in the notifications received from the entities operating under authorization from NSC/FSA.

Undertakings for Collective Investment in Transferable Securities – Open-End Investment Funds

The investment management undertakings submit to FSA weekly reports on "*Status of assets and obligations of the funds*" detailing the assets, number of investors and value of net asset per each business day, for **the open-end investment funds** under their management.[20] FSA verifies, based on such reports, the observance of prudential rules, to monitor the compliance with the regulations in force and to intervene for addressing situations non-compliant with legal provisions.

The UCITS in the Member States intending to distribute or distributing equity securities in Romania submit to FSA any amendments to the documents and/or information related to their activity, including the latest annual report and the bi-annual report within 15 days from the date when such reports were made public in the Member State of origin.[21]

As at 31 December 2013, five investment management undertakings from EU Member States were registered as having UCITS under their management which distributed equity securities in Romania in amount of 64,187.892 lei.

Other Undertakings for Collective Investment. Closed-End Investment Funds, Fondul Proprietatea and SIF

The five financial investment undertakings, Fondul Proprietatea SA and management undertakings of closed-end funds submit monthly reports on "*Status of assets and obligations of the funds*" detailing the assets, number of investors and net asset value for the last business day of the month.[22] These reports are

[20] According to NSC Regulation No. 15/2004.
[21] According to provision of Instruction no. 5/2007 on the notification procedure of undertakings for collective investment in transferable securities (UCITS) in the Member States.
[22] According to NSC Regulation No. 15/2004.

certified by the credit institutions which are registered with FSA (NSC) as depositories of the assets of each UCITS/OUCI. FSA verifies, based on such reports, the compliance with investment limits.

2.1.2. Supervision of Transactions and Issuers

Corporate Operations (Shareholders' Equity Increases/Decreases, Mergers, Divisions)

The new issues of securities or the changes to the details of the issuers already registered are made through registration with FSA and issuance of the Securities Registration Certificate (SRC). In this respect, **173 securities registration certificates** were issued by FSA (NSC) in 2013 for the following types of operations: share capital increase/decrease, division/merger, modification of the nominal value of one share, issues of bonds/government securities/structured products.

A novelty in relation to corporate operations of securities' issuers is the preparation of prospectuses/proportionate prospectuses requiring FSA's approval, when adopting resolutions to increase the share capital through the exercise of the right of preference by the undertaking's shareholders[23]. **7 proportionate prospectuses** were approved in 2013.

The 2013 significant events include but are not limited to:

- the admission of the shares issued by SNGN ROMGAZ SA Mediaș and SN NUCLEARELECTRICA SA Bucharest to trading on the regulated market administered by BSE;
- the registration with FSA for admission to trading on the Alternative Trading System administered by BSE of the shares issued by SIF IMOBILIARE PLC Nicosia, Cyprus and TRANSILVANIA LEASING IFN SA Brașov;
- the registration with FSA for admission to trading on the Alternative Trading System of SIBEX of the shares issued by FEPER SA Bucharest and ROMRADIATOARE SA Brașov
- the registration with FSA and admission to trading on BSE of the bonds issued by RAIFFEISEN BANK SA Bucharest and UNICREDIT TIRIAC BANK SA Bucharest.

Public Offering

NSC approved between January and April 2013:

- a prospectus for admission to trading on the regulated market administered by BSE (Conted SA Dorohoi), not preceded by share sale offering;
- a prospectus related to a (secondary) public offering for the sale of shares, the value of the offering being 315,084.84 thousand lei;
- seven documents related to mandatory takeover bids whose value is 4,620.47 thousand lei;
- the issuance of a decision setting the price within mandatory takeover bids based on the evaluation report prepared by an independent evaluator;
- the issuance of two decisions rejecting the offering documents due to the offering price;
- a document related to a voluntary takeover bid; value: 86.7 thousand lei;
- four announcements on the withdrawal of shareholders from undertaking, prepared by the shareholders meeting one of the two requirements imposed by the provisions of Art. 206 of Law No. 297/2004.

[23] This type of prospectus is a consequence of EU Regulation No. 486/2012 amending Regulation (EC) No. 809/2004 and implementation of such regulations in the internal rules.

Between January and April 2013, NSC issued **20 individual acts sanctioning** the shareholders which failed to fulfil the obligations provided at Art. 203/205 of Law No. 297/2004, and the fines applied amounted **1,787,105 lei.** In 2013, NSC approved the prospectus related to the secondary public offering for the sale of the shares held by the Ministry of Economy in SNTGN Transgaz SA.

FSA approved between May and December 2013:

- three prospectuses related to certain (primary/secondary) public offering for the sale of shares whose value is 2,013,006.41 thousand lei;
- a prospectus for admission to trading on the regulated market administered by BSE (Conpet SA), not preceded by share sale offering;
- two basic prospectuses on the issuance of structured products;
- two prospectuses for admission to trading on the regulated market administered by BSE, preceded by bond offering to qualified investors;
- a prospectus related to the public offering for the sale of bonds, the value of the offering being 550,000 thousand lei;
- two prospectuses related to the offering for sale of bonds addressed to the undertaking's shareholders, the value of the offering de 7,250 thousand lei;
- a prospectus related to an offering for the sale of bonds addressed to the undertaking's shareholders and qualified investors, the value of the offering being 30,000 thousand euro;
- 12 documents related to mandatory takeover bids whose value is 9,625.67 thousand lei;
- three documents related to purchase public offering whose value is 600,230.14 thousand lei;
- two announcements on the withdrawal of shareholders from undertaking, prepared by the shareholders meeting one of the two requirements imposed by the provisions of Art. 206 of Law No. 297/2004.

Between May and December 2013, FSA issued **42 individual acts sanctioning** the shareholders which failed to fulfil the obligations provided at Art. 203/205 of Law No. 297/2004, and the fines applied amounted to **3,637,907 lei.** Also, sanctions for the breach of other legal provisions in the field of public offering were applied. The value of the fines applied was 150,000 lei.

In accordance with the legal provisions harmonized with European directives, as the host State, FSA receives from similar authorities in the EU, the prospectuses approved by them, the certificate and summary of the prospectuses in the Romanian language. According to legal rules, FSA does not initiate any procedure for the approval of the prospectus. In this regard, in 2013, FSA (NSC) was notified of the approval of 16 prospectuses, and also of the amendments thereto.

Supervision of Issuers of Securities

The supervisory area currently comprises issuers on the BSE market - shares, issuers on the RASDAQ market, issuers on the BSE market - bonds, issuers of shares not listed - BSE, fund units - BSE and issuers listed on SIBEX.

FSA monitors compliance of the financial information (audited financial statements) with the accounting regulations (IFRS and national accounting standards) for the issuers on the regulated market. In addition, FSA verifies compliance by all issuers of the reporting requirements provided by Law No. 297/2004.

Compliance of the financial information with the reporting requirements provided by Law No. 297/2004[24]

The compliance of the following reporting requirements was mainly verified:

- *making available to the shareholders the documents (in whole or in part) to be submitted to the general assembly of shareholders at least 30 days prior to its date (Art. 243 Para (10) of Law No. 297/2004);*
- *making available to the public, within 4 months, the financial statements, together with the annual report, approved by the general assembly of shareholders (Art. 227 Para (4) of Law No. 297/2004;*
- *the annual report shall include the audited financial statements, the report of the board of administration, the statement of the persons in charge (Art. 112^1 of NSC Regulation No. 1/2006);*
- *the annual report of the board of administration shall include information equivalent to that provided in Annex No. 32;*
- *making available to the public the biannual reports within two months of the closing of the reporting period at the latest (Art. 227 Para (5) Law No. 297/2004);*
- *the biannual report shall include the interim or condensed financial statements, the report of the board of administration, the statement of the persons in charge (Art. 113 of NSC Regulation No. 1/2006);*
- *the biannual report of the board of administration shall include information equivalent to that provided in Annex No. 31;*
- *making available to the public the quarterly reports no later than 45 days of the closing of the reporting period (Art. 113 of NSC Regulation No. 1/2006);*
- *the quarterly report shall include the profit and loss account and the economic and financial ratios mentioned in Annex No. 30B (Art. 113 of NSC Regulation No. 1/2006).*

A number of 1,044 of issuers were notified on 31.01.2013 by registered letters of the content and the time limit for transmission of the 2012 report[25]. In May 2013, 394 issuers which had not sent the reporting until that date, were notified in respect of non-compliance with legal provisions, and 127 issuers which had not sent the 2012 annual report to FSA and to the market operator were penalized by warning by Decision No. 248/18.07.2013. Also, 361 notifications were sent to undertakings regarding the need for transmission of annual reports to the market operator, publishing on its website or supplementing such reports in accordance with the legal provisions in force. Answers were given to 50 requests made by issuers relating to reporting obligations with respect to the following issues: types of reports, reporting terms, auditing, granting dividends, current reports drawn up in accordance with Art. 225 of Law No. 297/2004.

The supervisory activity through current reports materialized between January and April 2013 by the analysis of 1,500 current reports received at NSC level, and between May and December 2013 by the analysis of 5,500 current reports at FSA level. During the monitoring activity of current reporting, NSC issued, between January and April 2013, 400 notifications, and, between May and December, FSA issued 1,600 notifications to securities' issuers. Presidents of the board of administration/sole administrators, shareholders, judicial administrators were sanctioned so as to comply with the legal provisions applicable to the capital market in order to follow the principles for completely and correctly reporting and informing shareholders and prospective investors.

[24] All such reporting must be entered in the Reporting Information System (RIS) according to NSC Regulation No. 27/2010.
[25] According to Art. 227 Paras (1) and (4) of Law No. 297/2004 on capital market.

During the monitoring activity, the purpose of FSA (NSC) was to ensure compliance with the legal provisions regarding the preparation of current reports related to calls and resolutions adopted within the general assembly of shareholders of securities' issuers and other types of currents reports.[26]

Also, the supervisory activity materialized through the verification of the compliance with the provisions of NSC Regulation No. 6/2009, as subsequently amended and supplemented, in respect of the exercise of shareholders' rights within the general assemblies of issuers (informing shareholders through the publication of a correct and complete call, respecting shareholders' rights to supplement the agenda and addressing questions to the board of administration on the agenda, etc.). In consideration of the obligations imposed by the provisions of Art. 286[1] of Law No. 297/2004 and of Instruction No. 6/2012 as regards the holding limit of the share capital of financial investment undertakings, given the general assemblies which took place in 2013, NSC ordered legal measures in the case of four of such undertakings, both as regards the obligation to sell the shares which exceeded the holding limit, and the suspension of voting rights for the shares held by shareholders exceeding the legal limit.

Also, to inform and protect investors, FSA ordered that:

- GAS be re-called to adopt the resolutions in compliance with the legal provisions in the case of two issuers;
- the transfer of certain securities be blocked in the case of one issuer.

In accordance with OMF No. 881/25 June 2012 "starting from the 2012 financial year, undertakings whose securities are admitted to trading on a regulated market shall apply the International Financial Reporting Standards (IFRS) upon the preparation of the individual annual financial statements." In addition, credit institutions shall apply IFRS starting from the 2012 financial year. The undertakings authorized, regulated and supervised by FSA shall apply the Accounting regulations in line with the Fourth Directive of the European Economic Community (NSC Regulation No. 4/2011).

Thus, during 2013, 79 annual financial statements were published, of which:

- 35 audited by international consultancy firms;
- 55 with unqualified opinion.

Also, 28 undertakings were notified of failure to comply with IAS 1.16 "(…) No undertaking shall describe its financial statements as compliant with IFRS unless they comply with all IFRS requirements".
As a result of the supervision of issuers of securities, FSA ordered that the following measures be applied:

- recall GAS for the adoption of resolution in compliance with the legal provisions in the case of two issuers, between January and April 2013,
- block the transfer of securities in the case of one issuer, by issuing 9 NSC Ordinances between January and April 2013, and 18 FSA decisions, between May and December 2013;
- sanction by warning 127 issuers which failed to send the 2012 annual report to the authority and to the market operator, according to FSA Decision No. 248/18.07.2013;
- sanction presidents of board of administration, shareholders and judicial administrators, as follows: between January and April 2013, a fine of 10,000 lei was issued, and between May and December 2013, 15 fines of 320,000 lei and 16 warnings were issued;

[26] According to the provisions of Art. 113 I A of Regulation No. 1/2006 and NSC Executive Order No. 11/2010.

- issue 5 certificates between January and April 2013, whereby NSC acknowledged that the provisions of Art. 286[1] of law No. 297/2004 are applicable to some shareholders, in the case of four of the five financial investment undertakings, issuing 15 ordinances whereby it ordered legal actions, both as regards the obligation to sell shares which exceeded the holding limit, and with regard to the suspension of voting rights for the shares held by shareholders exceeding the legal limit provided for at Art. 286[1] of Law No. 297/2004.

Supervision of the Trading Activity

FSA supervises the trading activity of 1,249 financial instruments listed on BSE and SIBEX (shares, bonds, rights, derivatives, structured products, fund units). Within this activity, 433 analyses were made and repurchase programs carried out in the case of 13 issuers were monitored. FSA requested that the securities be withdrawn from trading in 40 situations to properly inform investors.

FSA supervises in real time the activity and the operations carried out by intermediaries, market operators, relating to trading of financial instruments. Abnormal evolutions with respect to price and quantity characteristics of transactions carried out in the course of trade meetings are analysed to identify possible cases of abuse on the market. Throughout its activity, FSA uses the following supervisory means:

- trading terminals of regulated markets and alternative trading systems (ARENA terminal of Bursa de Valori Bucuresti SA, ELTRANS Terminal of Sibex-Sibiu Stock Exchange SA);
- FSA own electronic supervisory system, developed within the institution;
- reports submitted by issuers, in accordance with the legal provisions;
- the information appearing in the mass media.

Through the trading terminals FSA monitors a series of elements related to the carrying out of transactions: issuing undertakings' quotations, time, counterparties, serial number of transactions, type of accounts used, type of transaction, etc.

The Electronic Supervisory System of FSA alerts for abnormal price evolution, traded quantity, degree of concentration of intermediaries, share of transactions in the issuer's share capital, etc. The system is open-ended and new alerts may be added depending on the market needs and trends. Alerts for abnormal evolution are analysed taking into account the existing public information, the reporting of issuers and market entities, the characteristics of the issuer and of the market on which they are traded.

Following the completion of the investigations carried out by FSA on the applicability of Title VII – Market Abuse of Law No. 297/2004 in the case of transactions carried out on the capital market, FSA ordered, **in four cases**, that the competent criminal investigation bodies be notified, after identifying the existence of suspicions regarding the applicability of Title VII – Market Abuse of Law No. 297/2004, and in one case, the petitioner was informed that in the case of the transactions concerned the requirements to fall under Title VII are not met. At the request of the competent criminal prosecution bodies, an official response regarding the results of the analysis on the applicability of Title VII – Market Abuse of Law No. 297/2004 was sent.

FSA is considering strengthening the supervisory activities of the transactions to detect market abuses and to early identify possible instances of improper conduct. Additional resources will be allocated for this purpose, both from the technical point of view and of the staff involved in these activities.

In respect of the obligations incumbent upon FSA as the competent authority, in the capital market field, in the European Economic Area (EEA) and in the context of liaising with ESMA and other authorities, FSA is responsible for transmitting and receiving through SARIS system (Sus*pension and Restoration Information System,* used since October 2013) notifications concerning suspensions and withdrawals from trading of instruments admitted to trading on regulated markets in the EEA, in accordance with the provisions of Art. 41 of MiFID. Thus, in six cases, FSA notified through SARIS system the suspension from trading, on FSA's initiative, of the shares of certain issuers traded on regulated markets, together with derivatives having these actions as underlying asset.

Through the Transaction Reporting Exchange Mechanism (TREM) system,[27] administered by ESMA, each competent authority, and also FSA, must provide the following information within the reporting of transactions:

- the list of financial instruments for which the competent authority is relevant, to the single competent authority designated as a contact point by each Member State;[28]
- the list of transactions made.[29]

FSA notifies daily the list of financial instruments admitted to trading on a regulated market, for which it is the relevant competent authority, and in respect of the transactions referred to, FSA brings up to date the information to be collected and communicated to the other competent authorities.

Further to the investigations carried out by FSA on the applicability of Title VII – Market Abuse of Law No. 297/2004, breaches of the legal provisions applicable in the field of capital market were identified, and FSA ordered that the persons responsible be sanctioned by **15 fines** totalling **417,000 lei**.

2.2. Regulation of the Financial Instruments and Investment Sector

The action on the harmonization of the legal framework of Romania with the *Acquis communautaire*, by supplementing the secondary legislation, continued in 2013 by including also the process of constantly informing the regulated entities of the provisions of the new European regulations and of the enforcement procedure thereof.

The new provisions of the community legislation for the national capital market were transposed concomitantly with the improvement of the secondary sectoral legislation, both updating and detailing it and also creating the legal framework necessary to regulate certain new situations occurring in the practice of a continuous dynamic capital market.

The regulatory activity primarily focused, throughout the period under review, on:

- *drafting regulations (rules/regulations/instructions) to create or supplement the legal framework for the proper performance of the activities of the capital market entities, regulated and supervised by FSA;*
- *preparing the draft primary legislation imposed by the national or European legislation on capital market;*

[27] TREM reporting system was established so that the competent authorities fulfill the obligations according to MiFID and Regulation (EC) No. 1287/2006.
[28] According to Art. 11 of Regulation (EC) No. 1287/2006.
[29] Mentioned at Para (1) of Art. 13 of Regulation (EC) No. 1287/2006.

- *analysing the regulations issued by the capital market entities regulated and supervised by FSA and modifications to such regulations;*
- *analysing the draft rules issued by other public institutions or the legislative initiatives of the Government or the Parliament of Romania with impact on the capital market;*
- *developing standpoints on the interpretation of the provisions of Law No. 297/2004 on the capital market, as subsequently amended and supplemented, and of the regulations issued by FSA, further to the requests submitted by various petitioners, including by the specialized FSA Directorates;*
- *formulating answers to questions/requests received from different institutions, mass media and other petitioners under Law No. 544/2001 on free access to information of public interest, relating to the legislation applicable in the field of capital market.*

The activity for drafting the regulations (rules/regulations/instructions) to create or supplement the legal framework for the proper performance of the activities of the capital market entities, regulated and supervised by FSA, had as its main coordinates the following:

- *drafting regulations for the application of the legislation in force and for transposing the Acquis communautaire;*
- *drafting regulations as a result of certain reasoned requests of certain capital market entity/entities addressed to FSA, for the amendment or supplementation of certain regulations;*
- *drafting regulations as a result of the modifications to the normative acts issued by the Parliament or Government of Romania, and also to the European legislation on the capital market, for the implementation of which the amendment of the regulations in force was required, to the extent the same did not consider the amendment of Law No. 297/2004 on capital market.*

The regulatory activity in this segment materialized in 2013 by drafting 8 regulations, 3 rules and 4 instructions. The list of normative acts issued by FSA (NSC) is set out in Annex II 1.

The issued normative acts were, prior to their entry into force, submitted to consultation with market entities and with other concerned parties, most of them being previously published as draft on the website of FSA to allow the entities concerned to analyse them and to send any comments and proposals for amendments and supplementations. Some proposals were adopted in the final form of the drafts submitted for consultation/public debate.

The primary objective of the regulations issued by FSA in the period under review, published in the Official Journal of Romania, Part I, is to clarify the manner of application of certain provisions of primary legislation, providing also a number of clarifications and details related to the organizational structure and functional characteristics of capital market, taking into account also its dynamics.

The draft primary legislation imposed by the provisions of the national or European legislation on capital market is set out in Annex II 2.

The regulations issued by the capital market entities regulated and supervised by FSA are set out in Annex II 3.

The regulatory activity implies also the analysis of the rules issued by other institutions or legislative initiatives of the Parliament and Government of Romania. 22 answers of this type were sent throughout 2013. The list of decisions issued by NSC/FSA is set out in Annex II 4.

2.3. Authorization/Approval of Regulated Entities

FSA authorization activity is carried out on two main lines, namely: authorization and registration of regulated entities with FSA Public Registry, and the authorization and approval of market operations. Thus, in 2013 a new investment management undertaking, *i.e.* SAI Broker SA, was authorized.

Authorization and registration of regulated entities with FSA Public Registry

I. Intermediaries

Intermediaries, SSIFs and credit institutions provide investment services and activities, as well as related services under the provisions of Art. 5 Paras (1) and (1^1) of Law No. 297/2004 on capital market, as subsequently amended and supplemented.

Financial Investment Services Undertaking (SSIF)

Further to the requests received, FSA authorized a number of changes in the Organization and operation manner of SSIF, the change of the membership of the board of administration or management, of the shareholding, the downsizing the object of activity, share capital increases, the establishment or dissolution of secondary headquarters, as well as the change of the headquarters.

By reference to the end of 2012 when 46 SSIFs were registered in the NSC Registry, no new SSIF was authorized in 2013.

At the end of 2013, 37 SSIFs were authorized to conduct its business on the capital market of Romania, while maintaining the 2012 trend of decrease in the number of SSIFs operating on the capital market of Romania.

The operation authorizations of 9 SSIFs were withdrawn, *i.e.* the authorizations held by SSIF Euro Bank Securities SA, SSIF Unicredit CAIB Securities Romania SA, SSIF Invest Trust SA, SSIF Avantgarde Finance SA, SSIF Active International SA and SSIF Unicapital SA were withdrawn upon request, and the authorizations of SSIF Harinvest SA, SSIF Eurosavam SA and SSIF GM Invest SA were withdrawn as sanction.

Also, in 2013, FSA was notified of the intentions of three SSIFs to withdraw the operation authorizations, *i.e.*: SSIF FAIRWIND SECURITIES SA, SSIF ROINVEST BUCOVINA SA, and SSIF RAIFFEISEN CAPITAL & INVESTMENT SA. At the end of the period of the report, the files at issue were under consideration.

In this respect, on 31.12.2013, 23 SSIFs out of 37 SSIFs authorized by FSA, provided all financial investment services, with an initial capital greater than or equal to the equivalent in lei of 730,000 euro, while 14 SSIFs did not trade financial instruments on their own account and did not write within the securities issues under a firm commitment.

In 2013, FSA approved only one change in the shareholding occurring as a result of acquiring or reducing significant direct/indirect positions by Romanian and foreign natural and legal persons, following the request by SSIF Dorinvest SA which was taken over by a shareholding consisting of natural persons of Israel.

On 31.12.2013, 30 SSIFs out of 37 SSIFs were controlled by Romanian legal and natural persons, and seven were controlled by foreign natural and legal persons (of which three are from Greece, two from Austria, one from Italy and one from Israel).

Following the requests received in 2013, FSA approved the provision of investment services and activities, as well as related services in the territory of other EU Member States, based on the principle of free movement of services, for the following SSIFs:

- SSIF Dorinvest SA in Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxembourg, Malta, Great Britain, The Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden;
- SSIF Equity Invest SA in Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxembourg, Malta, Great Britain, The Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden;
- SSIF Romintrade SA in Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxembourg, Malta, Great Britain, The Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden.

The list of SSIFs which notified between 2008 and 2013 their intention to provide investment services and activities in the territory of other EU Member States is set out in Table II 13.

Table II 13 SSIF notifying their intention to provide investment services and activities

No.	Financial Investment Services Undertaking	EU Member States	Year of Notification
1.	BT Securities SA	Austria Poland	2008 2011
2.	Estinvest SA	Austria	2008
3.	Muntenia Global Invest SA	Austria Great Britain	2008 2009
4.	IFB Finwest SA	Austria Germania	2009
5.	Vienna Investment Trust SA	The Netherlands France Austria	2010
6.	Broker SA	Austria	2010
7.	Tradeville SA	Bulgaria	2010
8.	Eldainvest SA	Sweden Great Britain	2011 2011
9.	Transilvania Capital SA	Austria Germania	2012 2012
10.	Carpatica Invest SA	Poland	2011
11.	SSIF Equity Invest SA	All Member States, except for Croatia	2013
12.	SSIF Romintrade SA	All Member States	2013
13.	SSIF Dorinvest SA	All Member States	2013

Source: FSA

The list of SSIFs authorized and registered with FSA Public Registry as at 31.12.2013 is set out in Annex II 5.

Credit Institutions

According to FSA Public Registry, on 31.12.2013, 10 Romanian legal person credit institutions operated on the Romanian capital market as intermediaries. At the end of 2013, five held also the capacity as participants in the regulated markets authorized by FSA (Banca Comercială Română SA, B.R.D. Groupe Société Générale SA, Piraeus Bank România SA, Bancpost SA and Credit Europe Bank România SA), and four conducted mainly financial instruments custody activities.

The credit institutions registered with FSA Public Registry as intermediaries as at 31.12.2013 are set out in Annex II 6.

II. Investment Management Undertakings (SAI)

In 2013, requests by certain SAIs on the authorization of certain modifications of the manner of organization and operation of undertakings were registered with SFA. The same referred mainly to the change of registered headquarters, share capital decrease, changes in the membership of the board of administration or actual members of the management (managers) and change of shareholding.

FSA approved the delegation by Franklin Templeton Investment Management Limited United Kingdom-Bucharest Branch, acting as management undertaking of Fondul Proprietatea SA of the evaluation activity of certain equity interests of Fondul Proprietatea SA in unlisted undertakings to Ernst & Young Service SRL, and KPMG Advisory SRL.

In 2013, only one new investment management undertaking was authorized and no requests for withdrawal of authorizations was registered. Therefore, at the end of the year, 22 SAIs were registered with FSA Public Registry (set out in Annex II 7), of which 10 did not manage individual investment portfolios. As regards the shareholding, 15 out of the existing 22 SAIs are controlled by Romanian legal and natural persons and seven are controlled by foreign legal and natural persons (from Austria, Italy, Slovenia, Hungary, Switzerland and France).

In 2013, no requests by any SAI of Romania to carry out activities in other EU Member States were registered with FSA.

III. Financial Investment Services Agencies

Following the activity carried out by FSA on the authorization and registration of individuals as financial investment services agents and delegate agents, in 2013, 64 authorizations for financial investment services agents were issued, and 63 delegate agents were authorized on the capital market in Romania. Following the withdrawal of 170 authorizations for financial investment services agents and 99 authorizations for delegate agents, on 31.12.2013, 490 financial investment services agents and 290 delegate agents were registered with FSA Public Registry.

IV. Representatives of the Internal Control Department

In 2013, FSA authorized 26 new representatives of the internal control department operating within the registered headquarters of SSIFs of credit institutions, of SAI, or within the secondary headquarters, as branches, established by SSIF as part of the territorial network. On 31.12.2013, 127 persons had such capacity further to the withdrawal of the authorization of 49 authorizations as representative of the internal control department during the year.

V. Capital Market Institutions

Throughout 2013, requests by capital market institutions were submitted to FSA. The same referred to the authorization of certain modifications of their manner of organization and operation, and of the documents which formed the object of the initial approval.

Market Operators/System Operators

FSA authorized the request by Bursa de Valori Bucuresti SA (BSE) on the modification of the operation authorization as a result of the appointment of a leader, and validated the appointment of the new leader chosen by its statutory body.

At the request of Sibex-Sibiu Stock Exchange SA (SIBEX), three changes to the membership of the Board of Administration were approved. Also, FSA registered five new derivatives (futures) which may be traded on the regulated market administered by such market operator, and deregistered a futures contract at the request of SIBEX.

At the end of 2013, the trading program for the shares, fund units and rights traded on the regulated market administered by BSE was extended from 16:45 hours to 18:00 hours. In 2013, SIBEX maintained the trading timetable previously approved by NSC.

BEST X alternative trading system, administered by MUNTENIA GLOBAL INVEST SA as system operator, operated in the first half of 2013. Since 01.06.2013, BEST X alternative trading system ceased its activity and in November of the same year it requested withdrawal of the authorization. The request at the end of 2013 was under consideration.

Clearing Houses

In 2013, Casa de Compensare București SA and Casa Română de Compensație SA requested authorization as central counterparty in accordance with the provisions of FSA Regulation No. 3/2013 on the authorization and operation of central counterparties issued in accordance with the provisions of Regulation (UE) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR), as subsequently amended and supplemented.

FSA authorized changing the membership of the Board of Administration both for Casa de Compensare București SA and for Casa Română de Compensație SA.

Central Depositories

FSA authorized the appointment of two representatives of the internal control department for Depozitarul Central SA. Also, FSA authorized changing the membership of the Board of Administration of Depozitarul SIBEX SA and the appointment of a representative of the internal control department for such undertaking.

Fondul de Compensare a Investitorilor SA

In 2013, FSA approved the amendment of the constitutive act of Fondul de Compensare a Investitorilor SA further to the change of its registered headquarters, and also the modification of the membership of its board of administration.

VI. Undertakings for Collective Investment

In the area of collective investment undertakings in Romania during the year 2013 it showed a steady growth in the number of investment funds, including the funds closed.

Undertakings for Collective Investment in Transferable Securities (UCITS)

In 2013, FSA granted operation authorizations for 4 new open-end investment funds, namely: open-end investment fund ERSTE BOND FLEXIBLE ROMANIA EUR, open-end investment fund ERSTE ABSOLUTE RETURN ERSTE ABSOLUTE RETURN 15 EUR, open-end investment fund ERSTE ABSOLUTE RETURN 25 EUR and open-end investment fund STK EUROPE. At the same time, it withdrew the operation authorization,

and deregistered from FSA Public Registry, open-end investment fund KD OPTIMUS (as a result of a merger by absorption with open-end investment fund KD MAXIMUS) and open-end investment funds OPORTUNITĂȚI NAȚIONALE and VANGUARD PROTECTOR (further to the requests made by the investment management undertaking which administered such funds, *i.e.* SAI VANGUARD ASSET MANAGEMENT SA).

In addition, FSA approved changing the name of open-end investment funds BCR DINAMIC to ERSTE BALANCED RON, BCR EXPERT to ERSTE EQUITY ROMANIA, BCR OBLIGAȚIUNI to ERSTE BOND FLEXIBLE RON, BCR EUROPA AVANSAT to ERSTE ABSOLUTE RETURN 25 RON, ERSTE MONETAR to ERSTE MONEY MARKET RON, ZEPTER ACȚIUNI to ZEPTER EQUITY, RAIFFEISEN CONFORT SERIA 2 to RAIFFEISEN CONFORT EURO.

By reference to the situation registered on 31.12.2012 when 64 open-end investment funds carried out their activity on the capital market of Romania, on 31.12.2013 65 open-end investment funds were registered with FSA Public Registry. The list of open-end investment funds authorized by FSA as at 31.12.2013 is set out in Annex II 8.

In 2013, no request for distribution of fund units issued by UCITS in Romania on the territory of another EU Member State was submitted.

In the course of the year to which reference is made, a number of amendments to the documents of the open-end investment funds were authorized. They referred to changes in the investment policy, modification of the storage fees, of the fees for underwriting/repurchase as well as other changes aimed primarily at harmonizing the same with the changes to the legislation applicable to UCITS, in particular with regard to the evaluation method of their net assets regulated Executive Order No. 23/2012.

Also, in 2013 FSA continued to issue ordinances blocking the bank accounts and shares opened by Pactinvest SA on behalf of the open-end investment fund Fondul National Retcon. In addition, the actions initiated in 2011 to liquidate Fondul National Retcon were continued. The undertaking designated as administrator of the Fund, LEXEXPERT AUDIT SRL Galați, a CFAR member undertaking, proceeded to the identification and summarization of the investors who made the proof of holding the capacity as investor of Fondul National Retcon, and of the fund patrimony, and subsequently it concluded a contract with a financial investment services undertaking to sell the Fund's shares. FSA decided to unblock the bank accounts and shares opened by PACTINVEST SA on behalf of Fondul National Retcon in favour of the liquidator of the Fund, to complete the liquidation procedure of Fondul National Retcon.

Undertakings for Collective Investment, other than UCITS (NON-UCITS)

The financial investment undertakings falling within the NON-UCITS category with diversified investment policy and Fondul Proprietatea SA (NON-UCITS special type, set up in the form of a closed-end type investment undertaking) are included, together the closed-end investment funds, in the category non-undertakings for collective investment.

Six new closed-end investment funds in Romania were included in the FSA public registry in 2013, namely: closed-end investment fund OTP AGRI FUND, closed-end investment fund OTP PROPERTIES, closed-end investment fund OMNITREND, closed-end investment fund OMNIHEDGE, closed-end investment fund BET-FI INDEX INVEST, closed-end investment fund GLOBAL INVESTING FUND, and only one NON-UCITS was deregistered, *i.e.* capital guaranteed closed-end investment fund OTP GREEN ENERGY further to the request made by the management undertaking of such NON-UCITS.

On 31.12.2013, 31 closed-end funds investments were registered with FSA. The list of such closed-end investment funds is set out in Annex II 9.

The application of the provisions of Executive Order No. 23/2012 and, implicitly, the harmonization of the documents of closed-end investment funds with its provisions, and the approval/notification thereof to FSA, was a relevant activity also in the sector of this type of entities carried out during the period mentioned above.

Also, during the period analysed, closed-end investment funds submitted to FSA a number of requests for approval/a series of notifications of changes to the documents filed for registration in FSA Public Registry.

As regards Fondul Proprietatea SA, during the period analysed, a series of changes to the documents considered upon the registration of Fondul Proprietatea SA were analysed, *i.e.* to the constitutive act and to the management contract concluded with Franklin Templeton Investment Management Ltd-United Kingdom, Bucharest branch.

Also, during such period, the depositary of Fondul Proprietatea SA was changed from ING BANK NV Amsterdam Bucharest Branch to BRD-GSG.

Also, during the same period, ING BANK NV Amsterdam Bucharest Branch terminated the deposit contracts concluded with the other financial investment undertakings, *i.e.* SIF Banat-Crișana SA, SIF Transilvania SA and SIF Oltenia SA.

Financial investment undertakings submitted to FSA in 2013 a number of requests for the approval of changes to the documents submitted for registration in FSA Public Registry. The same referred mainly to changes of the constitutive acts, internal regulations, changes in the membership of the board of administration/supervisory boards and to the management of the undertaking, and changes to the branches' headquarters/dissolution of secondary headquarters. The administration system of SIF Transilvania SA was changed. As a result of shareholders' will expressed during the Extraordinary General Assembly held at the end of April, the undertaking adopted a two-tier system of administration, the undertaking being managed by a supervisory board consisting of 7 members and a Directorate consisting of 3 persons.

Another aspect relevant to the aforementioned period is the approval of intended purchase by SIF Banat-Crișana SA of a majority stake of SAI Muntenia Invest SA, administrator of SIF Muntenia SA.

Closed-end investment undertakings registered in FSA Public Registry as at 31.12.2013 are set out in Annex II 10.

VII. Depositories

On 30.07.2013, the operation authorization as depository of RBS BANK (Romania) was withdraw upon request. At the end of 2013, nine depositories were registered with FSA Public Registry. The list of such depositories is set out in Annex II 11.

VIII. Investment Consultants

In 2013, the authorization of an investment consultant-legal entity was withdrawn upon request, six investment consultants-natural persons and two investment consultants-legal persons were authorized.

Thus, on 31.12.2013, 28 natural persons and two legal persons operated on the capital market in such capacity.

The list of investment consultants, natural and legal persons is set out in Annex II 13 and Annex II 14.

IX. Evaluators

On 31.12.2013, three natural persons and 15 legal persons acted in such capacity on the capital market (Annex II 15).

X. Auditors of Information Systems

No change occurred in 2013 to the list of the auditors of information systems registered with FSA Public Registry.

Notifications received by FSA from the competent authorities in the EU member states

Intermediaries in the EU Member States, represented by investment firms and credit institutions, as well as investment management undertakings and alternative investment fund managers, may provide in Romania, based on the principle of free movement of services, investment services and activities, as well as the related services set out in Annex. 1 to Directive 2004/39/EC, and management services of individual and collective portfolios and related services under Art. 6 of Directive 2009/65/EC, and based on 2011/61/EU.

I. Investment undertakings

Further to the notifications sent by the representatives of the competent authorities of other EU Member States, based on a standardized form agreed upon by all authorities, FSA registers investment firms in the FSA Public Registry, under the section “Intermediaries providing financial investment services in Romania”.

During the period under review, further to the notifications received from the competent authorities of certain EU Member States, FSA registered 124 investment firms and one branch in the Public Registry, and deregistered 50 investment firms.

On 31.12.2013, 1,207 out of 1,436 investment firms registered are from Great Britain, 99 from Cyprus, 22 from The Netherlands, 17 from Ireland, 11 from Norway, 11 from Bulgaria, 11 from France, 9 from Germany, 9 from Luxembourg, 6 from Malta, 5 from the Czech Republic, 4 from Austria, 3 from Spain, 3 from Gibraltar, 3 from Liechtenstein, 3 from Greece, 2 from Slovakia, 2 from Belgium, 2 from Sweden, 2 from Poland, one from Denmark, one from Finland, one from Estonia, one from Hungary and from Latvia. Also, at the end of last year, seven branches of investment firms from other EU Member States were registered with FSA Public Registry.

The list of the investment firms from other EU Member States which were registered with FSA Public Registry under the section “Intermediaries providing financial investment services in the Romanian territory” until 31.12.2013 is set out in Annex II 16.

Table II 14 Number of investment firms from other EU Member States registered with the FSA Public registry

Country of origin	Number of firms	Country of origin	Number of firms	Country of origin	Number of firms
Great Britain	1207	Malta	6	Swede	2
Cyprus	99	Czech Republic	5	Poland	2
The Netherlands	22	Austria	4	Denmark	1
Ireland	17	Spain	3	Finland	1
Norway	11	Gibraltar	3	Estonia	1
Bulgaria	11	Liechtenstein	3	Hungary	1
France	11	Greece	3	Leetonia	1
Germany	9	Slovakia	2		
Luxembourg	9	Belgium	2		

Source: FSA

II. Credit Institutions from other EU Member states

In the case of credit institutions from other Member States which intend to provide services through the Romanian territory equivalent to those provided for in Art. 5 Paras (1) and 1^1 of Law No. 297/2004, as subsequently amended and supplemented, the competent authorities of Member States of origin sent notifications to NBR, which were subsequently forwarded to FSA to register the same in the Public Registry, under the section “Intermediaries providing financial investment services in Romania”.

Further to the requests received in 2013, FSA registered with the Public Registry three EU credit institutions which expressed their intention to provide investment services and activities in Romania, directly, based on the principle of free movement of services, and one branch of an EU credit institution.

On 31.12.2013, the total number of credit institutions in the EU Member States was 147, of which 41 from the Great Britain, 22 from Austria, 18 from Luxembourg, 13 from Germany, 12 from Ireland, 10 from France, 7 from The Netherlands, four from Liechtenstein, three from Gibraltar, three from Malta, two from Italy, two from Belgium, two from Denmark, two from Finland, two from Greece, one from Spain, one from Hungary, one from Cyprus. Four branches of credit institutions from other EU Member States are added to such institutions.

Table II 15 Credit institutions of other Member States which were registered with the FSA Public registry

Country of origin	Number of credit institutions	Country of origin	Number of credit institutions
Great Britain	41	Malta	3
Austria	22	Italy	3
Luxembourg	18	Belgium	2
Germany	13	Denmark	2
Ireland	12	Finland	2
France	10	Greece	2
The Netherlands	7	Spain	1
Liechtenstein	4	Hungary	1
Gibraltar	3	Cyprus	1

Source: FSA

III. Investment management undertakings from other EU Member States

In 2013, no requests for registration or deregistration from the FSA Public Registry of investment management undertakings from other EU Member States were filed.

Thus, ten investment management undertakings from other EU Member States that may provide investment management services in Romania were registered as at 31.12.2013. Nine of them may provide investment management services directly, based on the principle of free movement of services, and one undertaking may provide investment management services in Romania through its branch.

IV. UCITS from other EU Member States

In 2013, a number of changes were made to the documents of undertakings for collective investment in transferable securities distributed in the territory of Romania. During the period under review, a UCITS from another EU Member State was registered in the FSA Public Registry for distribution of equity securities in Romania, *i.e.* ESPA STOCK RISING MARKETS.

On 31.12.2013, 28 UCITS from other EU Member States, *i.e.* three investment undertakings and 25 open-end investment funds (Annex II 18) were registered in FSA Public Registry.

V. Alternative Investment Funds (AIF) from other UE Member States

During the period under review, 7 requests for registration in FSA Public Registry of AIF[30] from other EU Member States for the distribution of equity securities in Romania were filed, namely requests received from the competent authorities of the Great Britain and Ireland for Grosvenor London Office Fund Partnership, Europe Infrastructure Debt Fun, Doughty Hanson VI, Babson Capital Global Investments Funds PLC, Amadeus IV Early Stage Fund A LP, Amadeus IV Early Stage Fund B LP, Amadeus IV Digital Prosperity LP. The notification sent for the registration of Babson Capital Global Investments Funds PLC indicates that it is a divided fund, and 8 of its sub-funds shall be distributed in Romania.

2.4. Capital Market Investors' Protection

Between 01.08. and 31.12.2013, the protection activity of investors[31] focused, mainly, on solving the notifications and complaints referring to aspects of breach of the legal provisions by the capital market entities in Romania.

FSA Investors' Protection Department – Financial instruments and investment sector received 138 complaints, memos and requests for information to be settled, of which:

- **49 complaints/requests** on **the issuers' activity**, of which:
  - 14 notifications on the manner of implementation or adoption of resolutions of the general assemblies of shareholders or of the boards of administration of envisaged issuers;
  - 3 notifications on the application manner of the method of cumulative voting for the election of the members of the board of administration;
  - 2 notifications on the modality whereby the challenged undertaking's share capital was increased;
  - 4 notifications on the supervision/re-trading of issuers' shares;
  - 8 notifications on the distribution manner of dividends;
  - 6 notifications referring to the breach of the legal reporting obligations;
  - 5 notifications referring to the manner in which the evaluation reports were prepared by the independent evaluators registered with FSA;

[30] In accordance with Directive 2011/61/EE, AIFs means collective investment undertakings, including investment compartments thereof raising capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors and do not require authorization pursuant to Article 5 of Directive 2009/65/EC.
AIFMs are the legal persons whose current activity is to manage one or more AIFs.
[31] On 01.08.2013 a specialized structure was established having specific investors' protection tasks.

  - 6 notifications referring to various other aspects (manner in which undertaking's assets are alienated, withdrawal from trading according to GAS resolution, withdrawal from trading through the squeeze out procedure, the merger procedure, blocked shares packages);
  - complaint on the activity of an investment management undertaking on the manner of administration of an issuer in its portfolio;
- **37 notifications referring to the intermediation activity** (activity of the intermediaries authorized by FSA or other competent authorities of Member States, or on trading platforms
- on authorized/unauthorized platforms):
  - 6 notifications on aspects referring to compliance with the clauses of the contract, supply of services by the intermediaries authorized by FSA;
  - 4 notifications on the manner of supply of services by investment firms of state members;
  - 2 notifications on the performance of activities by unauthorized persons;
  - 25 notifications whereby the authority was informed of the fraudulent sale by Harinvest SA Rm. Vâlcea of the shares portfolio held by it, and the fact that the money are neither in the clients' accounts nor in the accounts of Harinvest; 37 letters were actually registered; however, they were reiterations or supplementations of initial letters;
- also, **the verification of the shares held in various undertakings** (admitted to trading or not), **and of the alienation modality thereof,** was requested by **23 requests;**
- **a letter on two cases of fraud through identity theft established in the activity of an intermediary**;
- also, **a number of 28 letters/requests for information on various aspects** were also registered with this Department; 6 requests were filed by persons prejudiced by NIF.

During the reference period, **4 sanctioning decisions** (of which 3 acts sanctioned by warning members of the BoA and one decision sanctioned by fine the legal representative of president of an issuer's BoA) and **one decision for deregistration of an independent evaluator from the FSA Public Registry.**

3. PRIVATE PENSION SYSTEM SECTOR

In the context of the population ageing, the Central and Eastern European countries are faced with the difficult challenge of improving the long term sustainability of the pension systems, while maintaining their main goal: to ensure adequate pensions and to maintain their value over time, based on a limited series of political options. In this context, by Law No. 411/2004 and Law No. 204/2006, Romania introduced, in addition to the public pension system, the private pension system. The purpose of the private pension is to ensure a distinct private pension supplementing the public system pension.

3.1. Supervision of the Private Pension System Sector

The private pension system in Romania is supervised by the off-site monitoring of the regulated entities' activity. FSA verifies and analyses the periodic reports submitted by them and proceeds to investigations if it identifies any non-compliance with the legislation in force, including by proposing thorough investigations or (on-site) control actions. The activity also includes the settlement of all operational issues identified and/or noted at the level of the supervised entities.

For the supervisory activity in the Private Pension System, the main challenge of 2013 was the change of the evaluation method of the fixed-income securities held by the private pension funds. Initially, the evaluation of such instruments, in order to include the total assets of the pension funds in the calculation, was performed by adding to the net purchase price both the accrued interest, and the amount resulting from the daily registration of the difference between the nominal value to be actually collected on the titles' maturity date and the net purchase price. Starting from 1 July 2013, the method requires the evaluation of the fixed-income securities at their fair value[32], thus the market value of such securities being reflected, on a daily basis, in the private pension funds' portfolios. To ensure the unitary use of a price for each fixed-income security in the portfolios of the private pension funds, the quotations supplied by BloombergFinance and Thompson Reuters are used.

The adoption of the new evaluation method has occurred in a time of reduced volatility of the bond markets, so as not to require significant changes of the private pension funds' assets. As short run effect of the change of method, the private pension funds registered variations of the NAVPS[33] between +2.35% and -1.45%, the majority of funds registering asset increases (14 of 18 funds). Subsequently, the level of the daily variations returned to levels similar to those prior to the shift to the fair value evaluation. This change involved an effort not only with regard to organization and the communication with the regulated entities, but it also required the equipment with adequate IT systems, including sufficient BloombergFinance and Thompson Reuters software licenses to meet all prudential supervisory requirements.

[32] Fair value is defined by the international accounting standards as the price that would have been obtained from the sale of an asset or paid for the transfer of a debt within a regulated transaction among the market participants at the evaluation date.

[33] The Net Asset Value Per Share (NAVPS) is calculated as the ratio between the net asset of the fund and the total number of fund units issued. The net asset is calculated as the difference between the total value of the fund's assets, calculated in accordance with the legal regulations in force, and the total value of the liabilities of the fund.

Both the private pension funds and the participants in the system benefit from the new evaluation method, as the pension funds' assets reflect the up-to-date situation of the securities in their portfolio that are traded on the regulated markets or on the interbank secondary market[34]. At the same time, the prudential supervisory activity was consolidated, allowing for a more thorough monitoring of the detailed investment of the pension funds and the calculation of their assets.

3.1.1. Prudential Supervision of Regulated Entities

In 2013, prudential supervision was performed through a continuous *rule-based* or *compliance* monitoring, verifying whether the supervised entities observed in full the requirements provided by the applicable legislative framework. The main purpose of this monitoring was to protect the participants' interests and was achieved by:

- supervision by processing and verifying all periodic reports submitted by the entities;
- analysis and settlement of the operational issues identified at the level of the entire private pension system;
- proposing corrective measures, sanctions or initiating control actions, if irregularities were identified.

The rule-based supervision consisted in verifying whether the reporting entities (pension fund administrator, depositories and marketing agents) observe the legal provisions in force.

The supervision of the pension fund administrators was primarily focused on the following areas: adhesion of the participants and observance of the legal obligations with regard to the contributions, transfers and payment of the related pension rights; the invested assets and the liabilities of the pension funds, the calculation of the net asset and the investment of the fund's assets; the financial statements and the analytical trial balance sheet (separately for the administrator and for the fund); the assets covering the technical provision, the profitability ratio, the observance of the transparency and publicity requirements, etc.[35]

The supervision of the depositories was performed particularly with regard to: the commission owed by the depository's administrator; the situation of the assets covering the technical provision; the fulfilment of the obligations to report to the FSA the irregularities found in the administrators' activity etc.[35]

The supervision of the marketing agents included the periodic monitoring of the volume of the activity intermediated by them, indirectly reflected in the value of the commissions collected from the administrators. The fulfilment of the reporting and payment obligations to FSA was also verified.

The off-site monitoring activity included **the analysis and settlement of the operational issues identified at the level of the entire private pensions system**. The supervised entities or, at times, the participants themselves, notified certain situations, requested standpoints or the need to take corrective measures.

Starting from 2013, the Private Pension System Rights Guarantee Fund also reports periodically, thus allowing the initiation of an adequate off-site supervisory framework with regard to :

- *the bi-annual and annual financial statements;*
- *the annual actuarial report;*
- *the annual internal audit plan and the actions taken;*
- *the internal control actions;*

[34] The only fixed-income securities in the portfolios of the pension funds that may be traded on the secondary interbank market are government securities.
[35] Taxes owed to FSA, the fulfillment of the measures ordered further to the controls, etc.

- *the statement of financial resources, of invested assets, of liabilities and amounts used to cover the payment of compensation to the participants and beneficiaries;*
- *detailed situation of the investments;*
- *analytical accounting trial balance sheet.*

The correspondence with FSA considered different areas of the funds' operations: from erroneous transfers received from NHPP and the sectoral houses, transfers of participants among the funds and reconciliation of the participants' net asset, to investment strategies and requesting FSA's standpoint regarding the compliance of the portfolios with the regulations in force. This entire correspondence required detailed investigation and sometimes cross-institutional collaboration to ensure the proper settlement of the notified cases.

One of the primary objectives of the supervisory activity in 2013 was **protecting the participants' interests**. This is revealed by the way in which the issues related to the participants' interests were handled – transfers among funds, net asset recalculation, payment of benefits, failure to operate on time some of the participants' requests, etc.

In addition to the rule-based supervision, other risk-based supervision elements were introduced. In this respect, starting from 2014, the administrators have the obligation to submit reports regarding their internal audit, internal control and risk activity. These new reports, whereby the fulfilment of certain quality requirements is verified, which are more difficult to calculate using simple indicators, require a more thorough analysis.

3.1.2. Analysis and Evaluation of Risks

Starting from 2013, the organization of the activity was changed with regard to the approach of the risk-based supervision. **Thus, the risks related to the private pension portfolios were monitored and analysed: liquidity risk, interest rate risk, concentration risk, currency risk. At the same time, stress tests were introduced. In addition, the risk analyses and stress tests reflected the situation at fund level as well, not only at pillar and system level.**

In addition to monitoring the variations of the net asset value per share and the limit exceeding (mainly as a compliance element) verifications regarding deferred compensation were added and were analysed from the standpoint of risk-based supervision. Based on the verification of deferred compensation, **the administrators were requested to implement specific procedures to handle such cases**. The implementation of the measures was monitored and analysed and the observance of the implemented procedures was verified. **Every six months, stress tests were performed on the investment portfolios of each pension fund: the assets of the pension funds are subjected to immediate price, interest and exchange rate shocks and the impact that they may have on the pension funds' portfolios and on the entire private pension system is monitored.**[36]

The situation of the government securities held by the pension funds was also analysed on a monthly basis by maturity dates and being subsequently forwarded to the Ministry of Public Finances.

The analyses and verifications performed were either regular or ad-hoc.

[36] The impact was also monitored from the point of view of the evolution in time, to identify potential major changes therein either at the level of a pension fund or at the level of the entire pension system.

Analyses and statements performed on a regular basis

Monthly

- **Liquidity of private pension funds** – *requires the calculation of indicators reflecting the liquidity of the portfolio, the necessary liquidity of a pension fund, as well as the coverage of such necessary liquidity*
- **Interest rate risk** – *requires the calculation of the term and maturity dates of the fixed-income securities*
- **Investment concentration risk** – *requires the calculation of the concentration risk of the pension funds' portfolios from the standpoint of the industry in which they invested, of the issuers and of the groups of issuers, as well as of the type of financial instrument through which the investment was made*
- **Currency risk**- *requires the calculation of currency exposure, the coverage of the currency exposure by derivatives, and the net currency exposure*
- **NAVPS volatility** – *requires the calculation of the NAVPS volatility for each pension fund.*

Bi-annually

- **Stress tests** on the investment portfolios of each pension fund. During such tests, the pension funds' assets are subjected to immediate price, interest and currency shocks and the impact that they may have on the pension funds' portfolios and on the entire private pension system is monitored. The impact was also monitored from the standpoint of the evolution in time, to identify potential major changes therein either at the level of a pension fund or at the level of the entire pension system.

Ad-hoc analyses

- *Analysis of the effects of the termination or changes in the application of legal provisions*
- *Analysis of the portfolios and investment strategies of the private pension funds in terms of the evolution of the private pension funds' assets*
- *Analysis of the custody and depositing activities of the private pension fund assets.*

Verifications Performed on a Regular Basis

Deferred settlement

The transactions of the private pension funds that registered deferred compensation were identified and analysed within FSA. Thus, during 2013, **38 deferred settlements were identified. The causes of the deferred compensation were in all cases beyond the administrators' control**, in all cases analysed the counterparty of the private pension funds being a major foreign intermediation undertaking.

Thus, out of the 38 deferred settlements, 36 were purchasing transactions, and only two were sale transactions. In total, 5 of the 8 privately managed pension funds and 4 of the 10 voluntary pension funds were confronted with cases of deferred settlement.

In order to reduce the settlement risk of the transactions performed by the private pension funds, the administrators were requested to prepare an internal procedure on the management of the deferred settlement situations of the transactions performed by private pension funds.

Analysis of the NAVPS variations of the private pension funds

All daily variations of NAVPS exceeding a previously set threshold are analysed. The analysis revealed that the main cause of the NAVPS variations was the fluctuation of the market prices of the assets held by private pension funds.

In 2013, **over 55 cases of exceeding the investment limits of the private pension funds were registered, the majority being due to amounts under settlement**.

Other Verifications Performed

- ***verifications of the private pension funds held in custody****;*
- *analysis of the information submitted under Amounts under settlement/Other amounts;*
- *verification of the records of shareholding on the Romanian regulated market of private pension funds;*
- *verification of the investments of the private pension fund in undertakings operating in the real estate sector.*

Miscellaneous

- ***Verifications of the performance of successive sale/buy-back transactions for the same asset within short periods of time, further to which the administrators were requested to bear the negative differences between the sale and purchase prices***
- *Verification of failure to comply with Art. 25 Para (1) Letter b) of PPSSC Rule No. 19/2012 on the interdiction to invest in "undertakings conducting, in any percentage, activities in the field of (…) manufacturing and/or trading weapons". Further to FSA's request, the pension funds at issue liquidated such holdings*
- *Verification regarding the erroneous reporting of derivatives*
- *Continuous communication with the regulated entities to ensure the proper development of the private pension system by implementing specific regulations:*
  - *supply of information on the methodology for the identification of the issuers' field of activity;*
  - *assistance on the evaluation methodology of private equity investments;*
  - *clarification on the evaluation procedure of the fixed-income securities starting from 1 July 2013.*

With regard to the cooperation with other institutions in Romania, FSA supplied the NBR analyses and reports specific to the private pension market necessary to prepare the **NBR Financial Stability Report**, as well as a response to the IMF's request to update the section related to private pensions in the **Annual Report on Exchange Arrangements and Exchange Restrictions**.

Also, FSA submitted to EIOPA the data related to the pension system in Romania for **EIOPA Spring Report** and **EIOPA Autumn Report,** data related to risks and expectations regarding their evolution with impact on the private pensions.

The Financial Supervisory Authority – Private Pension System Sector was requested by the National Commission for Financial Markets (NCFM) of Republic of Moldavia to provide advisory assistance within a TAIEX project financed by the European Commission, for an expert mission on the topic "Private Pension Systems". The expert mission made a presentation on the topic of the organization and operation of the private pension system in Romania.

FSA participates within EIOPA in the **Occupational Pension Committee - OPC** and in the **Task Force on Personal Pensions - TFPP**. By its participation in OPC, FSA contributed to the preparation of the technical standards for the application of the directive on occupational pensions, currently being actively involved in the following three subgroups: *Decummulation phase for IORPs (DB & DC), Effective investment decisions*, *Cost and charges for occupational pension schemes*. Within TFPP, FSA participated in the preparation of the preliminary report to the European Commission on the possibility to create a single European legislative framework for the personal pension plans (non-occupational).

3.1.3. Supervision in the Romanian Private Pension System Through Actuarial Methods

In order to exercise the supervision of solvency in the private pension system, the necessary regulatory framework was created by preparing the mathematic models and drafting the secondary legislation applicable to the solvency in the Romanian private pension system.

Both by the nature of the activity conducted and by the nature of the regulations prepared, **the supervision of solvency by actuarial methods is fully risk-based**. Its central element is the **technical provision.**

From an administrative standpoint, the technical provision represents the amount that the administrator has to hold throughout the performance of its activity on the private pension market, in a special regime account that can only be accessed under certain conditions, described by the applicable secondary legislation, opened with the depository bank of the pension fund. This amount ensures the payment of the guaranteed value of the personal asset (guaranteed by Law No. 411/2004 or by the prospectus of the pension scheme), in the conditions of the potential unfavourable future evolution, probabilistically determined based on the risks specific to such pension fund and the current portfolio of participants held by it. This amount is revised at least once a year.

Currently, several main elements are being calculated and analysed by FSA.

Elements calculated and analysed for the solvency supervision

- the current guaranteed value of the personal assets of each participant in Pillar II;
- the current income of each participant in Pillar II;
- the average updated contribution of each participant in Pillar II;
- the future income until the retirement date for each participant in Pillar II;
- the future contribution until retirement for each participant in Pillar II;
- the financing rate of each individual account related to Pillar II;
- the evolution of the guaranteed value until retirement for each participant in Pillar II;
- the evolution of the value of the personal asset until retirement for each participant in Pillar II;
- the future value of the pension, for each participant in Pillar II, by types of pensions (simple annuity, term certain annuity, joint survivor, limited annuity);
- the replacement rate of the earning upon retirement, by types of pension;
- the expected value of the payments at the level of each privately managed pension fund, by types of payments (death, invalidity, transfer, age limit retirement);
- the future value of each privately managed pension fund, based on the current participants portfolio;
- the future value of the collections from commissions for each privately managed pension fund, by types of commissions (asset/contributions);
- the value of the technical provisions related to each privately managed pension fund;

- ***average values*** of the main indicators, calculated at the level of the privately managed pension fund from the total individual values related to the participants portfolio, i.e.: *current average personal asset, average personal asset upon retirement, current average guaranteed value, average guaranteed value upon retirement, current average contribution, average income, average contribution payment frequency, current financing rate;*
- ***annual average evolutions:*** *the annual evolution of the average value of the pension by types of pensions, the annual evolution of the average value of the pension by types of pensions, depending on the contribution payment frequency (by intervals);*
- comparative analysis of the personal asset amount and total guaranteed value evolution, for each privately managed pension fund;
- comparative graphic analysis of the current average value of the main ratios, i.e. personal asset, guaranteed value, contribution, income, contribution payment frequency, financing rate, at the level of Pillar II;
- comparative analysis of the necessary technical provision value resulting further to the calculations prepared by FSA – the Private Pension System Sector for each privately managed pension fund with the value of the technical provision value, as calculated and reported by the administrators of the privately managed pension funds.

3.2. Regulation of the Private Pension System Sector

The private pension system in Romania currently operates based on Law No. 411/2004, Law No. 204/2006, Law No. 187/2011 and the FSA (PSSC) rules for the application of such laws. The regulations issued are essential to the achievement of the objective provided under Art. 22 of GEO No. 50/2005, *i.e.*, to protect the interests of the participants and beneficiaries, by ensuring an effective operation of the private pension system information on it.

The consolidation of the architecture applicable to the private pension system, namely, of the regulatory and supervisory framework, the strengthening of the reporting and accounting framework, the application of the corporate governance rules, the creation of sound mechanisms in the placement and evaluation of the financial assets, were the main goals of the regulation activity. Thus, FSA considered:

- *continuing the drafting of secondary legislation;*
- *continuing the collaboration with other state institutions and interests parties, including the public opinion by public consultation procedures, both within the process of drafting primary legislation, and in the implementation thereof, in accordance with the national normative acts and those of the European Union;*
- *ensuring a unitary approach on the legal provisions.*

In order to better protect the interests of the participants, as a major objective, in 2013, FSA brought a series of amendments and supplementations to the applicable regulations. Such amendments became necessary due to the accession of a new stage of development of the private pension fund market, but also further to the discussions continuously held with the administrators of private pension funds, and they aimed at:

- *improving the marketing activity of the private pension funds;*
- *updating the rules on the preparation of the annual financial statements and the bi-annual accounting reports;*
- *implementing the methodology for the actuarial calculation of the annual contribution owed by the private pension fund administrators to the Private Pension System Rights Guarantee Fund;*
- *reorganizing the archiving activity of the private pension fund administrators;*

- *temporarily modifying the maximum limit applicable to the private pension funds' investments in government securities;*
- *introducing additional prudential requirements in the investment and evaluation of the private pension funds' assets;*
- *correlating with the provisions of the new civil code with regard to the authorization of the voluntary pension fund and the authorization of the privately managed pension fund;*
- *updating the rules on the protection of the participants in case of merger of the privately managed pension funds.*

The aim of the update of the legal framework was to adapt de secondary legislation to the market conditions and to settle certain operational issues identified in the activity of the private pension administrators.

FSA's participation in drafting the primary legislation in the field of private pensions in 2013

The representatives of FSA - Private Pension System Sector participated in the task forces organized by the Ministry of Labour, Family, Social Protection and Elderly, to draft the primary legislation regarding:

- *the bill on the organization and operation of the private pension payment system;*
- *the bill on occupational pensions;*
- *the bill on the transfer of the pension rights of the European Union officials and other agents;*
- *the bill on the amendment and supplementation of Law No. 204/2006.*

Also, FSA's personnel participated in the task forces organized by the Ministry of Public Finance and the Ministry of European Affairs for the analysis of the secondary legislation given the initiation, by the European Commission, of the EU law infringement procedures, with regard to transposing the European directives into the national legislation.

In 2013, the consolidation of the legislative framework further to the evolution of the Romanian private pension system was continued, by the continuous collaboration with the private pension fund administrators and by identifying the issues faced by them, as well as by public consultation for the draft normative acts. The development of the regulatory framework aims at ensuring a sound, coherent legislative framework, harmonized with the European one that is able to support the development of the private pension system, the consolidation of the supervisory mechanisms and the supply of relevant and sufficient information to the participants.

Rules issued for the application of Law No. 411/2004

- *PPSSC Rule No. 3/2013* on the marketing activity of the privately managed pension fund, published in the published in the Official Journal, Part I, No. 153 of 22/03/2013;
- *FSA Rule No. 10/2013* for the supplementation of Rule No. 4/2007 on the authorization of the privately managed pension fund, published in the Official Journal, Part I, No. 573 of 09/09/2013;
- *FSA Rule No. 12/2013* on the protection of the participants in case of merger of the privately managed pension funds, published in the Official Journal, Part I, No. 614 of 02/10/2013.

Rules issued for the application of Law No. 204/2006

- *FSA Rule No. 9/2013* for the supplementation of Rule No. 3/2006 on the authorization of the voluntary pension fund, published in the Official Journal, Part I, No. 573 of 09/09/2013;
- *FSA Rule No. 16/2013* on the marketing activity of the voluntary pension fund, published in the Official Journal, Part I, No. 3 of 06/01/2014.

Rules issued for the application of Law No. 411/2004 and Law No. 204/2006

- *PSSC Rule No. 1/2013* for the amendment and supplementation of Rule No. 3/2011 on the preparation and submission of individual annual financial statements for the entities authorized, regulated and supervised by the Private Pension System Supervisory Commission, published in the Official Journal, Part I, No. 118 of 01/03/2013;
- *FSA Rule No. 1/2013* on the organization of the archiving activity of private pension fund administrators, published in the Official Journal, Part I, No. 448 of 22/07/2013;
- *FSA Rule No. 2/2013* for the amendment of Rule No. 3/2012 on the temporary modification of the maximum limit applicable to the private pension funds' investments in government securities, published in the Official Journal, Part I, No. 448 of 22/07/2013;
- *FSA Rule No. 4/2013* for the amendment and supplementation of Rule No. 9/2011 on the bi-annual accounting reporting system of the authorized, regulated and supervised by the Private Pension System Supervisory Commission, published in the Official Journal, Part I, No. 502 of 08/08/2013;
- *FSA Rule No. 8/2013* for the amendment and supplementation of Rule No. 11/2011 on the investment and evaluation of the private pension funds' assets, published in the Official Journal, Part I, No. 573 of 09.09.2013.

Rules issued for the application of Law No. 187/2011

- *PSSC Rule No. 2/2013* on the actuarial calculation of the annual contribution owed by the private pension fund administrators to the Private Pension System Rights Guarantee Fund, published in the Official Journal, Part I, No. 130 of 12/03/2013.

In its regulatory activity, FSA - Private Pension System Sector collaborated with other institutions, by information exchange to consolidated the stability and integrity of the entire private pension system, including by issuing standpoints on the transposition of certain directives.

Internal cross institution collaboration regarding:

- *Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority);*
- *Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision;*
- *legislative proposal regarding the Packaged Retail Investment Products (PRIPS);*
- *proposal of 28 September 2011 for a Council Directive on a common system of financial transaction tax and amending Directive 2008/7/EC.*

The systematic analysis of the regulatory activity revealed that, in the field of private pensions, the necessary rules for the proper operation of private pension funds and their administrators were adopted and implemented, continuously aiming at ensuring the protection of the participants' and beneficiaries' interests. The main challenge of FSA is the development of the private pension market by stable and effective regulations, for the benefit of the participants in the private pension funds, as future pensioners.

For a proper operation of the private pension system, FSA shall develop the pro-active nature of its activity, focusing on anticipating the needs and receptivity to the demands deriving from the objectives established at the level of FSA, from the supervisory activity, as well as from the practice of the entities operating in the system.

FSA shall maintain its prudent and diligent approach to its activity, which allowed, until present, the sustainable development of the pension system and permitted the private pension funds to obtain positive investment results, even in the context of the financial crisis.

3.3. Authorization/Approval in the Private Pension System Sector

The authorization/approval activity in the private pension system related to 2013 was materialized in the issuance by FSA (PSSC) of a total number of 698 decisions/approvals, of which:

- *168 decisions and approvals regarding the authorization/approval applications of the administrators, funds and depositories within the private pension system, as well as the amendment of the documents based on which the authorizations/approvals were issued;*
- *530 decisions and approvals regarding the authorization/approval applications of the marketing agents, as well as the amendment of the documents based on which the authorizations/approvals were issued.*

The authorization – Approval of Administrators, Funds, Depositories

The following table provides the number of decisions/approvals issued by FSA (PSSC), by types of applications submitted by the entities within the private pension system:

Table II 16 Decisions/approvals issued by FSA (PPSSC) in 2013 for administrators, funds, depositories

Type of Decision	01.01-28.04	29.04-31.12	Total 2013
Decisions/approvals issued, of which:	**58**	**110**	**168**
A. Privately managed pensions	**35**	**52**	**87**
a) Authorization decision/approval for:	**8**	**17**	**25**
- permanent authorization of funds merger	1	-	**1**
- completion of funds merger (approval of asset transfer reports)	3	-	**3**
- person in charge of investing, investment manager	2	2	**4**
- member of the Board of Administration/Supervisory Board	1	8	**9**
- general manager/deputy general manager/member of the directorate	-	5	**5**
- persons in charge of ensuring the internal control/risk management function	1	1	**2**
- approval of Chief of Custody Service Securities Directorate (depository)	-	1	**1**
b) Amendment decision/approval for:	**23**	**35**	**58**
- amendment of the documents based on which the privately managed pension funds administrators were authorized	7	12	**19**
- documents based on which the privately managed pension funds authorization decisions were obtained	7	8	**15**
- amendment of the private pension scheme prospectus	6	9	**15**
- amendment of the individual adhesion document	3	4	**7**
- amendment of the documents based on which the privately managed pension fund depositories were approved	-	2	**2**
c) Rejection decision for:	**1**	-	**1**
- person in charge of ensuring the internal control function	1	-	**1**
d) Withdrawal/deregistration decision:	**3**	-	**3**
- withdrawal of the authorization of Fondul de Pensii Administrat Privat PENSIA VIVA	1	-	**1**

Type of Decision	01.01-28.04	29.04-31.12	Total 2013
- withdrawal of the private pension scheme prospectus authorization for Fondul de Pensii Administrat Privat PENSIA VIVA	1	-	**1**
- withdrawal of the authorization of AVIVA PENSII PRIVATE - Societate de Administrare a Fondurilor de Pensii Private SA for the administration of privately managed pension funds	1	-	**1**
B. Voluntary pensions	**23**	**58**	**81**
a) Authorization decision/approval for:	**4**	**10**	**14**
- person in charge of investing, investment manager	1	1	**2**
- member of the Board of Administration/Supervisory Board	3	4	**7**
- general manager/deputy general manager/member of the directorate	-	4	**4**
- approval of Chief of Custody Service Securities Directorate (depository)	-	1	**1**
b) Amendment decision/approval for:	**18**	**47**	**65**
- amendment of the documents based on which the voluntary pension funds administrators were authorized	5	9	**14**
- documents based on which the voluntary pension funds authorization decisions were obtained	3	12	**15**
- amendment of the voluntary pension scheme prospectus (prior and final approval)	6	17	**23**
- amendment of the individual adhesion document	4	7	**11**
- amendment of the documents based on which voluntary pension fund depositories were approved	-	2	**2**
c) Approval of share transaction Aviva Pensii SAFPP	**1**	**-**	**1**
d) Withdrawal/deregistration decision:	**-**	**1**	**1**
- withdrawal of the approval of depository ING BANK N.V. AMSTERDAM BUCHAREST BRANCH	-	1	**1**

Source: FSA

In 2013, within the natural consolidation process of the private pension market, FSA (PSSC) **issued the final authorization for the merger of Fondul de Pensii Administrate Privat ALICO** (absorbing fund) **with Fondul de Pensii Administrate Privat PENSIA VIVA** (absorbed fund). Further to the completion of the merger process and the approval of the asset transfer reports, FSA (PSSC) **withdrew the authorization of Fondul de Pensii Administrate Privat PENSIA VIVA, the authorization of the private pension scheme prospectus for Fondul de Pensii Administrate Privat PENSIA VIVA and the authorization of AVIVA Pensii Private - Societate de Administrare a Fondurilor de Pensii Private SA as administrator of a privately managed pension fund**.

In the same period, FSA (PSSC) **approved the holdings of more than 5% of the share capital of AVIVA PENSII PRIVATE - Societate de Administrare a Fondurilor de Pensii Private SA**, by ALICO Asigurări România SA, further to the withdrawal from the Romanian market of AVIVA group and the transfer of its activity in the field of private pensions to ALICO group.

The fundamental modifications brought to the investment of the private pension funds' assets by Rule No. 19/2012 and Rule No. 8/2013 for the amendment and supplementation of Rule No. 11/2011 on the investment and evaluation of the private pension funds' assets, have led to the revision of the investment policies of the administrators and to **authorizing the modification of the statements on the investment policy of the private pension funds and the approval of the modification of the private pension scheme prospectuses for private pension funds**.

Further to the changes occurred at top-management level of the private pension administrators and the requirements of FSA (PSSC) regarding the corporate governance principles of the administrators and the fit & proper concept, transposed in the secondary legislation, in 2013 **16 members of the supervisory board/board of administration, 9 managers/members of the directorate/leaders were individually authorized**. Also, **8 persons proposed to ensure the investment manager, internal control or risk management functions within private pension fund administrators were individually authorized**.

Authorization/Approval of Marketing Agents

The following table presents the number of decisions/approvals issued by FSA (PSSC), by types of applications submitted by natural and legal person marketing agents.

Table II 17 Decisions/approvals issued by FSA (PPSSC) in 2013 for marketing agents

Type of decision/approval	01.01-28.04	29.04-31.12	Total
Documents issued, of which:	**172**	**358**	**530**
A. Privately managed pensions	**85**	**186**	**271**
a) Decision/Approval for:	**37**	**52**	**89**
- authorization of private pension broker	-	1	1
- approval of natural person marketing agents*	37	40	**77**
- re-approval of natural person marketing agents**	-	11	**11**
b) Amendment decision/approval for:	**15**	**26**	**41**
- documents based on which the authorization decision of legal person marketing agents, private pension brokers was obtained	2	-	**2**
- documents based on which the approval decision for the natural person marketing agents was obtained ***	12	26	**38**
- amendment of the topic of the training course for the private pension marketing agents	1	-	**1**
c) Withdrawal/deregistration decision:	**33**	**108**	**141**
- withdrawal of approval of specialized legal person	2	-	2
- withdrawal of approval of private pension consultants	-	22	**22**
- withdrawal of approval of natural person marketing agents ****	31	86	**117**
** by the 77 approvals, 785 natural person marketing agents were approved.*			
*** by the 11approvals, 847 natural person marketing agents were re-approved.*			
**** 38 communications were issued amending the personal data of 605 natural person marketing agents.*			
***** by the 117 decisions, the approvals of 7,292 natural person marketing agents were withdrawn.*			
B. Voluntary pensions	**87**	**172**	**259**
a) Approval for:	**42**	**74**	**116**
- approval of private pension intermediary	-	1	**1**
- approval of natural person marketing agents *	36	53	**89**
- re-approval of natural person marketing agents**	6	20	**26**
b) Amendment decision/approval for:	**14**	**36**	**50**
- amendment of the topic of the training course for the voluntary pension marketing agents	1	-	**1**
- documents based on which the approval decision for the natural person marketing agents was obtained ***	13	36	**49**
c) Withdrawal/deregistration decision:	**31**	**62**	**93**
- withdrawal of approval of natural person marketing agents ****	31	62	**93**
** by the 89 decisions, 1,948 natural person marketing agents were approved.*			
*** by the 26 approvals, 648 natural person marketing agents were re-approved.*			
**** 49 communications were issued amending the personal data of 610 natural person agents.*			
***** by the 93 decisions, the approvals of 3,527 natural person marketing agents were withdrawn.*			

Source: FSA

Due to the consolidation of the private pension market, considering the high percentage of participants randomly distributed within Pillar II, a rising trend of withdrawal of the marketing agents approvals, as compared to the approval issuance was maintained in 2013.

Approval of the applications submitted by the Private Pension System Rights Guarantee Fund

In accordance with the provisions of Law No. 187/2011 on the establishment, organization and operation of the Private Pension System Rights Guarantee Fund, FSA issued two decisions for the **approval of the "*Procedure regarding the internal audit activity within the Private Pension System Rights Guarantee Fund*" and the approval of the "*Procedure on the internal control activity within the Private Pension System Rights Guarantee Fund*"**.

FSA kept the Registry of entities authorized/approved in the private pension system. It is formed and structured on Pillar II and Pillar III and within them, on categories of entities, including administrators, , private pension funds, depositories, auditors and marketing agents (natural and legal persons). The public part of the Registry is available for consultation on the FSA website (www.asfromania.ro).

Collaboration with other financial authorities

FSA collaborated with other financial supervisory authorities in Romania, such as the National Bank of Romania, the National House of Public Pensions and the sectoral pension houses, according to law and/or the agreements/protocols concluded with them, under reciprocity conditions and by keeping the confidentiality of the supplied information, to obtain or supply information on the supervised entities and the authorized/approved persons.

Also, the Authorization Approval Directorate collaborated with other foreign financial supervising authorities, by exchange of information, in order to fulfil its duties and to consolidate the stability and integrity of the Romanian private pension system.

3.4. Private Pension System Participants' Protection

The history of the problems specific to this activity and an analysis of an average number of 1,600 complaints registered and settled as of the establishment of the former Private Pension Supervisory Commission, reveal the stringent need to develop a sound financial culture, on all social, professional and age groups of the population.

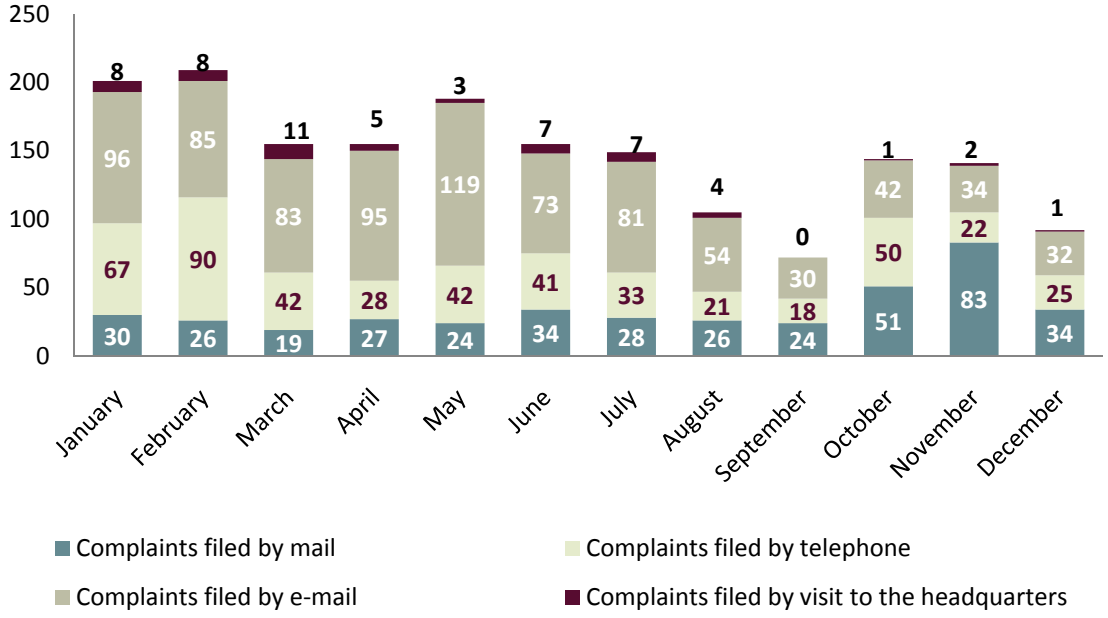
Due to the absence of coherent and consistent policies and measures, at the end of 2013, more than 85% of the total monthly number of adhesions to Pillar II compulsory private pension funds registered are the result of random distribution.

The poor knowledge of the legal provisions in force with regard to the private pension system is revealed both by the problems raised by a significant number of complainants requesting information with regard to the regulation in force, as well as by the statistical data related to the participants in the voluntary pensions. Due to the absence of adequate and accessible information to provide both the employer and the employees with information on the benefits and risks of participating in the voluntary pension system, currently the number of participants in Pillar III represents less than 5% of the total number of participants in the private pension system.

An integral part of the instrument specific to the participant protection activity is the statistical analysis of certain financial, demographic and social data. This measure renders it possible to accurately identify the guidelines to be considered for the optimization of the population's access to private pensions. The capitalization of such data is ensured by FSA by their regular publication both on hard copy and in electronic format, thus contributing to the proper information of the approximately 6 million participants in the system.

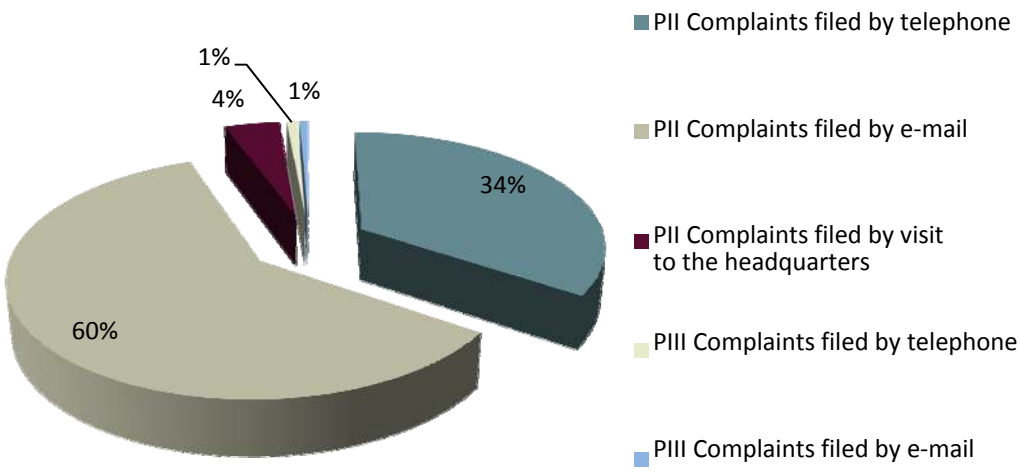
The issues raised by the complaints cover a large number of topics. Between August and December 2013, 554 complaints were settled, of which 218 sent by mail, 136 filed by telephone, 193 filed by electronic mail and 8 by visits to the FSA headquarters. A significant percentage of the complaints requested information on the name of the pension fund where the complainants are registered, as well as with regard to the random distribution to a pension fund. This fact evidences the poor information of such participants in the private pension funds, as well as the high percentage of persons who did not express their option for the conclusion of the adhesion act within the legal term.

Figure II 5 Complaints sent and settled in 2013



Source: FSA

Figure II 6 Structure of the complaints sent and settled in 2013



Source: FSA

Between 1 August - 31 December 2013, 28 cases of fraud were settled, *i.e.* complaints whereby the persons requested the observance of the choice expressed during the adhesion process to the privately managed pension system and whose initial option was not observed due to procedure errors or fraud, as well as complaints whereby the complainants accused fraudulent adhesion and requested the withdrawal from Pillar II system.

Below is a detailed presentation of the categories of complaints settled throughout 2013:

Table II 18 Complaints sent and settled in 2013 (cumulated by mail, telephone, e-mail or visit at the headquarters)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
PILLAR II													
Complaints regarding the name of the pension fund, signed documents	45	33	23	34	47	35	7	37	42	66	78	57	**504**
Complaints regarding random distribution	94	81	93	93	107	58	32	37	3	12	57	1	**668**
Complaints for information necessary to transfer to another pension fund	5	3	6	2	7	13	1	1	3	5	1	2	**49**
Complaints discarded or redirected to other public institutions and organizations	0	0	0	0	0	0	0	1	0	0	0	0	**1**
Requests for general information regarding the private pension system, the legislation in the field or the random distribution process	37	39	20	11	20	30	82	20	19	49	21	24	**372**
Frauds – Complaints whereby the persons request the observance of the choice expressed during the adhesion process to the privately managed pension system and whose initial option was not observed due to procedure errors or fraud	5	7	3	3	5	3	4	1	0	11	4	8	**54**
Complaints whereby the participants request the statement of their contribution or accuse the absence of the contributions to the privately managed pension funds	0	8	2	1	1	6	5	1	0	0	1	0	**25**
Complaints filed by marketing agents	2	2	5	1	0	0	1	0	0	0	0	0	**11**
Frauds – Complaints whereby the participants accuse fraudulent adhesion and request withdrawal from Pillar II system	1	0	0	0	3	3	0	0	0	4	0	0	**11**
Complaints filed to remedy the situation created as a result of modifying the **Personal Number Code**	0	1	2	1	0	0	3	3	0	0	0	0	**10**
Requests to withdraw from the privately managed pension system although the adhesion was made in full awareness – Pillar II	2	4	0	0	2	0	1	1	2	0	1	0	**13**
Complaints on the adhesion of special condition persons - MI MND	1	9	0	3	3	3	7	1	0	0	0	0	**27**
Requests for information on the payment modality of the privately managed pension in the case of invalidity/death	1	7	1	0	0	0	2	1	2	2	3	0	**19**
TOTAL	**193**	**194**	**155**	**149**	**195**	**151**	**145**	**104**	**71**	**149**	**166**	**92**	**1.764**
PILLAR III													
Requests for information on the deductibility of the contributions to the voluntary pensions	0	4	0	0	1	0	0	1	3	1	2	0	**12**
General information regarding the legislation and the operation of the voluntary pension fund system	1	1	0	0	0	0	1	0	0	0	0	0	**3**
Complaints regarding the withdrawal from the voluntary pension system	0	2	0	0	1	0	0	0	0	0	0	1	**4**
Complaints related to transfer	0	0	0	0	0	0	0	0	3	0	0	1	**4**
TOTAL	**1**	**7**	**0**	**0**	**2**	**0**	**1**	**1**	**6**	**1**	**2**	**2**	**23**

Source: FSA

Statistical reporting activity in the field of private pensions

The private pension system is promoted by maintaining a good image of the supervisory authority, by consolidating the relationship with the participants and the operators of the private pension market, as well as with the mass media, with the other state institutions, and with non-governmental bodies. It is also important to send accurate and coherent messages regarding the evolution of private pensions in Romania.

Thus, the publication of the information and statistical data relevant for the Romanian private pensions in hard copy and in electronic format was continued. The Internet pages represented the main means of interaction between the authority and the public, the journalists and the participants. On FSA's website, www.asfromania.ro, created in the second half of last year, newsletters were posted on monthly, quarterly

and bi-annual basis presenting the evolution of the main ratios of the private pension system, a list of the documents issued by the authority, etc., prepared in a form and language accessible to the interested public. Tables with statistical data relevant to the system were also published on the website.

In 2013, FSA ensured the participation in the works of the Committee for Consumer Protection and Financial Innovation (CCPFI) within the European Insurance and Occupational Pension Authority (EIOPA), ensuring the analysis of the materials and documents in progress related to the participants' protection, from the standpoint of our private pension system, presenting its specific elements in the European background.

Document Management

FSA also ensured the optimization of document circulation, particularly in the complaint settlement process (especially in the case of high difficulty cases, requiring control and investigation measures). Thus it aimed at significantly reducing the response time to the complaints received. Also, the proper organization of the document archiving activity was ensured.

4. INTEGRATED APPROACH OF NON-BANKING FINANCIAL MARKETS

4.1. Integrated Supervision of Non-Banking Financial Sectors

With regard to integrated supervision, FSA is still in an incipient stage. In the 5 months of 2013 when it was active in this area, the bases were set for the integrated monitoring of markets, for the risk and crises management system and for the consumer protection from a consolidated standpoint. The objectives of integrated supervision include the enforcement of the European legislation, the correlation of the national legislation with the European one, the identification of the macroprudential components, of the common risks of the three sectors, the harmonization of the sectoral policies related to market monitoring and consumer protection, management of risks and crises with impact on the sector and the system, the transition from the rule-based supervision to the risk-based supervision and the promotion of continuous supervision.

The FSA experts in the field of integrated supervision participated in the international task forces organized by ESMA, EIOPA, ESRB and the Joint Committee of the EU Authorities, contributing to the elaboration of the materials regarding the risks and vulnerabilities of the financial system, of the technical standards and the general regulatory and supervisory framework. Starting from their international experience, our integrated supervisory personnel contributed to the new FSA regulations implementing the European legislation regarding the OTC derivatives, the central counterparties and the central transaction registers, the solvency of the insurance-reinsurance undertakings and capital adequacy for the investment firms and investment management undertakings.

Also, FSA organized an international seminar on the topic of integrated supervision, with the participation of representatives of important supervisory authorities in Europe (FMA - Austria, BaFIN - Germany, the Irish Bank, the National Bank of the Czech Republic, KNF - Poland, FCA – Great Britain, the IMF and the European Commission). The scope of the seminar was for the FSA personnel involved in supervisory activities to benefit from the practical experience of similar authorities.

Within the integrated supervisory activities, FSA performed a quality evaluation of the supervisory activity of the Financial Investments and Instruments Sector. Further to such evaluation, FSA identified modalities to improve the sectoral supervision, such as: the reorganization of the capital market supervisory activity and the improvement of the collection and processing of the information from the supervised entities (by software applications), switching to a risk-based prudential supervision and the issuance of a supervision rulebook.

A similar measure was taken to evaluate the supervisory activity of the Insurance-Reinsurance Sector. The final evaluation revealed weak points such as the need to develop the IT components and the entire off-site evaluation mechanism (infrastructure, reporting platform analytical applications). At the same time, the levelling of the personnel's knowledge and of the evaluation mechanism is an immediate need, focusing on the introduction of operational procedures that may regulate, item by item, each evaluation phase or work stage (including monitoring).

The integrated supervisory activities also include the preparation of the first FSA regulation regarding the operational risks generated by the use of computer systems and the prevention of cybercrime. The draft

instruction enforces the risk-based continuous supervisory principles and a consolidated approach to the supervised entities of the three sectors regulated by FSA. Concurrently, operational measures are considered for the potential common systemic risks of the three sectors.

Integrated Market Monitoring

The rapid evolution of the financial markets determined both the creation of financial groups/conglomerates, and the registration of higher exposures in the case of financial institutions operating on the financial investments and instruments, insurance-reinsurance and private pension markets. Also, the financial crisis revealed how some risks propagated over the entire financial sector, thus highlighting the need of an additional consolidated supervision, based on a supplementation of the sectoral prudential supervisory requirements that accounts for the interconnections within the financial groups/conglomerates and for the exposures of the other market participants to them.

In this context, one of the actions of FSA within its integrated supervisory activity in 2013 was creating a permanent task force in the field of integrated market monitoring (PTF-MIM), consisting of specialists in the fields of monitoring/supervision, regulation, control, legal and prevention of money laundering. The group's activity was focused on supplementing the sectoral supervision with supervisory tools for financial groups/conglomerates and for larger exposures by types of instruments/markets (both representing systemic risk sources). The coordinates of the new consolidated monitoring process focus on group risks, contagion risk, on detecting and correcting the multiple use of capital and on monitoring larger exposures by types of instruments/markets.

The regulations related to prudential supervision of the risks induced by a financial group/conglomerate, the regulations related to the exposures of the entities activating in the three sectors, as well as FSA's competencies as revealed by laws, ordinances, common orders, sectoral regulations in the field of prudential supervision were identified for each sector of FSA. The aim of this measure was to issue a unitary rule at the level of FSA to define the financial groups/conglomerates active in the three sectors, to set the thresholds for identifying the entities to form the object of group supervision, to determine the entities responsible for the observance of the requirements applicable at group level, as well as to establish the transparency criteria for the legal and operational structures.

As part of the integrated supervisory activities, the following were prepared:

- analysis of the classification of the Romanian capital market in the category of frontier markets by international institutions such as Morgan Stanley Capital International, FTSE International, S&P Dow Jones Indices;
- contributions to the Report on the financial stability – edition 2013 issued by NBR;
- analysis of the Romanian equity market vulnerabilities;
- solutions to authorize in Romania the central counterparty according to the EMIR requirements;
- analysis on certain aspects related to the activity of Harinvest – three analyses were carried out based on the information received from the Bucharest Stock Exchange and from the Central Depository;
- proposals to streamline the on-site and off-site supervisory activity (so that FSA's duties regarding the protection of the investors may be better fulfilled);
- proposals of measures against abusive practices of the intermediaries with regard to keeping in custody the clients' assets, as well as for the strengthening of the clearing-related discipline of the intermediaries.

The experience accumulated by the FSA personnel in the integrated supervisory activity contributed to the preparation of the following regulations:

- the regulation on the underlying actions for the depositary receipts (Global Depositary Receipts - GDR). This regulation allowed for the issuance of depositary receipts within the public offer for the sale of the shares issued by Romgaz SA;
- the rule on the internal control, internal audit and risk management in the private pension system;
- the regulation regarding the regime of the sanctions applied in the case of breach of EMIR provisions (EU Regulation No. 648/2012 on OTC derivatives, central counterparties and trade repositories);
- the regulation on the classification as derivatives of certain FOREX contracts and the regime of the offering of unsolicited services and financial investment activities.

Risk Management and Crises Management

The global financial crisis, by the dynamics of the risks' occurrence and by their atypical manifestation, caused difficulties to the supervisory authorities with regard to the timely detection, prevention and control of the risks and revealed the need to improve the systems and mechanisms used for such purposes. The importance of risk management expert appraisals and of the crisis prevention actions increased, such areas becoming a priority for the supervisory authorities.

Risk management and crises management are activities developed by FSA in an integrated manner to meet the need for a systematic and continuous approach to the topic of risks and their management, particularly with regard to the risks that may affect the entire financial system. The following are contemplated:

- elaboration and updating of the risk and crises management strategies and policies;
- establishment of criteria to identify and measure the risks, in accordance with the risk evaluation models (liquidity, market, operational risks, credit, subscription risks, etc.);
- the establishment of a consolidated supervisory system by collection, analysis, notification and response to emergency situations related to systemic crises and crises generated by cybercrimes;
- preparing and updating stress tests scenarios.

FSA aims at monitoring the sectoral policies regarding the projection of crises simulations, the identification and evaluation of newly appeared risks, and the analysis of their potential impact on the supervised markets, activities and institutions.

Switching from rule-based supervision to risk-based supervision requires efforts from FSA to:

- classify the supervised entities into risk categories;
- support the supervised entities to carry out internal risk evaluations and prepare the risk register;
- collect periodic electronic reports including the quantity ratios related to the internal activities and processes of the supervised entities, based on which FSA shall grant a specific scoring to each entity;
- periodically carry out risk analyses identifying behavioural models, deviations from them, including the development of the benchmarking capacity.

FSA aims at an improvement of the internal control and of the organizational maturity degree for the supervised entities by different requirements, depending on their category:

- internal risk evaluation – the definition of the risks themselves (including the fraud risk) regarding people, processes, systems, external environment, by:

  - defining the risk appetite and tolerance;
  - determining the inherent and residual risks;
  - creating the risk register, also evaluating the frequency, seriousness and related measurement means for each risk;
  - measures to limit the risks exceeding the level presumed by the risk appetite and tolerance;
- implementing risk measurement and control points at a general and specific level. The controls may be preventive, corrective and detective, based on the principle of separation of responsibilities, implementation of the approval flows, registration and keeping activity journals;
- organizing the activity by processes;
- implementing the security management by applying the general, specific and security requirements of the access to the markets, by preparing an information security manual and by implementing security procedures;
- implementing key risk ratios.

FSA launched the initiative regarding the prevention of external systemic risks (generated by third parties, cybercrime, hostile national or sectoral interests, competition interests, terrorism and cyber espionage, suppliers, external personnel, etc.) and of the factors that may affect the operational capacity of the supervised institutions.

To harmonize the policies of the three sectors of FSA regarding risk and crises management, FSA had direct meetings with 21 supervised entities within the Financial Investments and Instruments Sector and the Insurance-Reinsurance Sector, as well as with all the entities of the Private Pension System. Discussions were held with 7 associations of the supervised entities to identify the issues and analyse the new approaches proposed by FSA. Also, detailed analyses were performed and the concrete risks were identified for the major systemic significance entities (BSE and the Central Depository). FSA defined the ratios that the supervised entities have to report to ensure a cross-supervision starting from the risks and initiated the design of the collection, analysis, notification and response to incidents and crises system, as well as the implementation of the early warning system.

Consumer Protection, from an Integrated Perspective

The integrated nature of consumer protection at the FSA level is given by the promotion of strategies, action plans and common recommendations in the field of consumer protection on the financial investments and instruments market, the insurance market and the private pensions market.

Currently, the regulatory and supervisory process of the financial market is focused around consumer protection, given that undertakings tend to transfer to the clients and households a broad range of risks associated to new savings and investment opportunities. There is a continuous increase in the complexity of the financial products and a rapid development of the related IT tools. Therefore, the protection measures for the financial services consumers must be integrated with other inclusion policies and financial education, thus contributing to the consolidation of financial stability.

Consumer protection is one of the main functions of FSA. Extrapolating, almost all measures taken are aimed, in essence, at protecting the consumers. Therefore, FSA has taken direct and specific measures to increase transparency in the activity of financial services suppliers, in the activity of promoting business ethics, of controlling abusive clauses and the modalities to sell the financial products to the retail market, it has issued public communications (such as alerts), has analysed the impact of the niche financial products, and has acted for the settlement of complaints.

In the field of consumer protection and financial education, at an integrated level, FSA intends:

- *to implement and promote strategies, action plans and recommendations in the field of consumer protection on the financial instruments and investments, insurance and private pensions markets;*
- *to collect and analyse the data regarding the financial services and their impact on consumers;*
- *to monitor the non-compliant activities on the non-banking financial market that may affect the interests of consumers;*
- *to evaluate the market impact of the new financial services and instruments, to prepare analyses regarding the consumers' complaints;*
- *to monitor the potential intermediation activities/services supplies to unauthorized firms for the retail clients;*
- *adequate information and education activities for consumers.*

Considering the integrated approach of consumer protection, in 2013, FSA built mechanisms necessary for this approach and redesigned the specific structures of consumer protection at the level of the three sectors of FSA.

New working procedures were issued and a new Internet page of FSA was prepared, which focuses on informing consumers and facilitating the dialogue with them. Best practices were identified at the level of the FSA sectors and were implemented at an integrated level: for example, preparing a general online complaint form and a unique glossary of terms. A detailed section of frequently asked questions and the related answers was published and, in the complaints section, a detailed description of the steps to be taken by a complainant to benefit from the mandatory support of FSA was included.

At the same time, taking into account the need to standardize FSA's activities in the field of consumer protection and financial education, a **Permanent Task Force on Consumer Protection** was established. The Group implements efficient ways of collaboration across sectors for data collection, integrated analysis of complaints, preparation of statistics, drawing up a common strategy in the area, standardization of activities, and sending alerts and recommendations. At the same time, work was started on the **FSA Strategy for Consumer Protection and Financial Education 2014-2017**. In drawing up the strategy, the newest trends and international recommendations in the area are considered, the document being in line with the principles and recommendations of the OECD.

FSA Strategy for Consumer Protection and Financial Education 2014-2017

The strategy is intended to provide an overview of the actions and mechanisms necessary to be designed and implemented by the Financial Supervisory Authority in the consumer protection measures and programs and the financial education dedicated to non-banking financial services, insurance, financial instruments and investments and private pension.

***The aim** of this strategy is to create an organizational framework, structured, unitary and functional necessary for preparing the projects in this area and to provide the entities in charge of implementation with a guideline for developing consumer protection and financial education programs for the next 3 years. Firstly, the strategy reveals qualitative and quantitative arguments that emphasize the need to implement consumer protection and financial education measures. Secondly, the strategy proposes, in a logical, planned sequence, principles, methods and projects necessary to achieve the objectives set out. Such an orderly and logical approach is essential for a strategy, as a simple sequence of a set of individual ideas*

that only aims at achieving imprecise, non-quantifiable objectives, by checking off such ineffective actions is not sufficient.

The strategy may clarify the roles according to their duties and powers, the manner and level of involvement of each organizational structure in attaining the objectives set out in order to identify and prioritize the needs of various target social groups and to rationalize the available resources.

Under Alerts and Recommendations Chapter, we highlight the publication of FSA's Recommendation to consumers for the conclusion of MTPL insurance policies. As regards the capital market, because trading and the FOREX platforms are not directly regulated in Romania, FSA was pro-actively involved in this matter by issuing an alert to consumers. Thus, in accordance with its powers, and as a result the situations reported in the complaints received and direct findings, FSA developed an analysis of the effects of transactions with FOREX and CFD instruments whereby it identified incorrect practices of the intermediaries of these types of transactions, natural or legal persons, with or without the authorization to carry out activities on the capital market, practices manifested primarily through misleading advertising and aggressive direct marketing.

The conclusion of cooperation agreements and protocols is the basis of establishing the cross-institutional relationship of FSA with other authorities and institutions in Romania. FSA Board approved the conclusion of the **Cooperation Protocol between the Financial Supervisory Authority and the National Authority for Consumer Protection**, to develop the cooperation between the two institutions in order to improve the protection of financial services consumers, as well as to improve the financial education and the level of confidence in the financial market. FSA proposes to extend the cooperation to the NGOs in the field and to intensify and improve public consultation actions.

The analysis of the complaints and the findings drawn from their settlement are factors that generate regulations and control actions with the aim of protecting consumers. This is why FSA established common minimum principles of the three sectors in the classification and management of complaints.

4.2. Research and Analysis Activity

The research and analysis activities carried out by FSA contributed to identifying and monitoring trends and risks on the non-banking financial markets, to the supervision of market practices and the establishment of regulations of the non-banking financial system.

The vulnerabilities of the capital market, insurance market and private pension sector of Romania were analysed within FSA to improve the supervisory activity of regulated entities and to adjust the control activities to the recent developments of these sectors.

The analysis activities within FSA included the preparation of impact studies and cost-benefit analyses from an integrated economic and social perspective, to lay the bases of the regulatory policies in the non-banking financial sector

- *The consolidated analysis of SIFs. The report underlines the importance of these entities for the economy and the capital market of Romania by preparing a detailed analysis of the asset structure and investment strategy, the evolution of the SIFs' traded shares and the influence it has on the overall stock market trends, hypotheses on the possible effects of changing the 5% threshold, of the possible merger between SIFs and of potential direct cross-holdings, etc.*
- *The presentation of the situation of the Romanian stock market intermediaries from the perspective of their profitability, solvency and operational risks, report which contributed to FSA's measures to promote a better management of operational risks by the entities it supervises.*
- *The analysis of the draft European Regulation on indexes used as reference in the financial instruments and financial contracts.*
- *The preparation of two comparative studies, the first regarding the supervision fees and charges of non-banking financial markets practiced by authorities of the EU, and the second regarding the fees charged by the stock exchanges in the EU. The two studies were completed in the first month of 2014 and contributed to the setting the bases of the amendment proposals of FSA's fees and charges structure in the field of capital market.*

The FSA experts monitored the trends and risks on the supervised markets, from an integrated perspective

- *A quarterly risk table ("Risk Dashboard") was developed for the non-banking financial market of Romania, in accordance with the recommendations of international bodies (ESMA, EIOPA, ESRB). During these periodic analyses, the creation of a methodology for the identification of non-banking financial sector risks is considered.*
- *The sensitivity analysis of stock portfolios to external shocks (using the Value at Risk method). The analysis presented a practical study for measuring the BET sensitivity index to adverse market conditions simulated by the Monte Carlo method. Two models were used to calculate volatility, the RiskMetrics model and the Garch non-linear model (NGARCH). The Value at risk (VaR) and the expected shortfall indicator (Expected Shortfall), two measures for the quantification of the potential loss of an issuer, were calculated for a period of 10 days for several volatility scenarios. The method can be applied to any undertaking listed on the Bucharest Stock Exchange and will be used in the future by FSA in its supervisory activities on the capital market. The analysis falls within the current concerns of monitoring the financial markets resilience to economic shocks.*
- *The regular monitoring of the risk indicators published by ESMA, ESRB, EIOPA and EBA as well as of the main macroeconomic and financial indicators published by Thomson Reuters Datastream thereby strengthening the supervisory activities of the non-banking financial sectors.*
- *The first monthly report of FSA (NSC) of the analysis of the Romanian capital market development was prepared, the first edition thereof becoming available to the public on FSA's website in early 2014.*

Statistics and macroeconomics policies experts within FSA collected, processed and supplied macroeconomics and financial statistics necessary for the fulfilment of the institution's objectives

In this context, two unitary databases were developed, the first comprising macroeconomic indicators, and the second comprising financial indicators specific to the capital markets, insurance and private pensions markets.

- *The macroeconomic database is updated on a monthly basis in the FSA network and it is structured to describe the evolution of the main economic sectors that also have an impact on the non-banking financial sector. Monthly and quarterly data series are updated, such as gross domestic product, the current account and the financial account of the balance of payments, the consolidated general budget, private and public debt, labour market, population revenues, the price system, the industry, the constructions, the investments, the services, foreign trade, the aggregated indicators on EU countries. The database is used for the preparation and update of reports, studies and research within FSA.*
- *The other database was organized to meet to requests for statistical data of the other directorates of FSA (capital market, insurance and private pension), for the preparation of its own studies, reports and analyses (FSA's Annual Report - in progress, the Risk Dashboard Report, various analyses prepared for other sectors of FSA), and it is under construction and diversification.*

The FSA personnel involved in the non-banking financial markets research and analysis contributed to the increase of performance standards of the activities carried out by FSA by its active participation in national and international reunions and cross-institutional cooperation.

- *Working groups along with representatives of NBR, MPF, BSE and of the financial industry for the development of the Romanian capital market. This measure was materialized through the elaboration of the document "Eight systemic barriers to the creation of a modern capital market in Romania" which was the basis of the signal for re-launching an effort to upgrade the Romanian capital market.*
- *Periodic meetings of CEMA[37] (ESMA[38]), ATF[39] (ESRB[40]) and ITF[41] (ESRB) where it is actively involved in research studies on the financial markets, monitoring and analysing their trends, identifying, evaluating and managing the risks related to financial markets. In this context, it is worth mentioning the contribution brought to the ESRB secretariat works between 07.10.2013 and 18.10.2013 within a working project supported by FSA to cooperate with experts of other Member States in order to create a technical manual on the functioning of the macroprudential instruments of CRDIV/CRR intended for the competent or designated authorities of the Member States, and a pilot report on the macroprudential policies that addresses decision makers, market participants and the general public.*

[37] Committee for Economic and Markets Analysis.
[38] European Stock Market Authority.
[39] Analysis Working Group.
[40] European Systemic Risk Board.
[41] Instruments Working Group.

4.3. Money Laundering Prevention Activity

The Financial Supervisory Authority has direct powers and responsibilities in the implementation of preventive measures and specific regulatory requirements *for the prevention and sanctioning of money laundering, and taking measures to prevent and combat terrorism financing* in accordance with the provisions of Law No. 656/2002 R and Government Emergency Ordinance No. 202/2008 *on the implementation of international sanctions,* as subsequently amended and supplemented. At the same time, the Authority is vested with powers relating to the supervision and verification of how the entities in its area of responsibility comply with specific legal obligations in this field, but also relating to its relationship with other responsible institutions (nationally and internationally), including the possibility of exchanging information with them and of issuing decisions accordingly.

The activity carried out by FSA is not particularly investigative, being focused primarily on the application of preventive measures in the AML/CTF field. The main elements that make up the analytic process are related to the need to ensure the transparency of the legal structures operating on the supervised financial markets, the transparency of financial transactions and the proper identification of the beneficial owners, analysing the conduct of certain supervised financial entities, the assessment of the compliance with the regulatory provisions of the AML/CTF and, where appropriate, the identification of regulatory voids (*loopholes*) or sectoral vulnerabilities that affect the degree of exposure to the risk of money laundering and terrorism financing.

The main FSA structures that sent requests or complaints were those involved in the inspection and authorization/approval activities. All these measures have generated internal in-depth analyses, which materialized, as appropriate, in complaints transmitted to law enforcement authorities, in opinions or specific standpoints, but also by increasing the transparency level of certain transactions or market access intentions.

With regard to the prevention of money laundering and terrorism financing, FSA has implemented a complex operational framework, which is interconnected with most structural components. This approach, modern and highly effective, has allowed for a diversification of the operational flow and a much more effective relationship with the law enforcement authorities.

With the exception of the reports specific to AML/CTF (suspicious transactions, cash, etc.), there has been a considerable increase in the number of analyses carried out in the authorization process (fit & proper), as well as those carried out in relation to the sectoral regulations issued by NSC, ISC and PPSSC in this field, in particular those aimed at implementing the provisions laid down by Law No. 656/2002 R. Another important element of FSA's activity in preventing money laundering and terrorism financing in 2013 is related to the analysis of the reports submitted by the supervised entities, in particular those relating to transactions suspicious of money laundering.

As regards the evaluation mechanism, FSA initiated an "automation" project of the analysis process, based on the quantification of several risk indicators, the definition of analytical variables, and (prior) establishment of risk categories. In parallel with its daily work, all cases analysed by FSA are re/evaluated by reference to operational templates that determine the components of a risk-based evaluation mechanism (RBA - *risk based approach*). 2013 represented an overall re-evaluation of money laundering and terrorism financing prevention activity as well as of the implementation of the international sanctions regime. The size of this re/evaluation included both the proactive and reactive components.

From the proactivity perspective, this activity has suffered the most operational changes, which are to be put into practice in 2014. Depending on the specifics of each type of activity analysed, the key elements that shape the AML/CTF proactivity were set out: implementation of a continuous process of informing the supervised sectors, the implementation of an accelerated process of compliance with legislative obligations in this area, the implementation of a (real time) warning system and the development of an effective training mechanism, including the introduction in the customary practice of a specialized session, focused on the key compliance elements, as well as on patterns, indicators and/or risk factors, operational vulnerabilities, etc.

From the reactivity perspective, the activities carried out by FSA in the AML/CTF area has seen an increase of more than 4 times as compared to earlier results of ISC, NSC and PPSSC. This increase did not take account only of the sanctioning component, being also based on the large number of complaints to the law enforcement authorities. In this context, the activity carried out by FSA had an impact not only in relation to suspicions of money laundering or of terrorism financing, but also in connection with suspicions or hints about other criminal categories. Moreover, the specialized opinions issued in this segment have strengthened considerably the evaluation process at the pre-authorization stage (fit & proper), chiefly with regard to good repute, transactional transparency and the source of funds used. It is worth mentioning that the results of this activity cannot be presented punctually, for obvious reasons, mainly related to the specifics of the AML/CTF activity, of cross-institutional relations.

The money laundering and terrorism financing prevention activity is completely different from other categories of activities specific of a supervisory authority. It is organized, from a legal and operational standpoint, in accordance with international standards in the field, as well as with the 40+9 Recommendations of the Financial Action Task Force (FATF), or the directives and regulations issued by the European Parliament and the European Commission.

As part of the national AML/CTF system, FSA entered, almost immediately after its establishment, in a complex evaluation process which regarded the sectoral legal framework, the actual results of such activity, the internal organization, the resources allocated to this area, the analytical capacity, the level of cooperation with other responsible institutions, the coverage level within the scope of supervision, the internal relationship on certain areas of activity, the exchange of information, the confidentiality regime, etc.

From the organizational structure perspective, the evaluation mission carried out by the Moneyval Committee led to the re/analysis of the AML/CTF activity organization within FSA and to the optimization of the internal cooperation and coordination. The complexity of this evaluation is also revealed by the examined legislative sphere: the sectoral regulations issued by ISC, NSC, PPSSC in this area and the correspondence with the obligations laid down by the primary law, statutory law, the powers and the legal regime for the enforcement of international sanctions, etc.

The results of this international evaluation mission have highlighted the positive impact brought to the national AML/CTF system through the establishment of FSA, which was able to respond immediately to certain deficiencies identified in the supervision carried out by the three previous structures. From the standpoint of increasing the compliance level with the standards of this industry, FSA had the fastest institutional reorganization and reassessment, and was able, within less than five months, to develop a new policy and a new approach to the responsibilities relating to AML/CTF supervision.

During the specific activities undertaken in 2013, FSA has identified a number of situations, which due to their recurrence, have led to the identification of specific topics for the training, control or supervisory activity:

- *the fit & proper mechanism:* the tendency of certain categories of entities and persons not to be very specific as regards the identification of the beneficial owners of the source of funds or other elements related to the transparency of the operations subject to authorization/approval, which generates additional work stages;
- *the reporting mechanism (RTS):* there have been situations when, further to a potential confusion, the reporting of suspicions relating to violation of prudential rules was replaced by the reporting of transactions suspicious of money laundering. While the abovementioned reporting do not exclude each other, this type of confusion can have severe adverse effects on the supervised undertakings.

Also, there have been situations were certain entities omitted to report financial operations or reported them by fractions to avoid reaching a reporting threshold (thus affecting the reactivity).

- *compliance*: FSA took important measures to remove or minimize the possibility of misinterpretation of the legislation in the field and the related obligations in the practice of the supervised entities. This represents a separate aspect of proactivity.
- *implementation*: it was found that in certain situations there is no actual implementation of the AML/CTF policies in the actual activity, the compliance being superficial (thus affecting the compliance measures).

5. CONTROL ACTIVITY

In order to fulfil its supervisory activity, FSA was authorized by law to carry out controls at the headquarters of the entities it regulates, authorizes and supervises. In the performance of its duties, FSA has the right to request any information and have access to any document in any form whatsoever, from and in respect of any person or entity subject to the control.

The main component of FSA's control activity is the planned one, carried out according to an annual inspection schedule approved by the FSA Board. By carrying out planned audits, it ensures the periodic supervision of the activity of supervised entities on the non-banking financial market. In addition to the planned part, the control activity also includes an unannounced component, determined by findings resulting from FSA's specialized directorates' control activity, requests of other authorities, including complaints lodged at FSA's headquarters.

5.1. Insurance-Reinsurance Market Control

5.1.1. Controls Carried out with Insurance Undertakings

Prior to 29.04.2013, the carried out control actions were as follows:

Insurance and/or reinsurance undertakings where **periodic control** was carried out:
SOCIETATEA ASIGURARE-REASIGURARE ASTRA SA and **CARPATICA ASIG SA**

Insurance and/or reinsurance undertakings where **unannounced control** was carried out, on specific topics:
SOCIETATEA DE ASIGURARE-REASIGURARE LIG INSURANCE SA

- *verification of the insurance contracts portfolio subscribed in Italy, based on the freedom to provide services;*

UNIQA ASIGURĂRI SA

- *verification of the investigation and conclusion of claim files;*

OMNIASIG VIENNA INSURANCE GROUP SA

- *verification of the registration and record-keeping of claim files, the setting up/release of the related technical reserves; verification of the complaint settlement modality; verification of the registration in the accounting records of the receivables from VAT related to the repair works performed by service units, further to the losses occurred to the vehicles owned by leasing undertakings that are VAT payers and which are compensated by the insurer based on the insurance contracts.*

Further to the results of the periodic and unannounced control actions completed with the 5 undertakings mentioned above, the ISC Board ordered the implementation of action plans to remedy the issues identified.

After the establishment of FSA, between 29.04.2013 and 31.12.2013, there were 23 unannounced control actions at 18 insurance-reinsurance undertakings and two unannounced control actions and 4 periodic control actions were initiated, these being completed in the first quarter of 2014.

The insurance and/or reinsurance undertakings where unannounced controls were carried out, on specific topics, were as follows:

GERMAN ROMANIAN ASSURANCE SA (two control actions)

- *verification of the investigation of the claim files;*
- *verification of the grounds (the actuarial calculation) of the insurance premium and of the level of the deductible for the product "Insurance for the repayment of the repatriation expenses and/or of the amounts paid by tourists in case of insolvency or bankruptcy of the travel agency", of the loss management and liquidation procedures, of the procedures for the rejection/prescription of the claim files, as well as the procedures related to the risk analyses performed by the undertaking with regard to the coverage of the insolvency risk for the insured travel agencies, prior to assuming the insured risk;*

EUROINS ROMANIA ASIGURARE REASIGURARE SA (three control actions)

- *verification of the investigation and conclusion of the claim files, as well as of the compliance with the provisions of Order No. 11/2012;*
- *verification of the fulfilment by the undertaking of the measures provided in the FSA Board Decision No. 659/29.08.2013;*
- *verification of the fulfilment of the measures plan established by Decision No. 743/19.09.2013;*

OMNIASIG VIENNA INSURANCE GROUP SA

- *verification of the investigation and conclusion of the claim files, as well as of the compliance with the provisions of Order No. 11/2012;*

ASIGURARE REASIGURARE ASIMED SA

- *verification of the compliance with the legal provisions with regard to the payment of the shares issued upon the increase of the share capital by 900,000 lei, from 11,301,000 lei, to 12,201,000 lei, registered in 2012 with ORC without the prior approval of the supervisory authority and the lawfulness of the share capital sources used by the significant shareholders to increase the share capital from 12,201,000 lei, to 13,101,000 lei, in order to approve the amendments made to the constitutive act and the lawfulness of the use of the share capital to pay the loans granted by the shareholders;*

ASIGURAREA ROMÂNEASCĂ - ASIROM VIENNA INSURANCE GROUP SA

- *verification of the organization and operation of the internal control and risk management system, of the anti-fraud procedures/policies in order to reduce the risks to which they are exposed and the verification of the portfolio of life insurance contracts containing contractual clauses which allow repurchase;*

SOCIETATEA ASIGURARE - REASIGURARE ASTRA SA

- *verification of the investigation and conclusion of claim files, as well as the compliance with the provisions of Order No. 11/2012; verification of the organization and operation of the internal control and risk management system and the anti-fraud procedures/policies in order to reduce the risks to which they are exposed; verification of the portfolio of life insurance contracts containing contractual clauses which allow repurchase;*

POOL-UL DE ASIGURARE ÎMPOTRIVA DEZASTRELOR NATURALE SA (PAID)

- *verification of the adequacy of the undertaking's exposure reinsurance program to the risks covered by the PAD and analysing the measures that the undertaking's management considers to protect the interests of policyholders, taking into account the amendments to Law No. 260/2008 on the compulsory insurance of homes against earthquakes, landslides and floods;*

COMPANIA DE ASIGURĂRI - REASIGURĂRI EXIM ROMÂNIA (CARE - ROMÂNIA) SA

- *verification of the internal control, risk management and internal audit system operation, within the corporate governance of the undertaking; verification of the registration and record-keeping of claim files and the setting up/release of the related technical reserves; verification of the policy underwriting activity; verification of the compliance with the legal provisions in force relating to the control over intermediaries; verification of other issues relating to corporate governance;*

SOCIETATEA DE ASIGURARE - REASIGURARE CITY INSURANCE SA

- *verification of the compliance of the legal provisions with regard to the investigation of the claim files related to the home and goods insurance;*

CARPATICA ASIG SA

- *verification of the investigation, conclusion and record keeping of the claim files, of the establishment of the technical reserves, the observance of the provisions of Order No. 11/2012 on the complaint settlement;*

ALLIANZ-ȚIRIAC ASIGURĂRI SA, ALICO ASIGURĂRI ROMÂNIA SA, BCR ASIGURĂRI DE VIAȚĂ VIENNA INSURANCE GROUP SA, EUREKO ASIGURĂRI SA, GENERALI ROMÂNIA ASIGURARE REASIGURARE SA, GRAWE ROMÂNIA ASIGURARE SA, ING ASIGURĂRI DE VIAȚĂ SA, METROPOLITAN LIFE ASIGURĂRI SA, (8 undertakings)

- *verification of the portfolio of life insurance contracts containing contractual clauses which allow buy-back.*

From among the issues found further to the unannounced controls performed, the following deficiencies were found with most of the controlled insurance and/or reinsurance undertakings:

- *absence of internal rules regarding the calculation of all technical reserves;*
- *inadequate establishment of the outstanding claims reserves-reported;*
- *incorrect calculation of the technical reserves (the premium reserve, the mathematical reserve, the outstanding claims reserves-reported, the outstanding claims reserves-IBNR);*
- *improper recording of complaints and delays in the settlement thereof;*
- *failure to send to the clients, as contractors/potential contractors or policyholders, the information provided in the rules in force;*
- *inexistence of a risk profile of the undertaking in general;*
- *inexistence of an adequate internal control and risk management system and/or the improper operation thereof, which renders impossible the management of risks occurrence and the impossibility to take measures in order to reduce/eliminate risks;*
- *inadequacy of the internal audit function;*
- *inconsistencies between the data in the technical records and the accounting records of the undertakings with regard to the gross written premiums, the collected gross premiums, the technical reserves, the amount of the compensation related to the claim files.*

Further to the results of the control actions carried out with the insurance/reinsurance undertakings, the FSA Board ordered as follows:[42]

- *undertaking fine – two undertakings;*
- *temporary interdiction to practice MTPL – one undertaking;*

[42] The sanctions consisting of fines were applied in addition to other sanctions/measures ordered, the value thereof being of 930,000 lei.

- *resumption of MTPL practice – one undertaking;*
- *written warning of executive management - one undertaking;*
- *fine to the administrative management – two undertakings;*
- *fine to the executive management - 5 undertakings;*
- *withdrawal of approval of executive manager - one undertaking;*
- *written warning to claim department manager - one undertaking;*
- *fine to other significant persons – two undertakings;*
- *withdrawal of approval of other significant persons - one undertaking;*
- *measures plan - 11 undertakings;*
- *notification of other institutions/authorities - 3 undertakings.*

Further to the controls carried out with the insurance undertakings, three special situations were encountered, of particular importance because of their impact on public opinion and the large number of policyholders.

Carpatica Asig SA

The unannounced controls carried out aimed at verifying the investigation, conclusion and record-keeping of the claim files, the verification of the establishment of the related technical reserves and the verification of the compliance with the provisions of Order No. 11/2012 of the ISC President on the complaint settlement procedure.

During the control, the undertaking did not submit to the control team all of the information requested, some of the requested claim files were incomplete and the electronic statements were uncorrelated. FSA identified operational errors and deficiencies in the application of the undertaking's own working procedures and instructions concerning the establishment, evaluation and liquidation of MTPL claims, failure to establish claims reserves at an adequate level and the internal control system of the undertaking did not operate properly.

Based on the findings, the FSA Board ordered:

- *to sanction CARPATICA ASIG SA by a fine of 20,000 lei;*
- *to sanction Ms. Crudu Ina-Ana, general manager of CARPATICA ASIG SA, by written warning;*
- *to compel the undertaking to submit to FSA, within 60 days of the receipt of the decision, the measures taken in order to correct the deficiencies found during the control.*

Subsequently, FSA requested the undertaking to re-evaluate the reinsurance contracts (including their registration in the accounting statements), and in the first part of 2014 decided to open the financial redress of Carpatica Asig based on a redress plan.

Euroins Romania Asigurare Reasigurare SA

Following an unannounced control at Euroins Romania Asigurare Reasigurare SA, aimed at verifying the investigation and conclusion of claim files and the compliance with the provisions relating to the complaint settlement procedure application related to the insurers' and insurer intermediaries' activities, FSA found that the rules and instructions for finding and liquidating the claims used by the undertaking are not adequate. It unduly reduced the amount of the compensation by reference to the value resulting from the existing documents in some of the claim files and the payment of some claim files to the injured parties was made with delay by reference to the deadlines provided by the legal rules. At the same time, claim files

were identified in which the injured party was not notified of the rejection of claims for compensation and of the reasons for such rejection.

In consideration of these situations found, FSA temporarily prohibited the undertaking's MTPL policy sale activity.

Societatea Asigurare - Reasigurare Astra SA

The control performed at FSA's initiative targeted the verification of the measures plan previously established by the decision of the FSA Board and it revealed that the undertaking had not taken in full and on time, *i.e.* until 31.12.2013, the measures imposed on it, and by the end of the control action, a number of documents requested by the control team had not been handed over.

Based on the issues found and on the report prepared further to the continuous control, in the first quarter of 2014, the FSA Board ordered the initiation of the financial redress procedure for the undertaking, by special administration.

5.1.2. Controls with Insurance Brokers

The control actions with the insurance and/or reinsurance brokers regarded the observance of the legal provisions in the field of insurance, of the rules, orders and decisions of ISC in order to protect the interests of the policyholders.

The main minor offences found further to the control actions, which led to the application of the abovementioned sanctions, were:

- *failure to meet the authorization and operation conditions established by the ISC/FSA rules;*
- *absence of professional third party liability insurance policy;*
- *failure to submit or delayed submission of the periodic reports and of the reports on the operation fee;*
- *failure to observe the regulations regarding the procedure for combating money laundering and terrorism financing;*
- *failure to properly enforce the accounting regulations compliant with the European directives specific to the insurance field, etc.;*

In 2013, until 29.04.2014, 3 periodic control actions and 14 unannounced control actions were concluded.

Further to the results of the control actions carried out with the insurance and/or reinsurance brokers, the ISC Board ordered the following sanctions:

- *withdrawal of the approval of the executive managers: one executive manager (one broker);*
- *written warning for the executive managers of the brokers: 2 executive managers (2 brokers);*
- *written warning to the undertaking: 3 brokers;*
- *fine to the undertaking: 2 brokers;*
- *temporary suspension of activity: 2 brokers;*
- *withdrawal of operation authorization: 3 brokers.*

The amount of the fines applied by ISC further to the control actions carried out with the insurance and/or reinsurance brokers in 2013 amounted to 5,000 lei.

Also in 2013, the ISC Board approved, upon request, the withdrawal of the authorization of an insurance and/or reinsurance broker, the suspension, upon request, of the activity for 4 insurance and/or reinsurance brokers, and for 3 insurance and/or reinsurance brokers, the ISC Board took note of the controls made and no sanctions or measures were ordered.

In addition, further to the controls performed in 2013, for 5 insurance and/or reinsurance brokers measures were ordered to correct certain deficiencies found.

Table II 19 List of control actions performed until 29.04.2013

No.	Insurance and/or reinsurance broker	Type of control	No. and date of sanctioning decision	Measures ordered further to the control
1	Net Broker de Asigurare SRL	Unannounced	20/17.01.2013 21/17.01.2013	Written warning executive management Approval of suspension of activity upon request
2	VNT Broker de Asigurare SRL	Unannounced	44/04.02.2013	Approval of authorization withdrawal upon request
3	Interland Broker de Asigurare SRL	Unannounced	126/26.03.2013	Written warning executive management Measures Plan
4	Carol Broker de Asigurare SRL	Unannounced	134/28.03.2013	Fine to the undertaking Measures Plan
5	Asiprest Broker de Asigurare SRL	Unannounced	173/18.04.2013	Written warning to the undertaking Measures Plan
6	Brain Insurance Group Broker de Asigurare - Reasigurare SRL	Unannounced	171/12.04.2013 180/23.04.2013	Fine to the undertaking Measures Plan Temporary interdiction of activity
7	Ionasig Broker de Asigurare SRL	Unannounced	198/26.04.2013	Withdrawal of authorization
8	Perfect Asig Broker de Asigurare SRL	Unannounced	174/18.04.2013 207/26.04.2013	Written warning to the undertaking Withdrawal of authorization
9	Ultra Broker de Asigurare SRL	Unannounced	210/26.04.2013 211/26.04.2013	Withdrawal of authorization Withdrawal of approval of executive management
10	Verglaser Broker de Asigurare SRL	Unannounced	199/26.04.2013	Temporary interdiction of activity
11	Avus Internațional - Broker de Asigurare - Reasigurare SRL	Periodic	Not applicable	Note was taken of the control made
12	Omega Broker de Asigurare SRL	Periodic	Not applicable	Note was taken of the control made
13	Aviasig Broker de Asigurare SRL	Unannounced	Not applicable	Note was taken of the control made
14	Kamer Broker de Asigurare SRL	Unannounced	134/04.06.2013	Approval of suspension of activity upon request
15	Special Office Broker de Asigurare SRL	Unannounced	135/04.06.2013	Approval of suspension of activity upon request
16	Economy Consulting Group RO Broker de Asigurare SRL	Unannounced	212/26.04.2013	Approval of suspension of activity upon request
17	Zurich Broker de Asigurare - Reasigurare SRL	Periodic	189/13.06.2013	Written warning to the undertaking Measures Plan

Source: FSA

After the establishment of FSA, 12 periodic control actions and 22 unannounced control actions were concluded.

The control actions with the insurance and/or reinsurance brokers regarded the observance of the legal provisions in the field of insurance, of the rules, orders and decisions of FSA (ISC) in order to protect the interests of the policyholders.

Further to the results of the control actions carried out with the insurance and/or reinsurance brokers, the FSA Board ordered the following sanctions:

- *withdrawal of approval of executive managers: 4 executive managers (4 brokers);*
- *written warning to the brokers' executive managers: 5 executive managers (5 brokers);*
- *written warning to the undertaking: 2 brokers;*

- *fine to the executive managers: 8 executive managers (7 brokers);*
- *fine to the undertaking: 3 brokers;*
- *temporary interdiction of activity: 3 brokers;*
- *withdrawal of operation authorization: 7 brokers.*

The amount of the fines applied by FSA further to the control actions carried out with the insurance and/or reinsurance brokers in 2013 amounted to 1,002,500 lei.

In 2013, for 2 brokers, during the control actions there were indications of perpetration of deeds exceeding the competency of the supervisory authority. For one broker, the National Office for Prevention and Control of Money Laundering and the National Agency for Fiscal Administration were notified and for the other broker, only the National Agency for Fiscal Administration was notified to verify such indications.

Also in 2013, the FSA Board approved, upon request, the withdrawal of the authorization of 9 insurance and/or reinsurance brokers, the suspension, upon request, of the activity for 3 insurance and/or reinsurance brokers, and for 5 insurance and/or reinsurance brokers, the FSA Board took note of the controls made and no sanctions or measures were ordered.

In addition, further to the controls performed in 2013, for 8 insurance and/or reinsurance brokers measures were ordered to correct certain deficiencies found.

Table II 20 List of control actions performed after 29.04.2013

No.	Insurance and/or reinsurance broker	Type of control	No. and date of sanctioning decision	Measures ordered further to the control
1	Fidelity Broker de Asigurare - Reasigurare SRL	Unannounced	345/12.07.2013	Measures Plan Withdrawal of authorization
2	S.I.N. Broker de Asigurare - Reasigurare SRL	Unannounced	626/21.08.2013	Withdrawal of authorization
			625/21.08.2013	Withdrawal of approval of executive management Fine to executive management
3	Stability Insurance Broker de Asigurare SRL	Periodic	627/21.08.2014	Fine to executive management Withdrawal of approval of executive management
			628/21.08.2014	Withdrawal of authorization
4	Alpina Broker de Asigurare SRL	Periodic	928/21.10.2013	Fine to the undertaking
			927/21.10.2013	Written warning executive management Measures Plan
5	April Broker de Asigurare SRL	Periodic	930/21.10.2013	Written warning executive management
6	Romins Broker de Asigurare SRL	Unannounced	932/21.10.2013 931/21.10.2013	Approval of suspension of activity upon request Written warning executive management
7	Best Team Broker de Asigurare SRL	Periodic	933/21.10.2013	Measures Plan Withdrawal of authorization
			929/21.10.2013	Withdrawal of approval of executive management Fine to executive management
8	Salve Broker de Asigurare SRL	Unannounced	1159/3.12.2013	Approval of authorization withdrawal upon request
			1155/3.12.2013	Withdrawal of approval of executive management
9	Unity Broker de Asigurare SRL	Periodic	1229/16.12.2013	Measures Plan Fine to the undertaking
10	Etica Broker de Asigurare SRL	Unannounced	7/23.01.2014 6/23.01.2014	Withdrawal of authorization Written warning executive management
11	Sure Invest Undertaking Broker de Asigurare SRL	Unannounced	16/31.01.2014	Measures Plan Fine to executive management
12	Sud Asig Broker de Asigurare SRL	Periodic	12/31.01.2014	Measures Plan Fine to executive management
			11/31.01.2014	Written warning to the undertaking
13	Asigest Broker de Asigurare SRL	Periodic	55/25.02.2014	Measures Plan Written warning to the undertaking

No.	Insurance and/or reinsurance broker	Type of control	No. and date of sanctioning decision	Measures ordered further to the control
14	Pannon Safe Broker de Asigurare SRL	Unannounced	58/25.02.2014 57/25.02.2014	Withdrawal of authorization Written warning executive management
15	Shanti Do Broker de Asigurare SRL	Unannounced	56/25.02.2014	Withdrawal of authorization
16	Victoria Broker de Asigurare SRL	Unannounced	85/28.03.2014	Temporary interdiction of activity
17	Nelba Broker de Asigurare SRL	Unannounced	146/28.04.2014 147/28.04.2014 148/28.04.2014	Temporary interdiction of activity Fine to the undertaking Fine to executive management
18	MBI Marchetingberatung Broker de Asigurare SRL	Unannounced	89/28.03.2014	Temporary interdiction of activity
19	Emiasig Broker de Asigurare SRL	Unannounced	637/23.08.2013	Approval of suspension of activity upon request
20	Mondial Broker de Asigurare SRL	Unannounced	344/12.07.2013	Approval of authorization withdrawal upon request
21	Top Asig Broker de Asigurare SRL	Unannounced	343/12.07.2013	Approval of authorization withdrawal upon request
22	Agroprotector 2010 Broker de Asigurare SRL	Periodic	Not applicable	Note was taken of the control made
23	Aero Asig - Broker de Asigurare SRL	Unannounced	1158/03.12.2013	Approval of authorization withdrawal upon request
24	Carion Broker de Asigurare SRL	Unannounced	1157/03.12.2013	Approval of authorization withdrawal upon request
25	Marins International Broker de Asigurare SRL	Unannounced	1156/03.12.2013	Approval of authorization withdrawal upon request
26	Interasig Broker de Asigurare SRL	Unannounced	13/31.01.2014	Approval of authorization withdrawal upon request
27	Alo asigurări - Broker de Asigurare SRL	Unannounced	10/31.01.2014	Approval of authorization withdrawal upon request
28	Kunden Broker de Asigurare SRL	Periodic	Not applicable	Note was taken of the control made
29	Inter Broker de Asigurare SRL	Periodic	Not applicable	Note was taken of the control made
30	Aust Insurance Broker de Asigurare SRL	Periodic	Not applicable	Note was taken of the control made
31	Ispo Broker de Asigurare SRL	Unannounced	59/25.02.2014	Approval of suspension of activity upon request
32	Union First Broker de Asigurare SRL	Unannounced	15/31.01.2014	Approval of authorization withdrawal upon request
33	Standard Class Broker de Asigurare SRL	Unannounced	14/31.01.2014	Measures Plan
34	Daw management Broker de Asigurare SRL	Periodic	Not applicable	Note was taken of the control made

Source: FSA

5.2. Financial Instruments and Investment Market Control

The main elements verified during the full scope/periodic controls were, for:

- ***intermediaries**:* financial investment services authorized and actually supplied, the initial capital, the organizational structure and the changes in the organization and operation, the organizational requirements, internal procedures, documents, information and reports in relation to clients and potential clients, the evaluation of the clients and the opportunity of the supplied investment service, the classification of clients and their notification, the safekeeping of clients' assets, conflicts of interest, investment research, incentives, rules for executing orders and the management of the clients' orders, personal transactions and transactions in their own name, fraudulent practices, cross-border operations, requirements of transparency and integrity of financial instruments operations, their own funds, the prevention and combating of money laundering and terrorism financing and the international sanctions.
- ***investment management undertakings**:* the activities carried out/delegated, the management of individual investment portfolios, their own funds, changes in organization and operation, internal control, the publicity of the investment funds, prudential rules and risk management policy, rules of conduct, reporting obligations of SAI/managed funds, authorization and operation of the managed open-end investment funds, evaluation of the assets of the managed open-end investment funds and the calculation of the assets of the managed open-end investment funds, the investment policy of the managed funds, the issue and repurchase of equity securities, the prevention and combating of money laundering and terrorism financing and international sanctions;

- ***depositories**:* the existence of a specialized department for the deposit activity, changes subject to approval, registration in separate accounts of the assets belonging to the deposited entities, the observance of the instructions issued by SAI, the observance of the interdiction to transfer, pledge, dispose of, guarantee, the calculation of the unit value of the equity securities, the information of FSA (NSC) of any abuse of SAI with regard to the deposited assets belonging to UCITS, the sub-depositing of assets/termination of the depository function;
- ***market operators***: the changes in the organization and operation of the market operator and regulated market, the access of participants on the regulated market, the admission, suspension or withdrawal from trading of the financial instruments, monitoring the observance of the regulated market rules and identification of market abuse, transparency requirements pre- and post-trading on the regulated market, reports on the market operator activity, cross-border operations;
- ***central depositories**:* the changes in the organization and operation, the admission of securities and members in the central depository's system, the depositing of securities, registration operations and records of the central depository, risk management, investment policy, regulations of the central depository, the scope of the settlement and transfer of the ownership right, cross-border operations;
- ***clearing houses**:* the changes in the organization and operation, the admission of clearing members in the clearing-settlement system, procedures for the failure to fulfil the obligations of the clearing and/or non-clearing members, suspension and withdrawal of the right of access to the clearing-settlement system, the investment policy, requirements on the margin accounts system, transparency conditions, cross-border operations;
- ***investors' compensation fund**:* the regulations of the fund, the financial resources, the exclusion of the fund's members, the compensation procedure, transparency obligations for the fund and its members, cross-border operations;
- ***financial investment undertakings**:* the changes subject to the authorization/approval/notification of FSA (NSC), the general assembly of the SIFs shareholders, the shareholding structure of the financial investment undertaking, the administration activity of the SIF's portfolio, current reports, disputes, prevention and combating money laundering and international sanctions.

At the beginning of 2013, NSC approved the control plan of the entities in the capital market sector related to the current year. It included 28 entities:

- *11 intermediaries (10 financial investment services undertakings and one credit institution);*
- *4 investment management undertakings (that administered 15 UCITS/NON-UCITS);*
- *two depository banks;*
- *the five financial investment undertakings;*
- *one market operator;*
- *the two central depositories;*
- *the two clearing houses;*
- *the investors compensation fund.*

Until 29 April 2013, the control of the compliance with legal provisions and applicable regulations in the field of capital market was carried out by NSC, which verified through on-site inspections, the activity of the regulated, authorized and supervised entities.

According to the approved control plan, between January and 29 April 2013 (prior to the establishment of FSA) 7 full scope controls were performed with regard to the activity of 6 intermediates of financial investment services (5 financial investment services undertakings and a credit institution) as well as a market operator.

In addition to the controls mentioned above, between January and 29 April 2013, one unannounced/thematic control was carried out, with regard to the activity of a SSIF.

Therefore, NSC decided between January and 29 April 2013 on the application of warning sanctions (8), fines (29, totalling 476,569.8 lei), authorization withdrawal (3) and interdiction to carry out certain activities (2), based on the proposals included in the notes prepared by the specialized control personnel.

Table II 21 Sanctions applied by NSC in 2013 within the control activity in the capital market sector

Target entities	Type of sanction	No. of sanctions (01.01 - 29.04.2013)
Intermediaries/natural persons within them	- warning	1
	- fine	22
	- withdrawal of authorization	3
	- interdiction	2
Investment management undertakings/investment undertakings /depositories/natural persons within them	- warning	7
	- fine	2
Other situations	- fine	5

Source: FSA

After the establishment of FSA, the specialized control personnel ensured, in accordance with its specific duties the fulfilment of the plan approved in 2013, so that, between 29 April 2013 and 31 December 2013, full scope controls were performed to the remaining 21 entities included in the control plan.

In addition to the controls mentioned above, after 29 April 2013, 5 unannounced/thematic controls were carried out, with regard to the activity of 3 financial investment services undertakings, one central depository and one investment management undertaking.

Also, during the investigations, in accordance with the provisions of Art. 2 Para (5) letter f.) of Law No. 297/2004 and Art. 2 Para (1) of Government Emergency Ordinance No. 93/2012, approved as amended and supplemented by Law No. 113/2013, FSA issued 4 decisions to conduct hearings at its headquarters.

Further to the control activity, FSA imposed sanctions, issued warnings to the controlled entities, decided to notify the undertakings under control with regard to the obligation to remedy the shortcomings found by the inspection teams and/or, as appropriate, to notify other institutions or competent authorities (for example PHCCJ-DIOCT, CFAR, NAFA, NOPCML). In addition, if the inspection teams found unregulated or poorly regulated situations, it formulated several proposals for the amendment of certain FSA rules.

Thus, FSA decided between 29 April 2013 and 31 December 2013 on the application of warning sanctions (17), fines (20, totalling 550,370.81 lei), authorization withdrawal (5) and interdiction to carry out certain activities (6).

Table II 22 Sanctions applied by FSA in 2013 within the control activity in the capital market sector

Target entities	Type of sanction	No. of sanctions (29.04 - 31.12.2013)
Intermediaries/natural persons within them	- warning	11
	- fine	38
	- withdrawal of authorization	5
	- interdiction	6
Investment management undertakings/investment undertakings /depositories/natural persons within them	- warning	6
	- fine	10
Other situations	- fine	2

Source: FSA

Further to the control activity in the Financial Investment and Instruments Sector, in 2013 (including prior to the establishment of FSA) fines totalling 1,026,940.61 lei were applied, significantly more than in 2012 (fines of 316,157.2 lei), in 2011 (fines of 91,500 lei) and in 2010 (fines of 191,978 lei).

The individualization of the sanctions imposed by FSA was achieved in relation to the personal and real circumstances of the deed and the conduct of the perpetrator. In accordance with the provisions of Law No. 297/2004, FSA may impose sanctions on individuals who, as administrators, legal representatives, or exercising *de jure* or *de facto* management functions, or exercising professional activities regulated by the law, are liable for the offence because, although they could and should have prevented it, they did not.

From the situations encountered in connection with the control actions carried out at institutions on the capital market in 2013, two were publicly known, were liable to endanger the confidence of investors and market participants:

SSIF Harinvest SA

The undertaking used its clients' funds other than to cover their obligations and used the financial instruments in their portfolios to cover transactions made on behalf of other clients, without the having a prior agreement, compliant with law.

It is equally serious that the undertaking did not observe the record-keeping conditions, failing to ensure their accuracy and the correspondence with the financial instruments and funds held on behalf of the clients.

At the same time, there were major discrepancies between the data included in the monthly reports concerning the clients' funds submitted to FSA (NSC), as well as in the undertaking's reports to the central depository (reconciliations), on the one hand, and in the situations recorded in the back-office system of the undertaking, on the other hand, the undertaking using the sell-out procedure when it was not required.

In addition to the major issues identified above, during the unannounced control action other deficiencies were also found relating to the import and correct registration of the clients' data, the fulfilment of the obligation to fill out an order form for each trading order and the absence of a correct segregation of the activities carried out by employees to avoid the risk of losing assets belonging to clients as a result of their improper use.

Based on the issues found, the FSA Board ordered the following sanctions:

- *fine of 33,850 lei, representing 5% of the total turnover achieved in 2012 financial year and the withdrawal of the operation authorization of SSIF Harinvest SA.;*
- *fine of 50,000 lei, the withdrawal of the manager authorization and the suspension, for a period of 5 years, of the right to occupy a position, to conduct an activity or to supply a service that requires an authorization based on Law No. 297/2004 for Maria Florica Boghițoi – manager of SSIF Harinvest SA.;*
- *fine of 100,000 lei, the withdrawal of the financial services agent authorization and the a 5-year interdiction for Ms. Maria Voinea - ASIF of SSIF Harinvest SA.;*
- *fine of 30,000 lei, the withdrawal of the manager authorization and a 3-year interdiction for Ms. Carmen Cecilia Pîrvuceanu – manager of SSIF Harinvest SA.;*
- *fine of 10,000 lei, for Ms. Ana Maria Belu – representative of the internal control department of SSIF Harinvest SA.;*

- *fine of 30,000 lei and a 3-year interdiction for each of the members of the Board of Administration: Lungu Veronel, Antonescu Ion and Ilie Mihail;*
- *also, in this case, the FSA Board also ordered the notification of other competent authorities and institutions (*PHCCJ-DIOCT*, the Chamber of Financial Auditors).*

Further to the findings of the control carried out at SSIF HARINVEST SA, FSA extended the verifications to other entities involved in the transactions carried out by such undertaking. Thus, unannounced controls were initiated, in January 2014, at Banca Comercială Română, the Central Depository and SSIF Broker SA Cluj-Napoca. In the case of the two intermediaries, the control included the verification of certain aspects related to sell-out transactions, as well as related transactions, carried out by these undertakings, having as counterparty SSIF Harinvest SA. In the case of the Central Depositary, the control regarded the compliance with the legal provisions related to sell-out transactions carried out by SSIF Harinvest SA.

The situations revealed by these verifications determined FSA to apply a series of sanctions (fines), as well as to notify the criminal investigation bodies. At the same time, in order to protect the interests of the market participants but also to deter fraudulent practices, FSA requested Bursa de Valori București SA and Depozitarul Central SA to amend the provisions of their regulations regarding the need to regulate separately the special sell-out procedures, in terms of the supporting documents necessary prior to the completion of these operations and on other matters. FSA also took measures to amend the provisions of Law No. 297/2004 by classifying as criminal offences certain deeds that are now deemed minor offences (fraudulent practice, in accordance with the provisions of NSC Regulation No. 32/2006).

Theft of Shares on the Capital Market

The second special situation found was in fact a substitution of identity and fraud perpetrated by a person who, through a forged identity document, appeared under a false identity at the premises of intermediation undertakings authorized on the capital market and banking entities and made trading and fund management operations, in the name and on the account of the rightful holder.

The measures taken by FSA in this particular case were, among others, the application of fines to a legal person and the natural persons in charge within the intermediaries involved in the operations and, in one case, with the withdrawal of the authorizations issued by FSA (NSC) to a natural person, as well as the notification of the criminal investigation bodies regarding the findings of FSA.

5.3. Private Pension System Control

Control work of the entities in the Private Pension System Sector, carried out by FSA was meant to prevent or remedy the situations that prejudiced the interests of the participants and of the beneficiaries of the privately managed and voluntary pension funds. In the Private Pension System Sector, the authorized entities are in an accumulation period, and the exits from the system having an accidental nature.

In accordance with the annual control plan of the entities in the private pension system, all the private pension fund administrators, their depositories and the Private Pension System Rights Guarantee Fund were scheduled to be controlled in 2013.

As regards the planning of periodic controls, the provisions of Art. 10 of Rule No. 3/2010 were considered, according to which, the control activity is organized and carried out based on plans approved by the supervisory authority. Thus, considering that all of the 11 private pension fund administrators and the 3 depositories that are active are controlled on an annual basis, it was not necessary to plan unannounced controls with regard to them. Between 01.01.2013 and 29.04.2013, the full scope (periodic) controls were carried out at the headquarters of the entities, as described below.

Table II 23 Control actions in the private pension system between January and April 2013

No.	Controlled Entity	Control Period	Content of the decisions
1	BRD - GROUPE SOCIETE GENERALE SA	21.01.2013 - 20.02.2013	PPSSC Decision: *measures plan for the remedy of the deficiencies found*
2	RAIFFEISEN BANK SA	21.01.2013 - 20.02.2013	No deficiencies were found that require the PPSSC Board to take a sanctioning decision
3	GENERALI SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	11.02.2013 - 14.03.2013	FSA Board Decision of 18.07.2013: - *measures to remedy the deficiencies;* - *10,000 lei fine to Vreme Ioan as President of the Directorate;* - *withdrawal of voluntary pension fund marketing agent for natural person Velea Ruxandra*
4	ING ASIGURĂRI DE VIAȚĂ SA	18.03.2013 - 18.04.2013	FSA Board Decision of 28.08.2013: - *measures to remedy the deficiencies*
5	ALICO SOCIETATE DE ADMINISTRARE A UNUI FOND DE PENSII ADMINISTRAT PRIVAT SA	29.03.2013 - 29.04.2013	FSA Board Decision of 12.07.2013: - *measures to remedy the deficiencies*
6	BRD SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	01.04.2013 - 30.04.2013	FSA Board Decision of 24.07.2013: - *measures to remedy the deficiencies*

Source: FSA

The control activity of the entities in the private pensions system, continued after 29.04.2013 (the establishment date of FSA). Thus, for private pension fund administrators, controlled between 01.01.2013 and 29.04.2013, for which PPSSC did not issue any decisions further to the controls made, the decisions were issued by the FSA Board.

In addition to the periodic controls, between 1 January and 29 April 2013, 31 investigations were performed and 76 reports submitted by PPSSC's inspectors were analysed.

Most of the investigations were conducted on how the pension administrators carried out their marketing activity, by analyses and investigations performed on 52 reports related to the marketing activity, submitted by pension administrators and legal person marketing agents to PPSSC. The analysis of these reports led to the performance by the control inspectors of PPSSC of 10 investigations of pension administrators and marketing agents, which revealed non-compliance with the legal provisions and based on the measures ordered, for the irregularities registered, the marketing agents were sanctioned by warnings, written warnings or withdrawal of approvals of natural person marketing agents in the cases of failure to comply with the provisions regarding the marketing activity for the adhesion of eligible persons to private pension funds.

In the abovementioned period FSA also performed analyses and investigations on the 24 reports submitted by pension administrators regarding the failure to transfer on time the contributions of the participants to the voluntary pension funds.

In addition, investigations were carried out to settle 13 complaints filed with PPSSC, leading to 8 investigations, the pension administrators whose activity was said to have breached the legal provisions being notified, were requested to submit documents to ensure the conclusion of the criminal investigations carried out by the county police inspectorates.

In order to observe the annual control plan, **after 29.04.2013**, the following full scope/periodic control actions were performed at the headquarters of the entities in the Private Pension System Sector. Further to the controls performed, until 28.02.2014, the FSA Board decided to order the entities to fulfil certain measure plans.

Table II 24 Control actions in the private pension system between May and December 2013

No.	Controlled Entity	Control Period	Content of the decisions
1	ALLIANZ TIRIAC PENSII PRIVATE SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	10.06.2013 - 10.07.2013	FSA Board Decision of 12.11.2013 - *measures to remedy the deficiencies*
2	EUREKO SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	10.06.2013 - 10.07.2013	FSA Board Decision of 12.11.2013 - *measures to remedy the deficiencies*
3	BANCA COMERCIALĂ ROMANĂ SA	31.07.2013 - 30.08.2013	FSA Board Decision of 24.02.2014 - *measures to remedy the deficiencies*
4	AEGON - SOCIETATE DE ADMINISTRARE A UNUI FOND DE PENSII ADMINISTRAT PRIVAT SA	13.08.2013 - 13.09.2013	FSA Board Decision of 21.01.2014 - *measures to remedy the deficiencies*
5	ING PENSII SOCIETATE DE ADMINISTRARE A UNUI FOND DE PENSII ADMINISTRAT PRIVAT SA	03.10.2013 - 01.11.2013	*On the date hereof, the applied measures were still in the opposition term*
6	APF SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII FACULTATIVE SA	03.10.2013 - 01.11.2013	*On the date hereof, the applied measures were still in the opposition term*
7	BCR PENSII, SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA	08.11.2013 - 05.12.2013	*On the date hereof, the applied measures were still in the opposition term*
8	SAI RAIFFEISEN ASSET MANAGEMENT SA	08.11.2013 - 29.11.2013	*On the date hereof, the applied measures were still in the opposition term*
9	Fondul de Garantare a Drepturilor din Sistemul de Pensii Private	13.12.2013 - 20.12.2013	*On the date hereof, the applied measures were still in the opposition term*

Source: FSA

As a result of the periodic controls carried out in 2013, until 28.02.2014, FSA applied a minor offence fine, ordered the withdrawal of the authorization for a natural person marketing agent and, for 9 entities, ordered the fulfilment of measures plans to remedy the deficiencies found. Also, for one entity sanctions were not required and for the last 5 entities, controlled in the fourth quarter, the FSA Board shall decide after the submission of the control report notes.

In addition to the periodic controls, between 1 may and 31 December 2013, other 108 actions were carried out[43], as follows :

40 reports on how the pension administrators carry out their marketing activity;

- *14 reports submitted by pension fund administrators regarding the failure to transfer on time the participants' contributions to the voluntary pension funds;*
- *22 investigations for the settlement of the complaints submitted to FSA by eligible persons, who raised the following issues:*

[43] The investigations conducted by the control inspectors considered the observance of the provisions of Law No. 233/2002 on the regulation of the complaint settlement activity, by investigation measures and detailed analysis of all the notified issues, so that the eligible persons adhere to and participate in private pension funds based on their free will and the rights to which they are entitled.

- *conclusion of individual adhesion acts without the consent and signature of the eligible persons;*
- *the absence of information from the pension administrators to the participants regarding the status of their contributions and the net assets;*
- *failure to process transfers requested by the participants from a pension fund to another private pension fund;*
- *ensuring their due rights to the participants who retired;*
- *failure to validate the adhesion acts with the confirmation of the free will of the eligible persons, following the random distribution process or of the fact that such persons are not registered in the records of the National House of Public Pensions as having paid their social insurance contributions;*

- *31 investigations on the criminal files sent by the criminal investigation bodies, identifying the natural person marketing agents suspected of having concluded individual adhesion acts without the consent and signature of the eligible persons;*
- *a hearing to analyse and order the measures required to streamline the marketing activity carried out for Fondul de Pensii Administrat Privat ING .*

6. INTERNATIONAL COOPERATION IN THE NON-BANKING FINANCIAL SYSTEM

6.1. Liaison with the European Union Institutions

6.1.1. Institutional framework of the dialogue between Romania and the European Union

The European Securities and Markets Authority (ESMA)

The decisions of this authority are taken in the Board of Supervisors (ESMA BoS) consisting of the leaders of the capital market supervisory authorities of the European Union. FSA was involved in the decision-making activity of ESMA, through its participation in all 7 meetings of the Board of Supervisors that took place in 2013, thus contributing to the strengthening of FSA's dialogue with ESMA and similar authorities at the European level. During the ESMA BoS meetings, FSA cast its vote on the opinions, technical and regulatory standards, guidelines and other documents drawn up by ESMA.

From a technical standpoint, FSA is involved in the activities of the standing committees of ESMA and in the activities of their working subgroups, participating, together with other experts from the supervisory authorities of the EU, in the preparation of analyses and reports concerning the activity of the markets and cost-benefit analyses (CEMA - Committee on Economic and Market Analysis), in the drafting of opinions on the application of the provisions relating to credit rating agencies (CRA – Credit Rating Agencies), in the preparation of technical standards and opinions on the transposition of the directives on UCITS (IMSC-Investment Management Standing Committee), implementation of the provisions of the directive on market abuse (MISC - Market Integrity Standing Committee), clearing-settlement systems, central depositories and centralized databases for OTC transactions with derivatives (PTSC – Post-Trading Standing Committee), matters concerning the transposition of the MiFID Directive (IPISC - Investor Protection and Intermediaries Standing Committee), the elaboration of guidelines and recommendations in the field of financial innovation (FISC - Financial Innovation Standing Committee), reporting of transactions and reporting under EMIR (MDRTF - Market Data Reporting Working Group), analyses and recommendations on the indexes (ESMA/EBA - Benchmarks), development and implementation of IT systems (IT Standing Committee), analysis of the implementation degree of the EU legislation into the national legislation (the Monitoring Panel).

At the level of the working subgroups (drafting subgroups/ task forces) of the standing committees, FSA experts were involved in the drafting of documents and materials based on which the discussions of the ESMA committees are held. Thus, experts within FSA participated in the elaboration of the framework for international cooperation and exchange of information between supervisors (ETFS - the legal framework on the cooperation agreements and information exchange), in draft technical standards for the application of the new European regulation on the central depositories (Central Depositories Working Group) and in the conduct of evaluation exercises of the supervisory practices used by the competent authorities (MiFID-CoB-supervision of advertising materials and information in accordance with MiFID).

The European Insurance and Occupational Pensions Authority (EIOPA)

As in the case of European Securities Authority (ESMA), EIOPA's decisions are taken within the Board of Supervisors (EIOPA BoS) consisting of leaders of the supervisory authorities of the insurance and pension

markets in the European Union. In 2014, FSA participated in all 5 meetings of the Board of Supervisors, casting its vote on the documents discussed at this forum.

The statements and documents of EIOPA are prepared, at a technical level, within the standing committees that include experts of the national supervisory authorities.

The FSA experts were involved in the activities of the permanent groups of EIOPA dedicated to preparing the application of Solvency II Directive by: the development of regulatory policies for the supervision of insurance groups, ensuring the cooperation among the colleges of supervisors (IGSC - Supervision of the Insurance Groups), the elaboration of draft technical standards and guidelines for the application of the provisions of Solvency II Directive as regards the governance systems (IGSRR - Internal Governance, Supervisory Review and Reporting), in the application of internal models with regard to Solvency II (IM-Internal Models), in the development of technical standards on capital requirements, the own funds and technical reserves according to the Solvency II regime (FinReq - Financial Requirements).

In the field of occupational pensions, the FSA experts participated in the task forces (OPC - Occupational Pensions) in the preparation of opinions on the application of the European legislation in the field of occupational pensions, and in the preparation of a quantitative impact study concerning the revision of the IORP Directive.

Issues concerning the protection of insurance services consumers were subject to the analyses of the EIOPA's Task Force on consumer protection and financial innovation (CCPFI). The FSA experts were involved in the elaboration of guidelines on the complaint management by insurance undertakings - cross-border reporting. Within the FSC Financial Stability task force, analyses and studies were prepared on the alternative risk transfer and the preparation of a stress test for 2014, in the field of insurance and pensions.

As regards the working subgroups, the FSA experts were involved in the subgroup's activities on personal pension plans. On the basis of the personal pension plans report in the EU, prepared within this subgroup, the European Commission will decide on the next steps, namely: either the introduction of a directive to regulate at a European level all private pensions, or the introduction of a European regulation to operate as a legislative framework in parallel with the national legislation ("the second regime").

The European Systemic Risk Board (ESRB)

Starting from July 2013, FSA was involved, as a non-voting member, in the activities of the European Systemic Risk Board (ESRB), both at the decision-making level, through its participation in the meetings of the General Council, and at the technical level, through its participation in the Technical Advisory Committee. In 2013, ESRB's activities were focused on topics such as: risks and vulnerabilities identified within the European Union, recommendations on the macro prudential policy objectives and instruments, the package on the long-term guarantees (LTG), the evaluation of the impact of LTG on certain provisions of the Solvency II Directive, considerations from a macro prudential standpoint with regard to the central counterparties, the identification, prevention and minimization of risks in the entire financial system of the European Union; the risks table presented by the three European supervisory authorities: the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA).

From a technical standpoint, in October 2013, FSA was involved in the CERS activity of compiling a technical manual on the functioning of the macro prudential instruments of CRDIV/CRR, as well as a pilot report on the macro prudential policies addressed to decision-makers, market participants and the general public.

6.1.2. FSA's Participation in the Structures of the European Council and the European Commission

Throughout 2013, FSA was actively involved in the process of negotiating the legislation at the European level through the participation of its experts in the meetings of the task forces of the European Council and the European Commission which debated on legislative initiatives in the field of insurance-reinsurance and financial services: the OMNIBUS II Directive, the QUICK FIX II Directive, the revision of the directive on insurance mediation – IMD II, the legislative package on markets and financial instruments (MiFID/MIFIR), the draft regulation on market abuse (MAR), the draft UCITS V Directive, the draft regulation on the improvement of the settlement of financial instruments operations in the European Union and the central depositories, the draft directive establishing a framework for the recovery and resolution of credit institutions and investment firms (BRR), draft regulation regarding the documents related to key information for investment products (PRIPS).

In 2013, the European Commission published a series of new draft legislation having an impact on the Romanian financial services:

- **proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds /Proposal for a directive of the European Parliament and of the Council on the prevention of the use of the financial system for money laundering, including terrorism financing.** In February 2013, the European Commission launched a package of legislative instruments regarding the streamlining of the anti-money laundering and terrorism financing regimes. The common goal of adopting the two legislative instruments consists in the revision of the EU framework in force in the field of combating money laundering and terrorism financing, in order to enhance its effectiveness and to ensure its compliance with international standards;
- **proposal for a regulation on European long-term investment funds.** On 26 June 2013, the European Commission published a proposal for a regulation relating to a new investment funds regulatory framework addressed to the investors who wish to invest on a long-term basis. The regulation lays down uniform rules on the authorization, investment policies and operating conditions of the alternative investment funds of the EU (AIF) marketed in the European Union as the European long-term investment funds;
- **proposal for a regulation on the money market funds.** Published by the European Commission on 4 September 2013, the proposal for a regulation is intended to regulate the money market funds, an important source of short-term funding for financial institutions, corporations and governments;
- **proposal for a regulation concerning the reference indexes used for financial instruments and contracts (benchmarks).** On 18 September 2013, the European Commission published a proposal for a draft regulation in order to restore the confidence in the integrity of the reference indexes. The new rules will ensure the accuracy and will improve the reliability of the reference indexes, will facilitate the prevention and detection of the attempts to manipulate them, will clarify the responsibilities in respect of the indexes and in respect of their supervision by the competent authorities.

6.2. Liaison with International Bodies

The International Organization for Securities Commission (IOSCO)

In 2013, FSA continued its mandate within the management body of IOSCO (the Steering Committee) and became involved in the European Regional Committee and the Growth and Emerging Markets Committee.

The Steering Committee. Starting from 2012, FSA is a member of the management body at an organizational level (IOSCO Board) and a representative of the European Regional Committee within the structure, for a term of 2 years. FSA's activity within the IOSCO has increased through contributions and presentation materials supported by FSA representatives at the European Regional Committee and the Growth and Emerging Markets Committee. FSA actively participated in the preparation of reports and international standards, through the involvement of the FSA experts in task forces and subgroups with specialized activity and assumed the role at an organizational level by participating in the decision-making process concerning: the multilateral cooperation memorandum, its membership and voting rights, payment of the annual contributions, gradual measures applied to members who fail to fulfil their obligations, the amendment of the IOSCO Statute, and the conditions for the admission of new members.

The Economic Growth and Emerging Markets Committee (GEM). FSA was elected as a member within the management body of the Economic Growth and Emerging Markets Committee. The new structure puts greater emphasis on balancing economic growth, on strengthening the communication channels and developing a greater regulatory capacity for the authorities having jurisdiction over emerging markets.

The European Regional Committee (ERC). The Committee continued its activity in connection with the implementation of the IOSCO MMoU by ERC members, discussed topics of interest to the members in connection with the information exchange between them and identified ways to encourage the implementation of the IOSCO principles and the use of the best practices in the field of supervision at the European level.

Standing committees. At the technical level, FSA experts were involved in the work of the four specialized committees of IOSCO, contributing to the analysis of the impact of the global changes on the financial market as a result of the financial crisis (IOSCO C2 – Secondary Markets Committee), the elaboration of the identification methodology of the financial institutions of global systemic importance which do not belong to a banking group or a group of insurance undertakings (G-SIFIs), in developing measures for the recovery of intermediaries and prudential standards for the securities sector (IOSCO C3 – Intermediaries Committee), the identification of best practices in the field of investment management existing in jurisdiction of the members (IOSCO C5 – Investment Management Committee).

The FSA experts in the Cooperation and Information Exchange Committee (IOSCO C4) worked on identifying the main elements related to deterring market participants from breaching the legal provisions, on identifying uncooperative jurisdictions. The group also updated the IOSCO Report on cross-border investigations and the procedures applicable to them by including best practices and experiences of the members. Within this committee, the Group verifying the applications to become a signatory of the MMOU was set up (Screening Group) in order to review the applications of the authorities to become IOSCO MMOU signatories and to determine whether those authorities have the legal power to comply with the provisions of the agreement. FSA experts were involved in the analysis activity of the new applications and in the proposal of measures for the authorities that do not meet the criteria for becoming signatories to the multilateral agreement.

The International Organization of Pension Supervisors (IOPS)

Throughout 2013 the FSA continued to actively participate in projects relating to the development of principles, standards and good practices carried out within the Technical Committee and the Executive Committee and participated in the General Meeting of IOPS Members. In accordance with the election procedures laid down by IOPS's regulation, FSA's candidacy to extend by another 2 years its mandate as member of the Executive Committee of the IOPS was approved.

In 2013 IOPS's agenda was focused on topics related to: the elaboration of the best practices guidelines on the institutional governance of supervisory authorities, commissions and cost analysis in different jurisdictions and the development of a common global calculation methodology for and cost-sharing by categories and members, the development of stress tests and pension plan scenarios analysis. The members of the organization also addressed new topics, such as the supervision of annuity distribution in order to prevent the beneficiaries from being stuck with a sub-optimal pensions payment product for the entire duration of the pension and the supervision of self-enrolment taking into account the experience of the states that have already implemented these programs and that introduced specific responsibilities/requirements (more stringent) for employers and suppliers, as compared to purely voluntary systems.

The International Association of Insurance Supervisors (IAIS)

FSA was actively involved, through its representatives in the committees and sub-committees of IAIS, in the activity carried out by the association in 2013 in order to promote a global insurance market, financially sound and efficient.

In 2013, the activity of the AIAS addressed issues related to the development and implementation of standards related to supervision (the insurance core principles, standards, guidelines), the enhancement of cooperation with international bodies such as the Financial Stability Board (FSB), the Joint Forum and the International Monetary Fund, the identification of the role of insurance in the context of the global financial stability and the promotion of macro prudential supervision; the evaluation and management of the risks and vulnerabilities arising from other sectors and affecting the insurance industry as well, the development of the common framework for the supervision of internationally active insurance groups (ComFrame).

INFE – The International Network on Financial Education

As a member of the International Network on Financial Education (INFE), FSA contributes to drafting and reviewing documents in progress and the country-wide promotion of the principles, guidelines, and reports that the organization publishes to support financial education programs.

In 2013, the organization's efforts were aimed at identifying ways to ensure the financial sustainability of its activity, which resulted in a change to its structure. The new structure of the organization will apply starting from 2014.

FSA became a full-fledged member of INFE and can be represented, starting from 2014, in the Technical Committee, the Advisory Committee and the working subgroups of INFE.

7. LEGAL ACTIVITY

FSA conducts a specific activity, expressly regulated by the law-maker to maintain or re-establish the legality of administrative acts issued by the Authority, to protect it and avoid legal actions against it, which would lead to the payment of court expenses and damages to aggrieved parties.

Financial Instruments and Investments

To ensure and maintain the legal framework required to fulfil the FSA fundamental objectives, its legal activity consisted in the direct involvement in the preparation of individual and regulatory administrative acts, in order to ensure their compliance with the applicable legal framework. Further to analysing the works conducted by the specialized compartments in the Financial Instruments and Investments Sector, during this period, 1,800 endorsements for legality and 120 internal and external letters were issued. In addition, legal assistance has been regularly granted to other structures in the Financial Instruments and Investments Sector, by issuing standpoints, legal analyses and opinions and direct participation in the preparation of highly complex works.

Between 01.01.2013 and 31.12.2013, the settlement of preliminary complaints consisted of analysing and advancing measures, as well as preparing official answers under the preliminary administrative proceedings, as provided by Law No. 554/2004 on administrative disputes.

Between 01.01.2013 and 30.04.2013, **19 preliminary complaints filed against the measures ordered by the NSC were settled,** as follows: **17** were rejected, **one** admitted, **one** partly admitted.

The main objects of the preliminary complaints filed against individual administrative acts issued by NSC were as follows:

- *endorsing the changes of undertaking documents related to the NON-UCITS;*
- *public offerings, regarding the individuals' obligation to initiate and develop public offerings;*
- *concerted actions regarding issuers whose securities are admitted to trading;*
- *the financial investment undertakings' and their directors' compliance with the applicable provisions regarding the capital market, following the control conducted by the NSC representatives;*
- *complying with the legal rules regarding the issuers' obligations to be transparent.*

12 out of the total decisions to reject the challenges form the object of legal actions. The grounds for such decisions were mainly:

- *failure to observe the reporting obligations provided under Art. 224 Para (1) of Law No. 297/2004;*
- *registration of Fondul Proprietatea SA with the NSC as NON-UCITS;*
- *concerted mechanisms exceeding the legal limit of 5%, failure to observe the obligation provided under Art. 286 of Law No. 297/2004;*
- *failure to observe the obligation regarding the public takeover bid, provided under Art. 203 of Law No. 297/2004;*
- *failure to observe the provisions of Art. 42 Para (1) of NSC Regulation No. 15/2004, further to the findings of the control team of the NSC/FSA.*

After FSA was established, between 30 April 2013 and 31 December 2013, **109 prior complaints filed against the measures ordered by the Authority were solved** as follows: **100** rejected, **4** admitted, **one** partly admitted, **4** became devoid of object.

The prior complaints filed against the individual or regulatory administrative acts (NSC Regulation No. 10/2012) issued by FSA focused mainly on:

- *public offerings, regarding the individuals' obligation to initiate and develop public OFFERINGS;*
- *increases of share capital, by in-kind or cash contribution from issuers whose securities are admitted for trading;*
- *observance by financial investment undertakings, their mangers, agents and members of the internal control department of the legal and conduct rules in the client relationship;*
- *observance by financial investment undertakings of applicable provisions regarding the capital market, further to the controls conducted by FSA representatives at their headquarters;*
- *observance of the legal rules regarding the issuers' transparency obligations;*
- *observance of the legal rules regarding market manipulation;*
- *observance of the legal rules applicable to regulated market operators.*

35 out of the total decisions to reject the challenges form the object of legal actions. The grounds for such decisions were mainly:

- *failure to observe the GAS related obligations in the case of certain issuing entities, according to Regulation No. 1/2006;*
- *concerted actions exceeding the legal limit of 5%, failure to observe the obligation provided under Art. 286 of Law No. 297/2004;*
- *failure to observe the obligation regarding the public takeover bid, provided under Art. 203 of Law No. 297/2004;*
- *failure to observe the provisions of Title VII – Market Abuse of Law No. 297/2004, by transactions conducted based on preferred information;*
- *failure to observe internal regulations and procedures applicable to financial investment undertakings;*
- *rejecting the request to amend the constitutive act of a Financial Investment Undertaking regarding quorum and majority voting requirements.*

Between **1 January 2013 and 31 December 2013**, the FSA (NSC) interests in court files regarding the capital market were represented by handling **219 files**, totalling more than 360 court hearings.

Out of these files, **85 new court files have been registered, of which** 20 files between 1 January 2013 and 29 April 2013, and **65** were registered between 30 April 2013 and 31 December 2013, after the establishment of FSA.

The objects of the files in which FSA (NSC) acted as defendant (standing to be sued) are as follows:

- administrative disputes for the annulment or suspension of individual administrative acts issued by NSC, ordering:
  - enforcement of minor offence sanctions (fines for minor offences, withdrawal of the operation permit, deregistration from the FSA public registry) for failure to observe the obligations provided by the capital market legislation, *i.e.*:
    - the failure of financial investment undertakings and investment management undertakings of the applicable provisions regarding the capital market;

    - failure of financial investment undertakings, their mangers, agents and members of the internal control department of the legal and conduct rules in the client relationship;
    - failure to observe internal regulations and procedures applicable to financial investment undertakings;
    - failure by issuers/members of the boards of directors of the obligations regarding the convening and development of GAS as provided by Law No. 297/2004, Regulation No. 6/2009 and Regulation No. 1/2006;
    - failure to observe the provisions of Title VII – Market Abuse of Law No. 297/2004, by transactions conducted based on preferred information/failing to report suspicious transactions;
  - administrative measures aiming at observing the legal provisions applicable to capital market:
    - obligation to launch public takeover bids;
    - suspension of voting rights of shareholders whose holdings exceed the maximum limit provided by law;
    - obligation to alienate shareS held in excess of the limit provided by Art. 286^1 of Law No. 297/2004;
    - lifting the suspension of voting rights ordered in breach of the legal provisions;
    - taking the necessary steps to conclude agreements with the Central Depository;
  - precautionary measures;
- administrative actions aiming at annulling or suspending similar administrative acts (such as letters whereby petitioners received responses to various applications) or against the ungrounded refusal to settle an application (deemed as such by claimants) – for instance, rejecting the request to amend the constitutive act of a Financial Investment Undertaking as regards the quorum and voting rights requirements, rejecting the approval of the share capital increase through resolution of the board of directors of a Financial Investment Undertaking;
- administrative actions aiming at annulling provisions of regulatory administrative acts issued by the NSC (NSC Regulation No. 1/2006, Instruction No. 2/2006, Instruction No. 1/2007, Order No. 1/2006), interpretation deeds (NSC Decision No. 994/2011) or exceptions of the unlawfulness of certain administrative acts issued by the NSC;
- civil law disputes (commercial):
  - actions aiming to acknowledge the status of closed undertaking, which does not fulfil the requirements to be admitted to trading;
  - actions to compel shareholders to pay damages arising from the failure to observe their obligation to conduct public takeover bids;
  - claims;
- criminal files;
- exceptions of unconstitutionality;
- access to public information requested in accordance with Law No. 544/2001 regarding free access to public information;
- civil law actions;
- obligation to do.

On the other hand, apart from the sanctions and measures incumbent upon regulated and supervised entities, in the light of its role of protecting the interests of capital market investors, FSA (NSC) acted as claimant (standing to sue) in cases whose object consisted in establishing the absolute nullity of certain GAS resolutions adopted in breach of the legislation applicable to the capital market, or the application filed to the competent court to authorize the calling of the GAS of a undertaking admitted for trading.

To these, the following files add:

- 95 applications to register in the receivables list in case of debtors against which the insolvency proceedings were initiated (claims);
- 65 enforcement files;
- challenges to enforcement and application to temporarily suspend the enforcement.

Insurance-Reinsurance

The legal advisers have filed defences and represented the interests of the ISC in 30 lawsuits, 19 of which were challenges to the sanctioning decisions, and 11 had another object.

Following establishment, FSA was represented in 53 lawsuits regarding the activity in the insurance-reinsurance sector, 32 of which were challenges to the sanctioning decisions, and 21 had another object.

The Private Pension System

The legal advisers have filed defences and represented the interests of the PPSSC in 8 lawsuits, two of which were challenges to the sanctioning decisions, and 6 had another object. Moreover, they have filed defences and represented the interests of the PPSSC in 2 enforcement files and settled four prior complaints filed by persons sanctioned by PPSSC's decisions.

After establishment, FSA was represented in 13 lawsuits in connection with the activity outside the private pension system, two of which challenges to the sanctioning decisions, and 11 had another object. Moreover, they have filed defences and represented the interests of the PPSSC in 2 enforcement files. The legal advisers have settled one prior complaint filed by a person sanctioned by PPSSC's decisions.

8. HUMAN RESOURCES MANAGEMENT

8.1. Specific Situation Generated by the Establishment of FSA

In 2013, the activity conducted by FSA in the field of human resources focused on the creation of a unique organization and functioning framework of the institution in order to fulfil its mission.

FSA took over all the duties and prerogatives of the National Securities Commission, the Insurance Supervisory Commission and the Private Pension System Supervisory Commission, and implicitly the positions and personnel employed with such commission as at 30 April 2013. The actual employment of previous personnel and organization structures was only performed on 1 August 2013, when the FSA Consul approved the FSA Organization and Functioning Regulation (with the own integrating structure of the former commissions), and the FSA's Internal Regulation (a single job title list applicable at the FSA level).

The FSA resulting organization chart as of 1 August 2013 and the job title list valid on the same date reveal that the FSA support activities were combined, and the supervisory, monitoring and control activity at the level of non-banking financial markets has been distributed by sectors, namely: insurance-reinsurance, financial instruments and investments and private pension system.

Also, through negotiation with the FSA employees' representatives and the trade union created at the level of the former NSC, the collective labour agreement at the level of FSA was approved for the period 1 August 2013 and 31 July 2014.

8.2. Organizational Structure and Number of Employees in Total and by Activities

During the period comprised between January and April 2013, the three supervisory commissions operated independently *i.e.* (the ISC, NSC and the PPSSC, and as of the beginning of May 2013, the Financial Supervisory Commission started to operate (having its own Board), which took over a total of 718 jobs, as follows:

Table II 25 Number of positions taken over upon establishment of FSA

Sector of activity	No. of jobs provided in budget and approved on 30 April 2013	No. of jobs provided in budget and employed on 30 April 2013	No. of jobs provided in budget vacant on 30 April 2013
NSC	267	257	10
ISC	297	225	72
PPSSC	154	98	56
TOTAL	**718**	**580**	**138**

Source: FSA

After the entering into force of GEO No. 94/2013 for the amendment and supplementation of GEO No. 93/2012 regarding the establishment, organization and functioning of the Financial Supervisory Authority, and the amendment and supplementation of Law No. 136/1995 regarding insurance and reinsurance in Romania, the Financial Supervisory Authority had to observe the total number of 609 jobs, therefore on 16 January 2014 FSA complied, through reorganization of its activity and personnel, reducing the number of jobs at 609.

Out of the 609 jobs, 160 are management positions (head of department, manager, deputy manager, head of service, head of office), and the other 449 jobs represent execution positions for each sector of activity (for instance: specialized inspector, loss inspector, insurance inspector, regulated market specialist, capital market specialist, authorization analyst, regulation specialist, accounting regulation specialist, control inspector, legal adviser, human resources specialist, economist, actuary, actuary consultant, internal auditor, financial analyst, IT network administrator, analyst, programmer, system engineer, IT specialist).

Between 30 April 2013 and 31 December 2013, the Financial Supervisory Authority employed 80 persons, as specialized personnel, most of which specialized for the newly created organization structures, namely: the Internal Audit Service, the Occupational Health and Safety Service, the Classified Information Protection Service, the European Affairs and International Relations Directorate, the Integrated Supervision Directorate, the Risk Management Service, the Crisis Management Service, the Survey and Publication Analysis Directorate, the Market Abuse Service (the Financial Instruments and Investments Sector), Directorate for Control of Money Laundering.

In addition, out of the total number of jobs with the Financial Supervisory Authority, 234 persons conducted off-site control and supervisory activities (personnel from the Internal Audit Service, Internal Control Service, Directorate for Control of Money Laundering, Integrated Supervision Directorate, Authorization – Endorsement – Insurance-Reinsurance Sector, Supervision and Financial Stability Directorate - Insurance-Reinsurance Sector, Mandatory Insurance Directorate - Insurance-Reinsurance Sector, Insured Protection Directorate - Insurance-Reinsurance Sector, Challenges and Investors Protection Directorate - Financial Instruments and Investments Sector, Transactions and Issuers Directorate - Financial Instruments and Investments Sector, Authorization Directorate – Supervision of Regulated Entities - Financial Instruments and Investments Sector, Authorization – Endorsement Directorate – the Sector of Private Pension System, Supervision Directorate - the Sector of Private Pension System, Participants' Protection Directorate - the Sector of Private Pension System), and 40 persons conduct on-site control and supervisory activities (Control Directorate – undertaking control and insurance – reinsurance brokers, capital market and private pensions system investigations and inspections).

The organizational chart of the Financial Supervisory Authority as at 31 December 2013 is presented in Annex I.19.

Pursuant to Art. 23 of GEO No. 93/2012, the Financial Supervisory Authority took over the personnel of the three entities maintaining each employee's position and salary on 29 April 2013.

For the human resources activity there followed a period of maximum challenge regarding the continuation of the activity within the newly established authority. Thus, a group consisting of representatives of the human resources directorates and the legal directorates of each entity contributed to the creation of a unitary framework of organization and operation of FSA. To this end, over the course of two months, the Organization and Functioning Regulation was drawn up, which established, first of all, the new organizational structure taking into account the specific activities of each sector of activity, as well as the provision of support services at FSA. In parallel, the work also focused on establishing common rules concerning working relationships, the rights and obligations of each party, the payroll system, rules integrated in the Internal Regulation of FSA. For drawing up and finalizing these regulations that have established a single framework for the organization and functioning of FSA, efforts supported by designated staff have been made. At that time, apart from the FSA Board, there was no other unitary and centralized management structure at FSA. This situation generated several ambiguities, such as difficulties to

harmonize the decision-making process, the communication and reporting of results obtained. In spite of all these hardships, the designated team has completed these regulations, which were submitted to the FSA Board for approval and analysis in early July, with effect from August 2013.

After the approval of the regulations for the human resources activity, another challenge followed, namely, the employment of the employees taken over from the three entities in the new organizational structure. In this regard, during July the negotiations with the FSA employees began, to integrate them in the new job title list of FSA that came into force on 1 August 2013.

Implementing the organization and functioning regulation, and in particular the integration of employees in the approved job title list was a complex process, followed by the implementation of a new unitary salary grid, applicable to all employees coming from the three entities.

This salary grid tried to establish the importance of the activities of FSA for the prudential supervision of all components of an integrated financial market valued at approximately EUR 25 billion, whose instability could lead to serious social phenomena with possible cross border implications.

The Financial Supervisory Authority, together with the National Bank of Romania, represent the pillars that ensure the country's macro-financial stability and require a unitary approach, including with regard to salaries, being implicitly considered components of the national defines system of the country. The salaries granted at FSA follow the model of the system practiced at the NBR.

Employment of FSA employees

The FSA Organization and Functioning Regulation started to be implemented from 1 August 2013 according to FSA Board Resolution No. 1/3 July 2013.

On 1 August 2013, all employees were hired in execution positions. The management positions were temporarily filled by employees delegated to ensure interim management until competitions could be organized for such positions.

Salaries were established based on:

- the salary offer set by reference to the activity undertaken and quality of work, level of responsibility, importance of work, complexity, workload;
- the principle of negotiation; discussions and negotiations were carried with each employee for position and salary.

The following situations were encountered in this implementation process:

- employees who held management positions ("top" or "middle management"), and were employed on execution positions were granted salaries close to those previously received. This policy was used to avoid conflicts, to keep experienced specialists, etc., given that a court settlement was not viable and would have been more costly for FSA;
- specialists were offered salaries close to the market salaries.

This particularity of the salary system at FSA, the main growth factor of institutional efficiency, would not have been possible if the salary grid would not have been approved by the FSA Board taking into consideration the specific particularities and responsibilities.

Total number of jobs

On 29 April 2013, the date when the two entities merged, there were 718 jobs approved in the budget, of which 580 were filled.

The increase of the workload and implicitly the number of employees required the development of existing activities or even the creation of new structures to fulfil the FSA mission. Thus, several organization structures were created and developed, among which: the Internal Control Service, Directorate for Prevention and Control of Money Laundering, the Occupational Health and Safety Service, the Classified Information Protection Service, the Survey and Publication Analysis Directorate, etc.

The development of auxiliary activities, imposed by internal control legislation, money laundering, occupational health and safety, regime of classified information, etc., has led to the growth of employees. In addition, in the meetings held by the FSA management with the IMF, it was recommended to develop the supervision, control, regulatory and authorization activities within the three sectors of activity by increasing the number of specialists in these fields.

In the circumstances, GEO No. 94/2013 for the amendment and supplementation of GEO No. 93/2012 regarding the establishment, organization and functioning of the Financial Supervisory Authority, and the amendment and supplementation of Law No. 136/1995 regarding insurance and reinsurance in Romania, has laid down that FSA must have 609 jobs until 15 January 2014.

To comply with the provisions of GEO No. 94/2013, further to measures taken by FSA, on 15 January 2014, the jobs at FSA were reduced to 609:

- organization of competitions for management positions;
- write off of vacant position from the job title list;
- decrease of positions of administrative clerks;
- dismissal of certain categories of personnel (such as adviser, public relations specialist, certain categories of administrative clerks).

One of the future goals of FSA in human resources management is to strengthen the organizational structure and to implement the proposal on project-based work in multidisciplinary task forces, with a view to improving both the level of communication between the directorates, and the spirit of initiative and accountability.

8.3. Training and Evaluation of Professional Performance

In 2013, with the acquisition of the personnel of former entities in the organizational structure of FSA, the management positions were exercised by delegation of powers, and a project based on external consultancy was developed to help assess management personnel within FSA. The main objective of the assessment was to describe the level of performance of each candidate who took part in the socio-professional interview organized by FSA in the context of the competition/examination run for management positions (head of department, manager, deputy manager, head of service) within the institution.

To provide an independent and objective assessment of the candidates, following the legal tender procedures carried out, FSA has contracted PricewaterhouseCoopers Audit SRL (PwC), which has provided assistance and support in the recruitment and selection process for management positions, offering two managerial competence assessors per evaluation committee.

The socio-professional interview focused on two types of competences:

I. ***Specialty technical experience*** (assessed by an independent valuator appointed by FSA), specific to the field of activity and position for which the process is carried out;
II. ***Management competences*** (assessed by two external consultant valuators), generally deemed relevant to management positions. The management competences that were assessed with the view of identifying the adequate candidates for the management positions within FSA are:

- ***problem solving and decision making*** *– settlement of difficult situations, capacity to offer personalized assistance, based on previous experience, capacity to manage delicate situations among people, capacity to foresee crises, professional and pragmatic decision making and/or support in the decision making process;*
- ***communication skills*** *– capacity to present (oneself) in an interesting, organized, articulated and concise manner;*
- ***team development*** *– capacity to efficiently manage and to guide group efforts, to foresee obstacles, to give relevant feedback, ability to make unpopular decisions when required;*
- ***result oriented*** *– capacity to maximize available results to constantly deliver the expected results, meeting the deadlines.*

In May 2014, the consultant PwC made available to FSA a recommendation report on the optimal organizational structure of FSA, part of the organizational assistance component, in which the consultant analyses the current situation in order to identify ways to optimize and streamline the organizational structure of FSA.

The report of the external consultant comprising recommendations regarding the organizational structure of FSA refers to:

- *analysis of the organizational structure of FSA based on every component of the Financial Supervisory Authority of the former committees, i.e.:*
  - *the organizational structures subordinated to the FSA Board, the president and prime-president;*
  - *the organizational structures from the Insurance-Reinsurance Sector, Financial Instruments and Investments Sector, Sector of the Private Pension System and Policyholder Guarantee Fund;*
- *the Insurance Supervisory Commission (ISC), the National Securities Commission (NSC) and the Private Pension System Supervisory Commission (PPSSC) – to cover the following:*
  - *analysing the institution's vision and strategy, in order to assess the new organizational model of the support and legislative functions meeting the objectives set by the FSA establishment;*
  - *analysing the organizational environment, the organizational structure and the formal and informal reporting levels, and the current dimensions of each structure and substructure of the three components;*
  - *analysing the existing decision-making and management process, in order to identify any synergies and/or opportunities for streamlining it;*
  - *roles and responsibilities of each structure and substructure in the new organization, according to the new proposed organizational chart, as well as the reporting levels among them;*
- *preparation of the competency matrix, given the objectives allocated and the particularity of the positions filled by employees included in the assessment process:*
  - *identifying competencies to be assessed;*
  - *defining behaviours related to each competency;*
  - *defining the levels of performance for each competency analysed;*

- *general analysis of the main specific processes and activities ensuring the efficient functioning of the new institution – to cover the following:*
  - *identifying common areas/fields in terms of internal activity, which may be joined in centralized structures serving the new institution;*
  - *identifying opportunities to streamline activities through reorganization/computerization, and use of the synergies resulting from the consolidation of the three institutions;*
  - *preparing benchmark analyses in relation to the best practices in the finance industry, and similar regulatory institutions from other countries as regards the size of the new institution's organizational structures and substructures.*

Based on the assessment of the FSA organizational structure carried out by the external consultant and the assessment for the rest of the personnel occupying execution positions, based on the performance objectives, the professional criteria and standards set out in the job descriptions of each FSA employee, FSA will take the necessary measures to reduce the number of personnel to optimize the institution's activities and budget.

FSA is in the course of completing the process of consolidation of an integrated framework of operation and supervision of non-banking financial markets, of participants and operations in these markets, in conjunction with completing the elaboration of a policy for supervision improving and a human resources policy, focused primarily on on-site supervision by qualified employees.

Occupational health and safety policy

Although less visible outside FSA, in parallel with the formation and assessment of professional performance, the human resources department has made considerable efforts for the prevention of occupational risks, health protection and workers' safety, elimination of risk and accident factors, informing, consultation and training, business planning, change of the work approach, event analysis, obtaining and monitoring results. Risks for each component of the work system have been identified and assessed, namely worker, work duty, work means/equipment and the working environment by work areas/stations. After assessing the risks for each position, prevention and protection measures were established at technical, organizational, sanitary and other levels, needed to ensure the workers' safety and health.

In 2013, FSA registered three labour accidents, two of which occurred at the work station and one on site. No occupational diseases were found.

Protection of classified information

The particularity of the FSA business requires keeping confidential the information collected from regulated entities and conclusions drawn from the monitoring and control activities that are not public. Meeting such obligation of FSA is supported by the specialized department of the Human Resources Directorate, which, during 2013 drafted and developed the internal procedure framework, managed FSA classified documents, handled the security component related to personnel, the implementation of physical security system of the institution and the relationship with the authorities competent to coordinate and control the measures relating to the protection of classified information. This department was also in charge with implementing and managing wealth statements and declarations of interests.

9. TRANSPARENCY IN DECISION-MAKING AND PUBLIC INFORMATION

As a result of the establishment of Financial Supervisory Authority in 2013, by merging the ISC, the NSC and the PPSSC, the communication and media relations activity is presented in two parts. Thus, the first part refers to the activities of the three communication departments carried out within each of the three supervisory committees, during the period comprised between January and April 2013, while the second part refers to communication within FSA during the period comprised between April and December 2013.

9.1. January - April 2013. Communication Activity among NSC, ISC and PPSSC

National Securities Commission (NSC)

The communication and media relations were based on systematic, prompt and transparent transmission via the media of information regarding the institution's activity. Every time NSC made major decisions regarding the capital market in Romania, the media representatives were promptly informed thereof, in order to accurately understand the measures adopted.

In its public information activity, NSC sought to:

- observe the right to information of all citizens in accordance with the Romanian legal provisions in force;
- observe the principle of equal information and treatment of investors and protection of their and all capital market players' interests;
- set and maintain diverse communication channels between NSC and various categories of public interested in the institution's activity, to ensure, through specialized structures, access to public information.

Periodicals. During this period, NSC continued the electronic publishing of monthly and weekly special issues of NSC Bulletin, Part I – Commission's Activity, to ensure transparency of decisions and proper information of the public.

To ensure the transparency of the activity of business entities whose shares are admitted for trading on a regulated market, in accordance with NSC Regulation No. 1/2006 regarding issuers and security operations, they have the obligation to prepare, transmit and publish in the NSC Electronic Bulletin reports on privileged information, provided under Art. 226 Para (1) of Law No. 297/2004.

To ensure a high degree of transparency, the website www.cnvmr.ro has been constantly updated with normative acts and individual acts, on the very day of issue, in the weekly electronic version of the NSC bulletin, and sanctioning ordinances were published periodically in the section of the site specifically designed for this purpose.

Insurance Supervisory Commission (ISC)

Like in previous years, ISC has informed the public promptly and professionally with regard to the regulatory process, as well as the relevant decisions taken during this period by the ISC, in order to protect the interests of policyholders and ensure insurance market stability.

Media relations. Communication channels most often used were the press institutions, by means of which information has been transmitted to the public in the form of press releases. Thus, in the period comprised between January and April 2013, press releases and information on the activity of the Romanian insurance market have been submitted. At the same time, they were published on the website of the Insurance Supervisory Commission, www.csa-isc.ro

Periodicals. In 2013, CSA continued to edit and distribute free the quarterly Newsletter, Year VII, No. 1/April 2013. Through this publication the undertakings and insurance brokers, and the public concerned have access to the latest information on the work of ISC, the development of the insurance market, but also to the updates and amendments to European legislation in this field. All editions of the ISC Newsletter can be consulted electronically at www.asfromania.ro, in the section Publications/Bulletins/ISC Newsletters.

The website of the Insurance Supervisory Commission, www.csa-isc.ro, already dedicated to the general public, has been continuously updated with information on the Commission's activity, with all the press releases of the Commission, with useful information for the insured and other information of public interest. Also, all those interested could consult the CEDAM database on www.csa-isc.ro.

Audience schedule. The Insurance Supervisory Commission had an audience schedule displayed both at the institution's headquarters, and on the ISC website. These audiences have helped improve the communication of the problems that policyholders, injured parties, insurance undertakings and other interested persons face.

The ISC participation in events organized by professional associations on the insurance market, the National Union of Insurance Companies of Romania (UNSAR), the Romanian National Union of Insurance Intermediaries and Consultants (UNSICAR). The Communication and Media Relations Directorate arranged the participation of ISC representatives in such events by providing informative materials on the topics debated.

Private Pension System Supervisory Commission (PSSC)

The communication and public relations activity carried out by the Private Pension System Supervisory Commission (PPSSC) aimed at promoting an accurate image of the Commission's activity, strengthening the media relations, the relations with the other State institutions, non-governmental bodies, international bodies, the participants and operators in the private pension market. Through specific means of communication, it has sent the PPSSC objectives and messages both inside and outside the institution, has provided information of public interest in accordance with the provisions of Law No. 544/2001 on free access to information of public interest, and provided assistance to participants in their relationship with PPSSC.

Between January and April 2013, the PPSSC activity was presented to the public and mass-media through seven press releases whose subject matters were:

- issuance of newsletters for December 2012, January and February 2013. They contain the main statistic data referring to: evolution of the amount of assets, of participants, analyses on the

evolution of the structure of participants and private pension investment funds. Also, they include the list of the documents issued by the institution during the analysed months, applicable both to Pillar II and Pillar III;

- completing the absorption of the privately managed pension fund PENSIA VIVA by ALICO. At the end of March 2013, the Board of the Private Pension System Supervisory Commission (PPSSC) approved a series of decisions marking the completion of the merger of the Privately Managed Pension Fund PENSIA VIVA (absorbed fund) with the Privately Managed Pension Fund ALICO (absorbing fund).

Periodicals. Between January and April 2013, PPSSC continued to publish and print on a monthly basis three newsletters on the main statistical data of the months prior to publication and a list of documents issued by the authority. Such newsletters are also available on the website of the new supervisory authority www.asfromania.ro, in the section PPSSC Newsletter Archive.

The website www.csspp.ro has been continuously updated and optimized so as to meet the users' requirements and the latest standards in the field, to create an interactive and attractive for visitors.

Press statements and interviews given by the PPSSC representatives have represented another communication channel with the large audience. Thus, in April 2013, the PPSSC representatives gave three interviews regarding the completion of the merger of the privately managed pension funds PENSIA VIVA and ALICO, as well as the characteristics of the private pension systems, transparency and financial education.

9.2. Activity of Public Communication and Mass Media Relation within the Financial Supervisory Authority between April and December 2013

One of the internal consequences of establishing FSA was the need to create a visual identity of the institution and an integrated strategy of public relations.

The website, www.asfromania.ro, officially launched on 4 December 2013, practically combined the three websites of the former supervisory entities.

www.asfromania.ro includes 1,500 pages, interactive databases, laws, normative and individual acts issued by FSA, authority's press releases, European Commission's press releases and many other information of interest for regulated markets supervised by FSA. The institution's website is 90% updated daily by representatives of the Communication Directorate.

The FSA website is not only a practical communication tool with the large audience, but also a very useful tool for all players in the three non-banking financial markets, meeting the users' requirements and standards in the field.

Press releases and information. The most important matters regarding the FSA activity have been communicated to the public mainly through press releases. Thus, between April and December 2013, 25 press releases were communicated to the mass-media. At the same time, they were posted on www.asfromania.ro.

The FSA representatives gave interviews and statements to reporters regarding matters of interest for the public and undertakings operating on the three markets supervised and regulated by the Authority.

Correspondence with mass-media has represented another channel of communication. FSA has given great importance to queries addressed in writing by the media representatives and has taken all the steps to send its answers promptly. This dialogue with the press contributes, along with the other communication channels used, to a greater transparency of the FSA activity.

Thus, in this period, FSA answered the queries coming from journalists from the local and central - press, radio and TV. Most of the queries addressed by journalists referred to the most recent normative and individual acts issued by the authority for the three sectors, the activity on the insurance market and the capital market.

The events organized either by the Financial Supervisory Authority, or by other entities in the field, have also represented important communication channels used by the institution in 2013.

The FSA attendance to insurance conferences: the International Insurance – Reinsurance Forum (IIRF), **International Disaster Risks Forum** (IDRF).

Audience schedule. The Board of the Insurance Supervisory Commission has an audience schedule posted on the website, www.asfromania.ro. These audiences help the authority to better grasp the problems faced by undertakings operating in the three sectors supervised as well as consumers of non-banking financial services

The FSA newsletter and public information policy regarding the institution's activity and evolution of non-banking financial sectors. FSA publishes and distributes the monthly Bulletin (printed) and Electronic Bulletin (weekly for capital market and monthly for all 3 sectors, including special editions). The two bulletins include regulations and other official documents issued by the FSA specialized directorates, reports of issuers traded on regulated markets, of the open-end investment funds in Romania, and monthly material analysing evolutions in the private pension and insurance-reinsurance sectors, which are useful not only to FSA, but also to investors and regulated entities.

10. PROTECTION FUNDS OF PARTICIPANTS IN THE NON-BANKING FINANCIAL SYSTEM

10.1. Policyholder Guarantee Fund

Guarantee schemes are created to protect policyholders and insurance beneficiaries in the event of insolvency of an insurer, serving as protection mechanisms for insurance creditors while contributing to maintain public confidence and the stability of the insurance industry and implicitly the financial sector. These are usually financed by the industry, being perceived as mechanisms of last resort, providing a minimum level of protection when all other correction or prevention measures have been unsuccessful.

The legal framework for the establishment, administration, procedure and conditions for making payments, as well as other aspects relating to the Policyholder Guarantee Fund (PGF), includes the following normative acts: Law No. 136/1995 on insurance and reinsurance in Romania, Law No. 32/2000 on insurance and insurance supervision, Law No. 503/2004 on financial recovery, bankruptcy, dissolution and voluntary winding up in insurance and the Rules on the Guarantee Fund approved by Order of the ISC President No. 10/2009

The fund is set up by the insurers' contributions[44] and is intended for payments/claims resulting from optional and compulsory insurance contracts in case an insurer is found insolvent. The PGF may be appointed liquidator, according to law, to run the activity of insurer/reinsurer and exercise the duties provided by Art. 40 of Law No. 503/2004 on financial recovery, bankruptcy, dissolution and voluntary winding up in insurance, subsequently amended and supplemented.

Due to the particulars of its activity and duties, PGF is managed by FSA, which issues rules on its activity. The FSA Board approves the organizational and personnel structure, salary policy, the income and expenditure budget, as well as the strategy regarding the FSA investments.

The first payments to the creditors of the insurance undertakings in insolvency were made starting from 2005, after the entry into force of Law No. 503/2004 and acknowledging the applicability of the provisions of this law in court cases involving the insurance undertakings' insolvency. The special legislative framework has enabled the simplification of claim payments to insurance creditors, contributing to the enhancement of public confidence in the insurance system and maintenance of the insurance market's stability.

PGF Activity between 1 January and 29 April 2013

Throughout the period mentioned, PGF was managed by FSA. In the interval of reference, the PGF made payments from its cash to insurers' creditors in insolvency. Thus, during the period mentioned there have been **3 meetings of the Special Commission**, convened according to Art. 23 Para (2) of Law No. 503/2004, where there have been analysed and approved the insurance creditor lists in compliance with the provisions of Art. 15 Para (3) of the Rules on the Guarantee Fund reported under Art. 24 of Law No. 503/2004.

[44] By applying a rate of maximum 10% of the amount of gross premiums received from direct insurance.
In 2013, the rate was 0.3% for life insurance and 0.8% for non-life insurance (similar to the previous year). There were 46 insurers that paid contributions to the PGF in 2013, 38 of which are insurance undertakings authorized by the FSA and 8 branches of insurance undertakings from the European Economic Area opened in Romania based on the settlement right.

The aggregate amount of claims paid from the fund was 66,808 lei. The statement of payments for each insurance undertaking is as follows:

- SAR Euroasig SA – 6,775 lei;
- Metropol CIAR SA – 2,430 lei;
- Grupul de Asigurări Român Grup AS SA – 41,515 lei;
- Delta Addendum Asigurări Generale SA – 16,088 lei.

In case of insurance undertakings in insolvency for which payments were made from the fund's available cash, 3 statements of claim were prepared and submitted to the case file to recover such amounts from the liquidation fund. All claims were admitted by the syndic judge in accordance with the provisions of Art. 27 of Law No. 503/2004.

If the legal requirements were not fulfilled, the Special Commission rejected either in whole or in part the amounts claimed from the Policyholder Guarantee Fund available cash.
In this regard, **the Fund issued 46 rejection decisions**. The reasons why the amounts requested from the fund's available cash were rejected either in whole or in part related to: failure to fulfil the conditions mentioned in the insurance contract, the amount claimed does not represent insurance receivable according to Law No. 503/2004, lack of documents supporting the receivable.

Also, PGF **notified each of the 43 insurance creditors** whose identification details appeared in the technical and operative records taken over according to Art. 23 Para (1) of Law No. 503/2004 from insurers in insolvency to submit a payment application together with the supporting documents necessary to recover the due claim.

Between January and April 2013, **36 disputes** were pending court settlement, of which 19 have as their object the annulment in whole or in part of the decisions issued by the PGF, 5 have as their object the bankruptcy of insurance undertakings, one file has as its object the liability of the insurers' management bodies in bankruptcy, 7 files have as their object claims, two are criminal files and two are enforcement files.

The PGF Activity between 30 April and 31 December 2013

In this period, PGF was managed by FSA. A meeting of the Special Commission was held during this period, and the amount approved for **payment from the PGF available cash to creditors of insurers in insolvency was 54,383 lei**, as follows:

- for SAR Euroasig SA – 13,702 lei;
- for Delta Addendum Asigurări Generale SA – 40,681 lei.

In the file having as its object the bankruptcy of Delta Addendum Asigurări Generale SA a statement of claim was filed, in order to recover such amount from the liquidation account, which was admitted by the syndic judge.

Between 30 April and 31 December 2013, there were **32 disputes p**ending court settlement, 18 of which had as their object the annulment in whole or in part of the decisions issued in first instance, 3 have as their object the bankruptcy of insurance undertakings, one file has as its object the liability of the insurers' management bodies in bankruptcy, 6 files have as their object claims, two are criminal files and two are enforcement files.

The disputes involving the fund gave birth to several interpretations of the applicable legal provisions as regards:

- the PGF legal standing in the lawsuits;
- the administrative procedure of paying the claim;
- conditions in which the tort liability may be incurred;
- the fund's bearing of the court expenses paid by the successful parties in lawsuits against insurers in insolvency;
- the legal conditions and limits in which the fund may make payments from the available cash.

Also, by Civil Judgment No. 9570 ruled on 14.11.2013, the Bucharest Tribunal ordered, in File No. 46745/3/2008, pursuant to Art. 53 Para (1) letters a) and b) of Law No. 503/2004, the closing of the insolvency proceedings of debtor SAR Euroasig SA, the deregistration from the Bucharest Register of Commerce of debtor Euroasig SA. Art. 136 of Insolvency Law provides that the syndic judge, the liquidator and all persons assisting them are discharged of any duties and responsibilities related to the proceedings, the debtor and its wealth, creditors, security holders, shareholders.

As regards the claim files opened with SAR Euroasig SA and unpaid yet from the fund's available cash as at 14.11.2013, the total claim reserve (the estimated amount related to files not settled) in case SAR Euroasig SA is 1,205,499 lei corresponding to 998 claim files.

PGF Resources and Financial Statements

The PGF patrimonial result account is prepared on an accrual basis. This is based on the cut-off principle, according to which all income and expenditure relate to the year of reference, without considering the date when income is received, or when expenses are paid. **In 2013**, the PGF **registered a total excess of 81,010,262 lei**, consisting of:

- 47,087,223 lei in excess from operating activity, determined as difference between the total rights established during the reporting period (according to the legal provisions regulating the PGF's collection sources) and operating expenses (salaries and social contributions, expenses with inventories, works and services supplied by third parties, expenses with amortizations and provisions etc.);
- 33,923,039 lei in excess from the financial activity, mostly from income pertaining to the investments.

In 2013 the PGF **statement of income and expenditure** is as follows:

- **total income on 99,789,094 lei**, of which:
  - 59,118,796 lei from contributions owed by insurance undertakings;
  - 40,670,298 lei earnings from investments in government securities, term deposits, and amounts deposited in current accounts;
- **total expenses of 18,329,495 lei**, of which:
  - 6,429,257 lei salaries and related social contributions (34.24% of total expenses). They accounted for 6.44% of total income and 15.81% of financial income;
  - 956,650 lei consumables, items of inventory, works and services delivered by third parties;
  - 4,645,666 lei the amortization/depreciation of tangible and intangible assets;
  - 6,747,259 lei impairment allowances of State bonds;
  - 121,191 lei payment of claims/compensation to insurance creditors.

The 81,010,262 lei excess of PGF related to 2013 is carried forward to the following year.

Table II 26 Balance Sheet of PGF

No.	Caption	Balance at the beginning of 2013 (lei)	Balance at the end of 2013 (lei)
	ASSETS		
I.	**Non-current assets, of which**	**235,957,298**	**573,690,287**
1.	Non-current financial assets (long-term investments)	226,615,654	569,942,573
2.	Intangible assets	8,456	4,472
3.	Tangible assets	9,146,176	3,556,230
4.	Other non-current receivables	187,012	187,012
II.	**Current assets, of which:**	**537,919,389**	**280,321,729**
1.	Inventories	113,982	114,323
2.	Current receivables from trade operations	6,336,749	6,118,308
3.	Cash and cash equivalent (short-term financial investments, bank accounts and petty cash)	531,468,658	274,089,098
III.	**Total assets**	**773,876,687**	**854,012,016**
	LIABILITIES		
IV.	**Non-current liabilities**	**372,529**	**372,872**
V.	**Current liabilities**	**607,222**	**546,037**
VI.	**Total liabilities**	**979,751**	**918,909**
VII.	**Equity, of which:**	**772,896,936**	**853,093,107**
1.	Reserves	1,230,893	275,502
2.	Retained earnings	675,202,902	771,807,343
3.	Patrimonial result of the year	96,463,141	81,010,262

Source: FSA, PGF

At the end of 2013, the PGF's available cash amounted to 844,799,401 lei. According to Law No. 136/1995, they may be invested in interest bearing instruments of the monetary market, with credit institutions, in government securities or allotments provided by the legislation in force.

In 2013, the aim was to invest cash so as to mitigate risks, ensuring the necessary liquidities to pay claims/compensation to insurance creditors and efficiently using the available cash, given the continual drop of interest rates. The investments' maturities were both short-term, and medium and long-term.

The risk mitigation policy is clear from the holding of government securities, which at the end of 2013 account for 71.33% of total cash, while deposits account for 27.57% out of the total cash, and current accounts 1.10%. In addition, since the PGF's deposits are not guaranteed, according to the legal provisions in force, there was a continuous monitoring of the structure of investments and exposure limits by credit institutions.

Figure II 7 Structure of PGF investment as at 31 December 2013

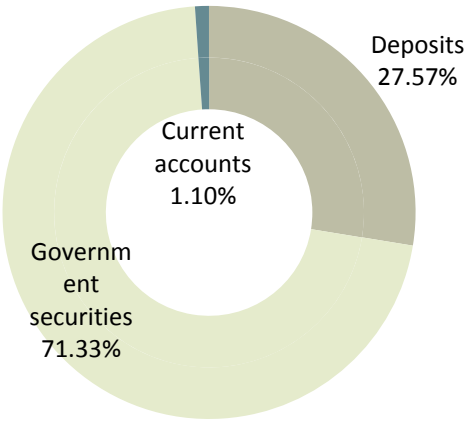
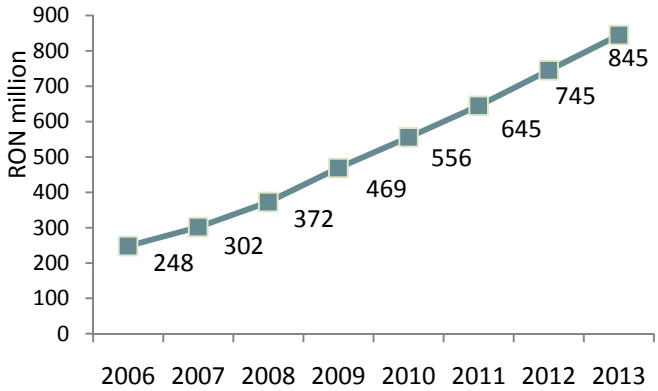


Figure II 8 Evolution of financial cash and cash equivalents of PGF

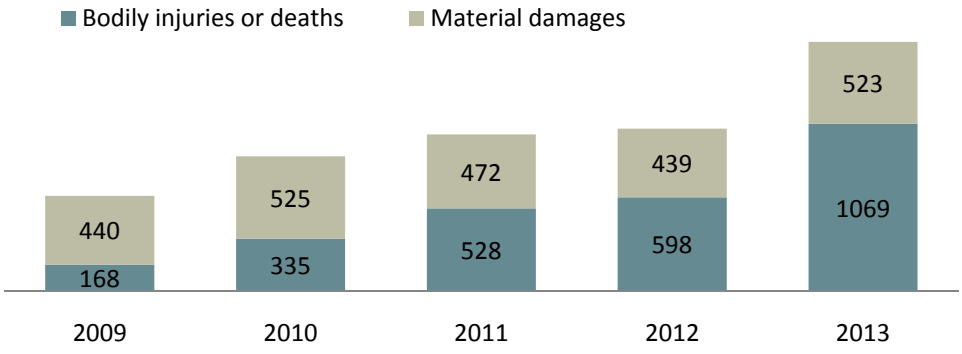


Source: FSA, PGF

10.2. Street Victim Protection Fund

The Street Victim Protection Fund (SVPF) is regulated as legal institution as a professional association of all insurers entitled to practice the compulsory motor vehicle liability insurance, under Art. 251 of Law No. 32/2000 regarding the insurance activity and insurance supervision, introduced by Art. 1 item 32 of Law No. 113/2006 regarding the approval of Government Emergency Ordinance No. 201/2005 amending and supplementing Law No. 32/2000 regarding insurance undertakings and insurance supervision.

Figure II 9 Number of persons prejudiced by bodily injuries/material damages



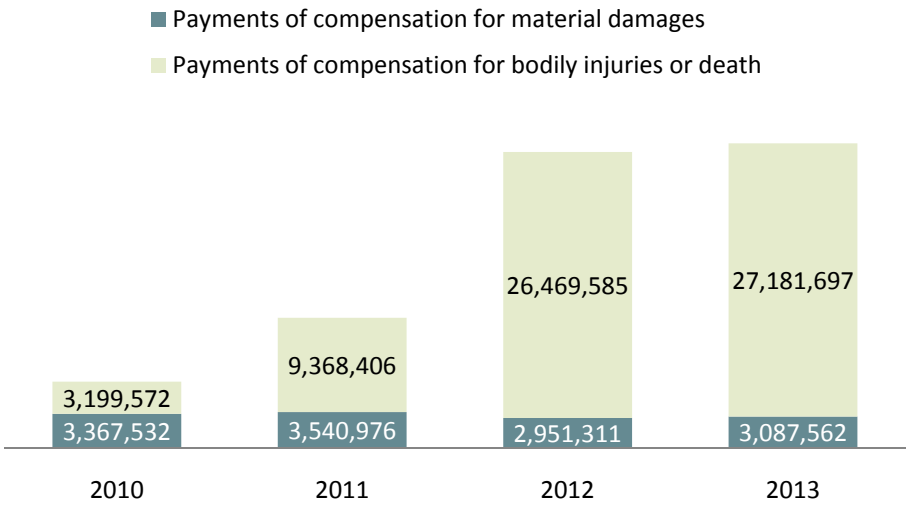
Source: SVPF

In 2013, 1,592 claim files were approved by the Fund, 29 of which for accidents caused by unidentified motor vehicles and 1,563 for accidents caused by motor vehicles not insured under the compulsory motor vehicle liability insurance. As regards the persons injured by the 1,592 claim files, 1,500 were natural persons and 92 legal persons. As regards the types of losses claimed, material damages were claimed in 523 cases and damages for bodily injuries or death in 1,069 cases.

There is one type of files that registered a higher weight in the SVPF workload, namely cases involving motor vehicles registered with the local authorities (tractors or other agricultural machinery, mopeds, etc.), for which it is compulsory to conclude and maintain valid a motor vehicle civil liability insurance, but which

are not listed in the DLRMVD database, making it extremely difficult to determine the risk arising from putting them into service and the scope in the compulsory motor vehicle civil liability insurance. In most cases, the consequences of the accidents caused by such motor vehicles are extremely serious, and result in the bodily injury and/or death of more persons.

Figure II 10 Value of compensation granted by type of prejudice

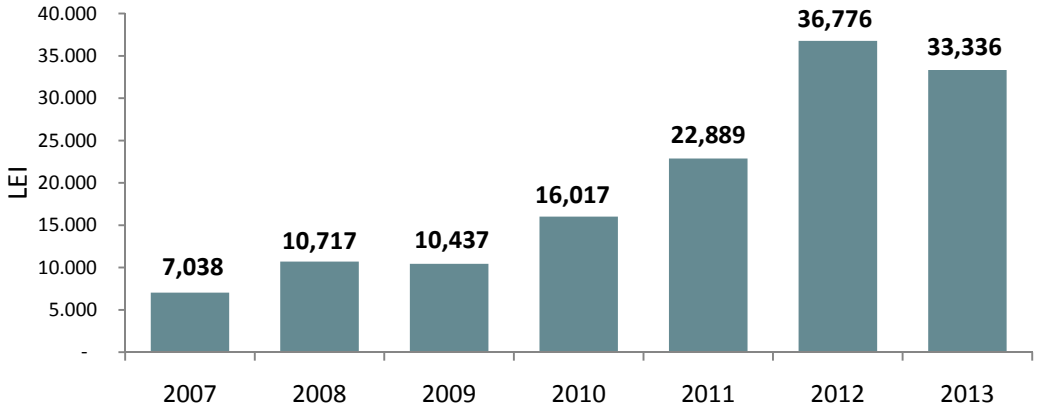


Source: SVPF

In 2013, the Fund was used to pay compensation for losses totalling 30,269,259 lei to 908 persons in total, of which 22 were approved in 2008, 46 in 2009, 113 in 2010, 174 in 2011, 220 in 2012 and 333 in 2013.

The total number of persons who received compensation increased significantly, from 800 in 2012, to 908 in 2013 (+13.5%). The total value of compensation paid increased slightly, by 2.88%, from 29,420,896 lei in 2012, to 30,269,259 lei in 2013. Consequently, the average compensation paid per person decreased by almost 10%, from 36,776 lei in 2012, to 33,336 lei in 2013.

Figure II 11 Average compensation paid



Source: SVPF

The increase of the average compensation in 2013 as against 2012 was due to a more unitary practice of Romanian courts, which, in 2013 (also probably due to the publication of the "Guidelines for Compensation of Moral Damages"), no longer granted amounts as high as in previous years for individual cases. This

finding, based on the data available to SVPF, applies especially to amounts granted as moral damages to indirect victims in cases of death (namely, amounts granted to close family members further to the loss of a family member). In the past, these amounts used to exceed even the maximum amounts ever granted in similar cases in the entire European Economic Area.

Although the growth rate of cases approved in 2013 as against 2012 is fairly high, *i.e.*, 53.52%, the total compensation increased much more slowly, only 2.88% in 2013 as against 2012. The growth registered in 2013 was almost equal both in the amount of compensation granted for material damages, and the amount of compensation granted for bodily injuries and death. In 2013, the weight of the two types of compensation out of the total compensation was almost equal to the previous year, namely 10% for material damages and 90% for bodily injuries or death.

2013 thus becomes the third consecutive year in the all-time activity of the Fund when the value of compensation paid for bodily injuries or death exceeds the value of compensation paid for material damages.

SVPF has centralized court decisions on moral damages granted by courts of law, which allowed the Fund to adopt a proactive approach in settling loss cases approved for bodily injuries or death, in order to amicably compensate the prejudiced persons in a fair and equal manner within the shortest time possible. Thus, **in 2013, SVPF managed to pay over 70% of the total cases of amicable compensation.** This is an advantage first for prejudiced persons, given that the handling and settlement of claims are reduced, but also for the Fund, by avoiding the burdening of courts of law and implicitly the issuance of unpredictable court decisions, which sometimes exceed by far the average and even the maximum limits at European level (of all the other EU/EEA Member States) especially with regard to the value of moral/non-patrimonial damages granted to indirect victims.

Claim Reserves

The legislation on SVPF does not regulate the establishment of reserves at the Fund level given that it is organized as a not-for-profit association. A reserve has been established nevertheless, similarly to how insurance undertakings establish claim reserves, except for the reserve for claims incurred but not reported and the reserve for claims reported, but for which reserves were established insufficiently.

The average reserve calculated at the end of 2013 was approximately 54,500 lei, which means an average of almost 5,000 lei above the one at the end of 2012, when the average reserve was approximately 49,700 lei and more than 21,000 lei higher than the average compensation paid in 2013, in amount of 33,336 lei.

For the 1,497 loss files that are in various stages of settlement as at 31.12.2013, 80,560,000 lei was established as claim reserves at the end of 2013.

Compensation Coverage

According to the legal provisions, after paying the compensation, the Fund is entitled to recover the compensation paid, the related expenses and the legal interest from the persons responsible for causing the prejudice. Thus, **in 2013, 2,708,053 lei was recovered**. **510 actions for recourse were filed in 2013**, 437 of which are still pending court settlement, 66 are already admitted and won by the SVPF, in the enforcement stage and in 7 other the amounts were fully recovered.

At the end of 2013, there were 886 files in total having as their object actions for recourse filed by SVPF against the persons responsible for repairing the prejudices caused by accidents involving motor vehicles, and **919 enforcement files with regard to such obligations**.

In 2013, **SVPF, as Romanian Information Center**, took over 10,450 requests for information, continuing the growing trend started in 2007, registering a 23.9% increase in the total number of processed information, as compared to 2012 (8,432 requests processed). Further to the activity of the Information Center, the identification ratios of the insurer of a compulsory motor vehicle liability insurance by consulting the CEDAM database can be calculated for 2013 at 70.8% (602/(1,090-240)x100=70.8%) – as compared to 69.1% in 2012, and the inclusion ratio in the compulsory motor vehicle liability insurance is estimated at 95.5% ((1,090-49)/1,090x100=95.5%) for 2013 – as compared to 94.06% in 2012.

In 2013, **SVPF, as compensation body**, issued 273 approvals, 229 of which are approvals of *pro forma files*. The pro forma files are opened at the request of prejudiced persons/claimants, for the cases in which the insurer of the compulsory motor vehicle liability insurance does not grant either the due compensation or a grounded response to the claimant within 90 days from receiving the initial request. Further to the Fund's intervention as compensation body, such files may be directly managed/settled by the same insurer of the compulsory motor vehicle liability insurance, i.e., its representative in the field of compensation, within 60 from the intervention of the compensation body, either by paying the due compensation, or by sending a grounded response to the claimants/prejudiced persons.

Financial Statements of SVPF for 2013

In 2013, **the Fund obtained a total income of 23,893,879 lei**, representing 7,178,879 lei increase (43%) as compared to the forecasts of the approved Income and Expenditure Budget, **most of it being represented by members' contributions totalling 16,696,152 lei, accounting for almost 70% of the total income**. The Fund obtained interest income of 4,271,281 lei. The income obtained from recovering compensation totalled 2,708,053 lei.

Total expenses amounted to 35,837,736 lei, representing a savings of 2,030,039 lei (decrease of 5.36%) as compared to the total expenses forecast in the Income and Expenditure Budget approved for 2013. **Expenses with compensation accounted for the greatest portion, namely 31,032,468 lei, which means 86.59% of the total expenses of SVFP**.

In 2013, the SVFP Board of Directors negotiated and concluded the **Fund's reinsurance contract, type XL (excess of loss), for 2014. The XL type Reinsurance Contract is concluded by providing an own retention of EUR 400,000** and is 100% placed in reinsurance, with Swiss Re, in its capacity as contract leader holding 50% in the contract, followed by other reinsurers, all of which have A rating at the least.

10.3. Investor Compensation Fund

As at 31.12.2013, the Investor Compensation Fund (ICF) comprised 58 members, 37 of which SSIFs, 10 credit institutions and 11 investment management undertakings (SAIs).

According to Directive 97/9/EC on investor compensation schemes, the Investor Compensation Fund compensates investors fairly and in a non-discriminatory manner within the limit of a maximum threshold

representing the equivalent of 20,000 lei/investor. In 2013, no cases of compensation of investors' receivables were recorded.[45]

In 2013, the Fund did not register any new members, and 14 of the existing members stepped out, namely 9 SSIFs (Avantgarde Finance SA, Harinvest SA, Invest Trust SA, Unicapital SA, Unicredit CAIB Securities SA, Active International SA, Eurosavam SA, GM Invest SA, Eurobank Securities SA), two credit institutions (OTP Bank and RBS Bank) and 3 investment management undertakings (SAI Globinvest SA, SAI Swiss Capital SA, SAI STK SA).

Table II 27 Evolution of number of ICF members

Categories of members	2009	2010	2011	2012	2013
SSIF	63	55	52	46	37
Credit institutions	15	14	12	12	10
SAI	18	14	14	14	11
Total	96	83	78	72	58

Source: ICF

As regards the annual contributions in 2013, the Fund received contributions of 920,484 lei, representing approximately 5.82% of the total annual contributions received between 2005 and 2013. As compared to the previous year, the total annual contributions received were 44% smaller, due to the change of the modality of calculating the contribution, which eliminated the "Average investment subject to compensation".

The SSIFs had the largest contributions out of the total value for 2013 among the categories of Fund members. Thus, their contributions amounted to 67% of the total (616,137 lei), followed by credit institutions accounting for 25% (232,012 lei) and SAIs with 8% (72,335 lei).

Table II 28 Evolution of annual contributions of ICF members

Categories of members	2009	2010	2011	2012	2013
SSIF	680,568	875,730	1,141,160	1,200,888.10	616,137.17
Credit institutions	84,484	144,928	258,262	359,271.15	232,011.84
SAI	81,422	64,035	62,982	77,532.04	72,334.59
Total	846,474	1,084,693	1,462,404	1,637,691.29	920,483.60

Source: ICF

Table II 29 Evolution of initial contributions of ICF members

Categories of members	2009	2010	2011	2012	2013
SSIF	5,332	-	-	-	-
Credit institutions	-	-	30,954	-	-
SAI	15,882	-	-	-	-
Total	21,214	-	30,954	-	-

Source: ICF

At the end of 2013, in accordance with the provisions of Art. 26 of NSC Regulation No. 3/2006 regarding the authorization, organization and functioning of the Investor Compensation Fund, as subsequently amended and supplemented, the financial resources of the Fund were invested as follows: 35.25% in 51.19% in benchmark government bonds, and the remaining 13.57% in negotiated term deposits.

[45] See Harinvest SA case detailed in the FSA Business Report, item 3.1.1.

The investment of resources between January and December 2013 has generated an average yield of 5.33%.

As a result of the members' failure to pay their annual contribution within the legal term provided by regulations, the Fund has calculated and received delay penalties of 572 lei in 2013.

ICF has sent to FSA the list of investments from managed resources and from own resources together with the annual report, according to NSC Regulation No. 3/2006 regarding the authorization, organization and functioning of the Investor Compensation Fund, as subsequently amended and supplemented.

In 2013 no invest compensation event occurred. However, this is going to change in 2014 further to the FSA Decision of 26.03.2014 establishing that the conditions are met for the Investor Compensation Fund to intervene and compensate Harinvest clients. Therefore, the Investor Compensation Fund may initiate the compensation process within the limit of a maximum threshold representing the equivalent of 20,000 euro, after verifying the fulfilment of the legal conditions (such as establishing the exact amounts or shares held by each Harinvest client). The legislation provides that all injured parties who have to collect up to 20,000 euro shall be fully compensated by the Fund. As regards amounts in excess of 20,000 euro, the injured parties may address the courts of law to recover the amounts claimed.

10.4. Private Pension System Rights' Guarantee Fund

The Private Pension System Rights Guarantee Fund (FGDSPP) is established as a public law legal person and its aim is to ensure the financial stability of the pension system and the protection of the participants in in the private pension system according to Law No. 187/2011.

2013 was the second year of activity of FGDSPP and the first year when it initiated the guarantee activity, disclosed in the annual financial statements separately from the administration and functioning activity.

The purpose of FGDSPP is to guarantee the rights of participants and beneficiaries acquired under the private pension system and to compensate their losses resulting from the inability of pension administrators/suppliers to fulfil the assumed obligations, both during the entire period throughout which the contributions are paid and after the right to pension starts operating. Losses are compensated by the FGDSPP only if FSA establishes that fund administrators cannot honour the obligations they have assumed after using the technical provisions created and the own funds.

After Rule 18/2012 issued by FSA, regarding the reporting and transparency obligations of FGDSPP, came into force, from January 2013, the Fund started sending periodic reports to FSA as follows:

- monthly, on the FGDSPP financial resources, statement of invested assets and bonds of FGDSPP, the detailed statement of investments for the guarantee of private pension system rights, together with the analytical trial balance;
- biannual, namely reports on internal audit and reports on internal control actions.

In 2013, FGDSPP drew up, approved and published in the Official Journal a rule establishing the rules to calculate and establish the FGDSPP necessary funds to compensate the losses of participants and beneficiaries of privately managed pension funds and voluntary pension funds throughout the period when the contributions are paid (Rule No. 2/2013). In addition, an *Actuarial Valuation Report* was drawn up, approved by FSA, comprising the calculated value of the technical reserve corresponding to each private pension fund administrator offering guarantees.

Thus, the *Actuarial Valuation Report* has carried out an actuarial calculation of the annual contribution owed by each administrator based on the technical reserve, presenting separately privately managed pension funds and voluntary pension funds.

Table II 30 Annual contribution owed by each administrator based on the technical reserve

Pension Fund	Technical reserve (lei)	Number of participants	Value of asset (lei) as at 31.12.2012	2013 contribution (cumulated contribution 2012-2013) (lei)
		Pillar II		
EUREKO	218,223.25	439,599	539,575,295.51	54,555.81
AVIVA PENSIA VIVA	241,296.46	432,038	663,290,490.92	-
BCR	236,525.73	438,970	540,400,616.63	59,131.43
AZT VIITORUL TĂU	721,036.13	1,368,805	2,241,674,164.28	180,259.03
ING	744,725.66	1,729,058	3,654,381,378.20	186,181.42
ARIPI	265,676.84	538,746	788,939,725.19	66,419.21
VITAL	167,791.27	234,933	276,453,383.11	41,947.82
BRD	160,681.89	203,453	254,812,769.77	40,170.47
ALICO	224,873.72	386,912	682,725,795.97	116,542.55
Pillar II Necessary Funds	**2,980,830.95**	**5,772,514**	**9,624,253,619.58**	**745,207.74**
				Pillar III
ING OPTIM	55,850.50	89,161	209,024,566.34	13,962.63
EUREKO CONFORT	2,636.73	3,713	3,224,348.54	659.18
BRD MEDIO	8,415.73	11,679	19,752,066.82	2,103.93
Pillar III Necessary Funds	**66,902.95**	**104,553**	**232,000,981.70**	**16,725.74**

Source: FGDSPP 2013 Activity Report

Under the guarantee activity, the annual contributions received amounted to 761,933.48 lei, which were invested in short-term deposits, obtaining a capitalization of 12,872.58 lei.

To balance the investments of guarantee financial resources, different cash deposits have been placed with three commercial banks in Romania (CEC Bank, Raiffeisen Bank, Banca Transilvania), the aim being both risk mitigation and a good investment yield.

The main criteria taken into account when choosing the credit institutions were:

- bank rating
- interest
- bank commissions.

In 2013 no payments were made to guarantee private pension system rights. Under the administration and functioning activity, the registered income amounted to 1,459,805 lei (income from specific commissions, income from the capitalization of resources corresponding to the administration and functioning activity and other income), the expenses totalled 1,831,755 lei (personnel expenses, expenses with materials and utilities and other expenses). The loss registered as at 31 December 2013 amounted to 371,950 lei.

FGDSPP proposes to cover the loss registered at the end of the financial year from the administration and functioning activity by the profit carried forward from the previous year (910,584 lei).

III. BUDGET IMPLEMENTATION AND 2013 FSA FINANCIAL STATEMENTS

1. REPORT ON THE IMPLEMENTATION OF FSA INCOME AND EXPENDITURE BUDGET BETWEEN 30.04.2013 AND 31.12.2013

In accordance with Art. 22 of Government Emergency Ordinance No. 93/2012 as subsequently amended and supplemented, FSA has taken over from the National Securities Commission, the Insurance Supervisory Commission and the Private Pension System Supervisory Commission, based on delivery-receipt protocols concluded with each of these institutions, the monetary funds in the form of accounts and assets determined on the basis of the financial statements drawn up in accordance with Art. 28 Para (1) of Accounting Law No. 82/1991 republished, as subsequently amended and supplemented, as well as the other rights and obligations arising therefrom.

1.1. FSA Income implementation between 30.04.2013 and 31.12.2013

In accordance with the provisions of Art. 18 of GEO 93/2012 regarding the establishment, organization and functioning of the Financial Supervisory Commission approved as amended by Law No. 113/2013, FSA is fully self-financed, as follows:

I. **Arts. 13 and 17 Para (3) of the Statute of the National Securities Commission, approved by Government Emergency Ordinance No. 25/2002, approved as amended and supplemented by Law No. 514/2002, as subsequently amended and supplemented**, as follows:
   a) a 0.08% share of the value of transactions conducted on any regulated market, paid by the purchaser, except regulated financial derivatives markets;
   b) a 0.1% share of the net asset value of undertakings for collective investment in securities;
   c) a 0.5% share of the public sale offering;
   d) the different shares applied on the value of the public purchase/takeover offerings:
      - 1.5% of the value of public purchase offerings;
      - 2% of the value of public takeover bids;
   e) fees or commissions for transactions conducted on regulated financial derivatives markets, to be approved by annex to the budget;
   f) fees and commissions on activities for which NSC issues an individual document;
   g) fees for services provided to supervised entities or third parties;
   h) penalties determined by own regulations as patrimonial sanctions;
   i) donations;
   j) publishing, advertising, multiplication activities;
   k) any other legal sources.

II. **Art. 10 Para (1) of Law No. 32/2000 regarding insurance and insurance supervision, as subsequently amended and supplemented, as follows:**
   a) levies and increments provided under Arts. 13 and 36 of Law No. 32/2000;
   b) amounts generated by fines for perpetration of minor offence;
   c) revenues from donations, publications and other legal sources;

d) the contribution provided under Art. 5 Letter c) of Law No. 32/2000 (1% of the amount of premiums for motor vehicle mandatory insurance).

III. Art. 17 Para (1) of Government Emergency Ordinance No. 50/2005 regarding the establishment, organization and functioning of the Private Pension System Supervisory Commission, approved as amended and supplemented by Law No. 313/2005, as subsequently amended and supplemented, as follows:

a) levies for authorization and approval;
b) operation levies paid monthly;
c) income from donations, publications and other legal sources.

IV. Income from alienating fixed assets and inventory from the personal patrimony, made available.

Expenses are determined in the FSA annual budget, in accordance with its objectives and duties.

The FSA's income and expenditure budget for 2013 related to the period 30 April 2013 – 31 December 2013 was approved by the FSA Council on 29 July 2013 by FSA Council Resolution No. 22.

The budget implementation account comprises, under Income – Collections received, and under Expenditure – Payments made. The current budgetary excess was determined as the difference between income received and payments made.

As at 31 December 2013, the income obtained by FSA during the interval 30 April -31 December 2014 was 96,652,084 lei, and the payments made were 89,825,056 lei. **The current excess of the budget implementation was 6,827,028 lei. As at 30 April 2013, the balance of cash available was 50,823,392 lei**.

Table III 1 Income implementation of FSA as at 31.12.2013 (lei)

	CAPTION	Forecasts 30 April – 31 December 2013	Achievements 30 April – 31 December 2013	% achievements as compared to forecasts
	1	2	3	4=3/2*100
1.	Current income, of which:	92,449,604	96,652,084	104.55
1.1.	Current income pertaining to Insurance and Reinsurance Sector	42,011,652	34,935,219	83.15
1.2.	Current income pertaining to Financial Instruments and Investment Sector	32,741,875	40,290,609	123.05
1.3.	Current income pertaining to the Private Pension System	17,696,077	18,489,215	104.48
1.4.	Other sources		2,938,041	

Source: FSA

Between 30 April 2013 – 31 December 2013, the income received by FSA according to the legal provisions mentioned herein above were **96,652,084 lei**, being a **104.55%** achievement as compared to the budgetary forecast for the period.

1. Income pertaining to the Insurance – Reinsurance Sector: 37,701,676 lei, 83.15% achievement and comes from the following sources:

- **operation duty** – *owed by insurance undertakings and insurance brokers in amount of 0.3% of gross insurance premiums.* The amount received during the reporting period is **18,349,022 lei**.
- **motor vehicle insurance** – *owed by insurance undertakings, represents 1% of the gross motor vehicle insurance premiums.* The amount received in 2013 is **15,803,348 lei.**
- **authorization duty, other legal duties** – *represents fixed duties owed according to Law No. 32/2000 and Orders issued by FSA (ISC) in this respect.* The amount received is **667,133 lei.**
- **fines collected** *(50% of fines applied)*: **115,715 lei.**
- **various income** – the amount received during the reporting period was **2,766,457 lei** and *includes primarily interest on deposits and government securities held by FSA with commercial banks.*

Since at the time FSA took over the three former authorities' patrimony, the Insurance Supervisory Commission was the only institution that held finances both in the form of bank deposits and government securities, the related financial income was recognized as achievements pertaining to the Insurance Reinsurance Sector.

2.Income pertaining to the Financial Instruments and Investment Sector: 40,290,609 lei, 123.05% achievement as compared to the forecasts related to the period 30 April – 31 December 2013 and come from:

- **income from transactions conducted in regulated markets and via alternative trading systems** *(maximum 0.08% share);* the amount received during the reporting period is **5,229,498 lei;**
- **income from the net asset value of undertakings for collective investment in securities and undertakings for collective investment other than UCITS** – **18,480,604 lei;**
- **income from the value of the public sale offerings** *(maximum 0.5% share); for 2013, the share established by NSC Regulation No. 7/2006 as subsequently amended and supplemented was 0.5%.* The amount received during the period 30 April – 31 December 2013 is **1,837,354 lei** *(also including the fee related to the public sale offering of Romgaz of 1,730,500 lei).*
- **income from the value of public purchase/takeover offerings** (maximum rate of 2%) – the amount received during the reporting period is **10,295,586 lei** *(originating primarily from the commission received from the purchase offering launched by Fondul Proprietatea)*;
- **income from fees and shares for transactions conducted in financial derivatives regulated markets** *(for 2013 the fee collected for transactions conducted in financial derivatives regulated markets and alternative trading systems was 0.10 lei/contract charged from each contracting party)* – the amount received is **33,756 lei.**
- **income from fees and shares for activities for which FSA (FIIS) issues an individual document** – the amount received is **657,020 lei**.
- **income from fees charged for delivering services to supervised entities or third parties** – *fees to register and maintain securities in the FSA records, and fees received from the 1% share from the operating income of entities supervised by FSA – FIIS* - the amount received is **3,581,943 lei**.
- **income from publishing, advertising activities**: - **158,047 lei;**
- **other income** *(penalties, charges):* - **16,791 lei.**

3.Income pertaining to the Private Pension System Sector – 18,489,215 lei, 104.48% achievement as compared to the forecasts for the period 30.04 – 31.12.2013 and come from:

- **operation duty owed in the voluntary pension system** *(depositary and marketing agencies),* **and operation duties owed in the private pension system:** the amount received is **16,296,884 lei.**
- **authorization, approval duties and other duties owed by authorized and supervised entities in the private pension sector:** the amount received is **562,425 lei.**
- **administration duty owed by voluntary pension administrators:** the amount received is **1,628,828 lei**
- **other income: 1,078 lei.**

4. Other income: 2,938,041 lei – represents primarily interest received on deposits and government securities held by FSA with commercial banks, income from rents for spaces rented by FSA, income from realization of assets, other income.

1.2. FSA Expenditure implementation as at 31.12.2013

The actual expenses during the period comprised between 30 April and 31 December 2013 were 89,825,056 lei and represent 76% of the rectified budget of the Financial Supervisory Authority.

Table III 2 Envisaged expenses and incurred expenses between 01.01 and 31.12.2013 (lei)

Captions	Forecasts 30 April - 31 December 2013	Achievements 30 April - 31 December 2013	% achievements as at 31 December 2013 as compared to forecasts for 30 April – 31 December 2013
Total expenses	**118,186,244**	**89,825,056**	**76**
Current expenses	**113,191,219**	**86,892,402**	**76.76**
Personnel expenses	87,887,081	72,065,732	81.99
Goods and services	22,565,041	12,238,194	54.23
Interest	12,097	3981	32.90
Other transfers – contributions to international bodies	2,727,000	2,584,495	94.77
Capital expenditure	**4,995,025**	**2,932,651**	**58.71**

Source: FSA

1. **Personnel expenses** represent 80.22% of total expenses incurred. As compared to the forecasts related to the period 30 April 2013 – 31 December 2013, the personnel expenses were **81.99%** incurred, obtaining a savings of 15,821,349 lei at year end. Of the total personnel expenses, i.e., 72,065,732 lei, 14,949,920 lei represents institution's contributions for social security, unemployment fund and health insurance.

2. **Expenses with goods and services** – the 12,238,194 lei spent during 30 April 2013 and 31 December 2013 consists primarily of:
   - **Goods and services:** purchases of furniture, cleaning materials, fuel, utility services, telephony, Internet, security, car service, heating system maintenance, archiving, etc. – **4,334,201 lei.**

At the end of the year, a savings of 2,992,540 lei was recorded for this budgetary item;

- **Domestic and foreign travels** – of the amount provided in the FSA budget for the period 30 April – 31 December 2013 of 1,546,775 lei, the payments made totaled 1,102,539 lei, being a savings of 444,236 lei;
- **Other expenses:** represents primarily payments related to maintenance services for the CEDAM program completed by the former ISC, and payments representing rent for the space where the former PPSSC ran its activity, the rent paid by FSA to EximBank, protocol expenses, other expenses, etc.

3. **International transfers** – represent contributions to international bodies FSA is a member of – the total amount paid during the period 30 April – 31 December 2013 was 2,584,495 lei, of which:
   - 2013 contribution to the ESMA – 2,075,346 lei;
   - EIOPA contribution – 437,581 lei;
   - IOSCO contribution – 71,568 lei.
4. **Capital expenditure** – the total amount as at 31 December 2013 is 2,932,651 lei and represents primarily payments for the development of CEDAM program.

The current excess at the end of 2013, determined as the difference between income received and payments made during the reporting period, i.e., 30 April 2013 – 31 December 2013, is 6,827,027 lei.

Table III 3 IEB implementation of FSA 30.04-31.12.2013 (lei)

Caption	Classific.	Rectified IEB for 30 April - 31 December 2013	Achievements 30 April - 31 December 2013	% achievement
1	2	3	4	5=4/3*100
CURRENT INCOME FOR 2013 (1+2+3)	**I**	**92,449,604**	**96,652,084**	**104.55**
Insurance Reinsurance Sector	**1**	**42,011,652**	**37,701,675**	**89.74**
Operation tax		20,300,000	18,349,022	90.39
Motor vehicle insurance		19,200,000	15,803,348	82.31
Authorization tax, other legal taxes		105,000	667,133	635.36
Various income		2,331,652	2,882,172	123.61
Financial Instruments and Investment Sector	**2**	**32,741,875**	**40,290,610**	**123.06**
Income from transactions on regulated markets and via alternative trading systems		4,334,423	5,229,498	120.65
Income from net asset value of undertakings for collective investment in securities and undertakings for collective investment other than UCITS		18,524,271	18,480,604	99.76
Income from the value of public sale offerings		3,996,203	1,837,354	45.98
Income from the value of public purchase/takeover offerings		636,720	10,295,586	1.616.97
Income from fees or commissions for transactions conducted on financial derivatives regulated markets and via alternative trading systems		43,490	33,756	77.62
Income from fees or commissions for activities for which NSC issues individual documents		538,109	657,020	122.10
Income from fees for delivering services to supervised entities or third parties		3,371,362	3,581,943	106.25
Income from penalties set by own regulations as patrimonial sanctions		38,730	16,791	43.35
Income from publishing, advertising, multiplication activities		203,760	158,058	77.57
Other legal sources		1,054,807	0	0.00

Caption	Classific.	Rectified IEB for 30 April - 31 December 2013	Achievements 30 April - 31 December 2013	% achievement
1	2	3	4	5=4/3*100
Private Pension Sector	**3**	**17,696,077**	**18,489,215**	**104.48**
Operation tax		15,759,346	16,296,884	103
Authorization tax		271,850	562,425	207
Management taxes		1,553,944	1,628,828	105
Various income		50,937	1,078	2
Income from realization of goods		60,000		0
Other goods			**170,584**	
TOTAL EXPENSES	**IV**	**118,186,244**	**89,825,056**	**76,00**
CURRENT EXPENSES (10 + 20 +30+ 55)	**o1**	**113,191,219**	**86,892,402**	**76.77**
PERSONNEL EXPENSES	**10**	**87,887,081**	**72,065,732**	**82.00**
Monetary salary expenses	10.01.	69,326,791	56,551,803	81.57
In kind salary expenses	10.02.	731,781	564,009	77.07
Contributions	10.03.	17,828,509	14,949,920	83.85
GOODS AND SERVICES	**20**	**22,565,041**	**12,238,194**	**54.24**
Goods and services	20.01.	7,956,741	4,334,201	54.47
Current repairs	20.02.	169,700	161,195	94.99
Inventories	20.05.	643,222	108,159	16.82
Travels	20.06.	1,546,775	1,102,539	71.28
Books, publications and documenting materials	20.11.	69,813	22,203	31.80
Consultancy and expertise	20.12.	296,392	236,220	79.70
Vocational training	20.13.	169,930	8,351	4.91
Labor protection	20.14.	162,385	139,398	85.84
Judicial and extra-judicial expenses	20.25.	26,500	2,186	8.25
Other expenses	20.30.	11,523,583	6,123,742	53.14
INTEREST	**30**	**12,097**	**3,981**	**32.91**
Other interest	30.03	12,097	3,981	32.91
TRANSFERS	**55**	**2,727,000**	**2,584,495**	**94.77**
Domestic transfers	55.01	2,000	0	0.00
External transfers	55.02	2,725,000	2,584,495	94.84
Contributions and taxes to international bodies	55.02.01	2,725,000	2,584,495	94.84
CAPITAL EXPENDITURE	**70**	**4,995,025**	**2,932,654**	**58.71**
TITLE X NON-FINANCIAL ASSETS	71	4,995,025	2,932,654	58.71
Fixed assets	71.01.	4,995,025	2,932,654	58.71
CURRENT EXCESS			**6,827,028**	

Source: FSA

2. REPORT ON THE IMPLEMENTATION OF NSC INCOME AND EXPENDITURE BUDGET BETWEEN 01.01.2013 AND 29.04.2013

The National Securities Commission was financed entirely from its own funds, as provided by Art. 13 of Government Emergency Ordinance No. 25/2002 approving the statute of the National Securities Commission, approved by Law No. 514/2002 as amended and supplemented by Law No. 297/2004 regarding the capital market, as subsequently amended and supplemented.

In accordance with Art. 14 of Government Emergency Ordinance No. 25/2002 approving the statute of the National Securities Commission, approved by Law No. 514/2002 as amended and supplemented by Law No. 297/2004 regarding the capital market as subsequently amended and supplemented, expenses are established in the NSC annual budget in accordance with its objectives and duties.

2.1. Income implementation

The level of shares and fees used in 2013 to establish the size of the NSC income is indicated in the Regulation on the Revenues of the National Securities Commission No. 7/2006R, as amended and supplemented, observing the maximum limits provided by law.

In order to ensure the comparability of information presented in the implementation account prepared on 29 April 2013, the quarterly forecasts approved were spread over the first four months of 2013.

Table III 4 Structure of envisaged income and collections received by the income budget, as at 29.04.2013 (thousand lei)

Caption	Annual forecasts	Forecasts over the first 4 months of 2013	Achievements as at 29 April 2013	% as compared to the forecasts over the first 4 months of 2013
CURRENT INCOME – of which:	**59,800.00**	**19,876.67**	**18,458.12**	**92.86**
Income from transactions on regulated markets and via alternative trading systems	8,000.00	2,466.67	1,665.57	67.52
Income from net asset value of undertakings for collective investment in securities and undertakings for collective investment other than UCITS	31,700.00	10,600.00	13,175.73	124.30
Income from the value of public sale offerings	5,400.00	1,733.33	1,103.79	63.68
Income from the value of public purchase/takeover offerings, of which	5,000.00	1,533.33	163.28	10.65
- income from the value of public purchase offerings	*500.00*	*200.00*	*20.23*	*10.12*
- income from the value of public takeover bids	*4,500.00*	*1,333.33*	*143.05*	*10.73*
Income from fees or commissions for transactions conducted on financial derivatives regulated markets and via alternative trading systems	300.00	93.33	12.51	13.40
Income from fees or commissions for activities for which NSC issues individual documents	1,000.00	333.33	361.89	108.57
Income from fees for delivering services to supervised entities or third parties	4,950.00	2,000.00	1,728.63	86.43
Income from penalties set by own regulations as patrimonial sanctions	200.00	66.67	25.27	37.91
Income from publishing, advertising, multiplication activities	250.00	83.33	96.24	115.49
Other legal sources	3,000.00	966.67	125.19	12.95

Source: FSA

Between 1 January 2013 and 29 April 2013, current income was 92.86% registered as compared to the forecasts for the period, i.e., 18,458.1 thousand lei.

1. Income from transactions carried out on regulated markets and via alternative trading systems was set in the 2013 budget at 8,000 thousand lei representing 13.37% of the total current budgeted income for this year. As compared to the forecasts relating to the period of comparison, the level of achievement was 67.52%, *i.e.*, **1,665 thousand lei**.

In order to encourage investors, NSC has chosen to apply lower rates in 2013, too. On the other hand, the economic situation that Romania faced and the specific features of international financial markets have led to the reduction of the volume and value of transactions on the capital market in Romania. Thus, in 2013, the income from this source was below the level projected once the IEB was set.

2. The income from the net asset value of undertakings for collective investment in securities and undertakings for collective investment other than UCITS is also an important source of income. In the first four months of 2013, the total amount generated by this source of income was 13,175.73 thousand lei, which represents a 124.30% achievement as compared to the budget forecasts for the period, namely 10,600 thousand lei.

3. Income from the public sale offerings - a 0.5% rate for 2013 was established by NSC Regulation No. 7/2006R as subsequently amended and supplemented. For the public sale offerings carried out for admission to trading on regulated markets and alternative trading systems as well as for cross-border public offerings submitted by an issuer for which Romania is a Member State of origin and that intends to conduct a public sale/admission offering to trading on a market in a Member State other than Romania, the rate applied is 0.1% of the value of these offerings. The amount predicted to be charged during the first four months of 2013 was 1,733 thousand lei. Until 29 April 2013, the amount received representing income from public sale offerings was 1,103.79 lei, representing a degree of achievement of 63.68% as compared to the forecasts for the period. The cause for not attaining the achievement degree lies with current legislation, which allows direct trading of large packages on the market, which determines share holders not to initiate public sale offerings, but to prefer transactions at market price, which are concluded much faster.

4. Income from the value of public purchase offerings/takeover bids - for 2013, there have been estimates of 5,000 thousand lei in revenues. Between 1 January and 29 April 2013, 163.28 thousand lei was collected, being a degree of achievement of 10.65% as compared to the budgetary forecasts of 1,533 thousand lei, as a result of the fact that offerings of significant value generating revenues were no longer conducted.

5. Income from fees and rates for transactions conducted on financial derivatives regulated markets – for 2013, the amount provided in the budget was 300 thousand lei consisting of:

- the fee charged for transactions conducted on financial derivatives regulated markets and alternative trading systems, namely 0.10 lei/contract for each contracting party;
- the fee charged for transactions conducted on financial derivatives regulated markets based on greenhouse gas emission certificates, the amount set for 2013 being 1.00 lei/contract from each contracting party.

In the first four months of 2013, the amount collected was 12.51 thousand lei, representing 13.40% of the forecasts for the period of comparison.

6. Income from fees and rates for activities for which NSC issues an individual document – for 2013, the amount provided in the budget was 1,000 thousand lei. As at 29 April 2013, the income obtained was above the envisaged level, *i.e*., 108.57%, namely 361.89 thousand lei as compared to the forecast of 333.33 thousand lei.

7. Income from fees charged for delivering services to supervised entities or third parties – for 2013, the amount budgeted/forecast was 4,950 thousand lei, consisting of fees to register and maintain securities in the NSC records, and income from the 1% rate of operating income of supervised entities.

As at 29 April 2013, the degree of achievement was 86.43% as compared to budget forecasts, *i.e.*, 1,728.63 thousand lei as compared to 2,000 thousand lei.

Such income was not achieved at the envisaged level because on the one hand, the stock exchange activity registered a lower level, and on the other hand, the number of issuers in NSC records decreased.

8. Income from penalties – for 2013, the amount budgeted/forecast was 200 thousand lei. As at 29 April 2013, such income was 37.91% achieved as compared to the budget forecasts for the period, *i.e.,* 67 thousand lei; the amount collected was **25.27 thousand lei**.

9. **Income from publishing, advertising, multiplication** – for 2013, the amount budgeted/forecast was 250 thousand lei. As at 29 April 2013, such income was 115.49% achieved as compared to the budget forecasts for the period; the amount collected was 96.24 thousand lei, as compared to the budgeted/forecast amount of 83.33 thousand lei.

10. Income from other legal sources – obtained in a percentage of 12.95 as compared to the budget forecasts for the period. The amount received from this source of income is 125.19 thousand lei, as compared to 966.66 thousand lei, representing primarily income from charges and airplane tickets settled by the European Union within the working groups. Given that most of the meetings of such working groups were held in the second half of the year, the collection of income representing the airplane tickets will be achieved in the second half of 2013.

2.2. Expenditure Implementation

The 2013 expenditure budget was built taking into account the following objectives:

- a salary policy providing a salary level that would prevent fluctuation of personnel and ensure the independence required from a supervisor;
- allocation of budget funds necessary for expenses with goods and services required for an optimum running of the institution;
- the payment of significant annual contributions to international bodies.

Table III 5 Budgeted expenses and incurred expenses between 01.01.2013 – 29.04.2013 (thousand lei)

Caption	Annual forecasts	Forecasts over the first 4 months of 2013	Achievements as at 29 April 2013	% as compared to the forecasts over the first 4 months of 2013
Total expenses	**59,900.00**	**20,678.29**	**18,030.25**	**87.19**
Current expenses	**58,400.00**	**20,482.66**	**18,165.20**	**88.69**
Personnel expenses	48,700.00	17,300.00	17,209.45	99.48
Goods and services	7,200.00	2,349,33	955.74	40.68
Other transfers	2,500.00	833.33	0	0
Capital expenditure	**1,500.00**	**466.67**	**136.09**	**29.16**
Payments made in previous years and covered in current year			**-271.04**	

Source: FSA

The degree of achievement of the expenses as at 29 April 2013 was 87.19% as compared to the forecasts for the period, namely 18,030.25 thousand lei as compared 20,678.29 thousand lei.

1. Implementation of personnel expenses

Personnel expenses account for the greatest portion of the total expenses, in amount of 48,700 thousand lei, since the object of activity of NSC is to regulate, supervise and control the capital market in Romania.

Title I – personnel expenses - for the first four months of 2013, the forecasts for such caption were 17,300 thousand lei, and payments made as personnel expenses accounted for 99.48% of the forecasts for the period, namely 17,209.45 thousand lei.

2. Implementation of expenses with goods and services

For 2013, the amount laid down in **Title II - Goods and Services** was 7,200 thousand lei. The degree of achievement of expenses with goods and services as at 29 April 2013 was 40.68% as compared to the provisions for the reporting period, i.e., 955.74 thousand lei as compared to 2,349.33 thousand lei.

The implementation of the main budgetary items under Title II - Goods and Services, as at 29 April 2013, includes payments for office supplies, fuel, car service/maintenance, telephony, telecommunications, services related to PR agencies, copy machines, printers, faxes, maintenance of telephone switch board, computer software maintenance, bulletin editing, security services, publishing of normative acts in the Official Journal, purchase of maintenance materials, other services.

As at 29 April 2013, NSC recorded budget payment commitments representing invoices for goods and services totaling 391.46 thousand lei.

Apart from the categories mentioned above, this caption also includes:

- items of inventory – amount spent was 3.57 thousand lei;
- books, publications – amount spent was 35.19 thousand lei;
- consultancy and expertise – amount spent was 93.61 thousand lei;
- travels, secondments, transfers – amount spent was 111.14 thousand lei.

3. Under Title VII Other transfers – until 29 April 2013, no payments were made representing NSC contributions to international bodies (ESMA, IOSCO, ICGN).

4. Under Title X Capital expenditure – until 29 April 2013, payments were made representing capital expenditures totaling 136.09 thousand lei, being a degree of achievement of 29.16% as compared to the budget forecasts for the period.

3. REPORT ON THE IMPLEMENTATION OF PPSSC INCOME AND EXPENDITURE BUDGET BETWEEN 01.01.2013 AND 29.04.2013

In accordance with the legal provisions in force on the preparation date of the financial statements, the PPSS funds come from:

a) authorization and approval taxes;
b) operation taxes paid monthly;
c) donations, publications and other legal sources.

The income and expenditure budget for 2013 was rectified and approved by Resolution No. 6/7 March 2013, issued pursuant to the provisions of Art. 16 Para (1), Arts. 21, 21[1] and 22 of Government Emergency Ordinance No. 50/2005 regarding the establishment, organization and functioning of the Private Pension System Supervisory Commission, approved as amended and supplemented by Law No. 313/2005, as amended and supplemented, and of Art. 15, Para (1), letter h) of the Regulation for the Organization and Functioning of the PPSSC.

3.1. Income Implementation

The annual rates and fees used to establish the size of the PPSSC income, provided in Art. 17 Para (1) of Government Emergency Ordinance No. 50/2005, approved with amendments and supplementations by Law No. 313/2005, as amended and supplemented, are shown in the implementation rules of Law No. 411/2004 regarding privately managed pension funds and Law No. 204/2006 regarding voluntary pensions.

Table III 6 Structure of envisaged income and collections received by the income budget, as at 29.04.2013 (thousand lei)

Caption	Annual forecasts	Forecasts over the first 4 months of 2013	Achievements as at 29 April 2013	% as compared to the forecasts over the first 4 months of 2013
CURRENT INCOME – of which:	**24,504**	**7,434.66**	**7,344.33**	**98.78**
Management tax	2,258	720.66	743.09	103.11
Operation tax	21,626	6,520.66	6,263.92	96.06
Authorization, approval and other taxes	435	143.33	273.83	191.04
Interest income (on term deposits)	125	50.00	58.30	116.6
Penalty income	0	0	0.008	0
Other income	0	0	5.11	0
Income from delivery of services (realization of goods)	60	0	0.08	0

Source: FSA

Between 1 January 2013 and 29 April 2013 income of 7,344.33 thousand lei was obtained, being a degree of achievement of 98.78% as compared to the forecasts for the reporting period, namely 7,434.66 thousand lei.

1. Income from management tax was set in the 2013 budget at 2,258 thousand lei. As compared to the cumulated forecasts for the first 4 months of the year, namely 720.66 thousand lei, the degree of achievement was 103.11%, namely 743.09 thousand lei.

2. Income from operation tax

During the first four months of 2013, the aggregate amount obtained from such source of income was 6,263.92 thousand lei, which represents a degree of achievement of 96.06% as compared to the budget forecasts related to the first four months of the year, of 6,520.66 thousand lei.

3. The total **income from authorization, approval and other taxes** obtained as at 29 April 2013 amounted to 273.83 thousand lei, representing 191.04%, as compared to the related budget forecasts of 143.33 thousand lei.

4. Interest income (on term deposits) totaled 58.30 thousand lei, representing 116.6% as compared to the cumulated related forecasts, in amount of 50 thousand lei.

5. Penalty income amounted to 0.008 thousand lei, income from **realization of goods** to 0.08 thousand lei and the 5.11 thousand lei represents **other income**.

3.2. Expenditure Implementation

Table III 7 Envisaged expenses and incurred expenses between 01.01.2013 – 29.04.2013 (thousand lei)

Caption	Annual forecasts	Forecasts over the first 4 months of 2013	Achievements as at 29 April 2013	% as compared to the forecasts over the first 4 months of 2013
Total expenses, of which	**27,805**	**12,036.36**	**9,180.93**	**76.28**
I. Current expenses, of which	27,056	11,746.36	9,063.15	78.83
1. Personnel expenses	22,011	9,269.33	7,698.49	83.05
2. Goods and services	4,273	1,719,03	988.64	57.51
3. Interest	24	10	2.36	23.6
4. Other transfers	748	748	373.65	49.95
II. Capital expenditure	749	290.00	117.78	40.61

Source: FSA

Between 1 January 2013 and 29 April 2013, expenses totalled 9,180.93 thousand lei, representing 76.28% as compared to the cumulated forecasts for the reporting period, namely 11,787.03 thousand lei.

1. Implementation of personnel expenses

Title I personnel expenses – the forecasts allocated over the first 4 months of the year amounted to 9,269.33 thousand lei, and payments made as at 29 April 2013 amounted to 7,698.49 thousand lei, representing 83.05% of the period's forecasts.

2. Implementation of expenses with goods and services

The amount forecast under **Title II – Goods and Services** for 2013 was 4,273 thousand lei, of which 1,719.03 thousand lei was allocated for the first four months of the year.

The degree of achievement of expenses with goods and services as at 29 April 2013 was 57.51% as compared to the forecasts, namely 988.64 thousand lei.

The implementation of the main budget items under Title II – Goods and Services as at 29 April 2013 includes payments for office supplies, fuel, car service/maintenance, telephony, telecommunications, services related to PR agencies, copy machines, printers, faxes, maintenance of telephone switch board, computer

software maintenance, bulletin editing, security services, publishing of normative acts in the Official Journal, purchase of maintenance materials, other services.

3. Interest

Title III – Interest – the forecasts over the first four months amounted to 10 thousand lei, and payments as at 29 April 2013 amounted to 2.36 thousand lei, representing 23.60% of the forecasts.

4. Under title VII – Other transfers – as at 29 April 2013, payments were made representing the PPSSC contributions to international bodies, in amount of 373.65 thousand lei, representing 49.95% as compared to budget forecasts for the period in amount of 748 thousand lei.

5. Under title X Capital expenditure – As at 29 April 2013, payments were made representing capital expenditures totaling 117.78 thousand lei, being a degree of achievement of 40.61% as compared to the budget forecasts for the period.

4. REPORT ON THE IMPLEMENTATION OF ISC INCOME AND EXPENDITURE BUDGET BETWEEN 01.01.2013 AND 29.04.2013

In accordance with the provisions of Law No. 32/2000 regarding insurance activity and insurance supervision, as subsequently amended, the Insurance Supervisory Commission's sources of income were as follows:

a) the operation tax paid by insurance undertakings and insurance brokers, at the percentage annually determined by Commission Rules (applied at gross collected premiums, and income received by brokerage, corresponding to period for which they are owed), and delay increases calculated according to the legal provisions in force in case of failure to pay it on time. In 2013, the operation tax was set at 0.3%.

b) the authorization taxes in accordance with the provisions of Arts. 13 and 36 of Law No. 32/2000, as subsequently amended and supplemented;

c) the contribution owed by insurance undertakings charging compulsory insurance, calculated by applying the percentage established by ISC rules, at the value of the collected gross premiums corresponding to compulsory insurance. In 2013, this contribution was set at 1%.

d) other sources according to law.

4.1. Income Implementation

The level of rates and fees used on annual basis when establishing the size of the ISC income is provided by:

- Law No. 32/2000 regarding insurance activity and insurance supervision;
- Order No. 11/2009 applying the Rules regarding the value and payment term of the operation tax owed by insurers and insurance brokers;
- Order No. 4/2011 applying the Rules regarding the compulsory insurance against civil liability in respect of the use of motor vehicles.

Table III 8 Structure of envisaged income and collections received by the income budget, as at 29.04.2013 (thousand lei)

Caption	Annual forecasts	Forecasts over the first 4 months of 2013	Achievements as at 29 April 2013	% as compared to the forecasts over the first 4 months of 2013
Total income	**99,947.00**	**21,908.67**	**17,365.07**	**79.26**
OPERATING INCOME - of which:	**90,597.00**	**18,792.00**	**16,044.00**	**85.37**
Income from authorization tax	150.00	53.33	50.00	93.75
Income from operation tax	30,015.00	10,005.33	8,695.40	86.91
Income from motor vehicle civil liability	25,000.00	8,333.33	6,986.21	83.83
Income from other legal taxes	600.00	200.00	169.13	84.57
Income from other sources	600.00	200.00	143.24	71.62
Income from previous years	34,232.00			
Financial income	**9,350.00**	**3,116.67**	**1,321.07**	**42.39**

Source: FSA

Between 1 January 2013 and 29 April 2013, current income was obtained at 79.26% as compared to the forecasts for the first four months of the year, namely **17,365.07 thousand lei**.

1. Income from authorization tax was set in the 2013 budget at 150.00 thousand lei. As compared to the cumulated forecasts for the period, in amount of 53 thousand lei, the degree of achievement was 93.75%, namely 50.00 thousand lei.

2. Income from operation tax. In the first four months of 2013, the amount obtained from this source of income totalled **8,695.40 thousand lei**, being a degree of achievement of 86.91% as compared to the budget forecasts related to the same period, namely 10,005.33 thousand lei.

3. Income from motor vehicle civil liability – for 2013 ISC Order No. 5/2010 as subsequently amended and supplemented, set a rate of 1%. The amount forecast to the collected in the first four months of 2013 was **8,333.33 thousand lei**. As at 29 April 2013, the amount collected is 6,986.21 thousand lei.

4. Income from other legal taxes was estimated to reach a total of 600 thousand lei. Between 1 January and 29 April 2013, the amount collected reached **169.13 thousand lei**, being a degree of achievement of 84.57% as compared to the 200 thousand lei budget forecasts for the period, as at 29 April 2013.

5. Financial income consists of: income from interest on deposits, foreign exchange income, income from non-current receivables (from investments in government securities).

During the first four months of 2013, the amount collected was **1,321.07 thousand lei**, representing 42.39% of the forecasts for the first 4 months of the year.

6. Income from other sources – 71.62% obtained as compared to the budget forecasts for the period 1 January 2013 – 29 April 2013, estimated to reach 200 thousand lei. The amount collected from such source of income is **143.24 thousand lei.**

4.2. Expenditure Implementation

Table III 9 Envisaged expenses and incurred expenses between 01.01.2013 – 29.04.2013 (thousand lei)

Caption	Annual forecasts	Forecasts over the first 4 months of 2013	Achievements as at 29 April 2013	% as compared to the forecasts over the first 4 months of 2013
Total expenses	**99,947.00**	**50,472.67**	**32,574.25**	**64.54**
Current expenses	**92,274.00**	**46,746.00**	**32,266.63**	**69.03**
Personnel expenses	72,169.00	38,796.00	24,472.43	63.08
Goods and services	18,680.00	7,000,000	6,883.83	98.34
Other transfers	1,425.00	950.00	910.36	95.83
Capital expenditure	**7,673.00**	**3,726.67**	**308.00**	**8.26**

Source: FSA

As at 29 April 2013, the expenses were incurred to a degree of 64.54% as compared to the cumulated forecasts for the period, namely 32,574.25 thousand lei.

1. Implementation of personnel expenses

Title I Personnel expenses – for the first four months of 2013, the forecasts for this title amounted to 38,796.00 thousand lei, and payments related to personnel expenses represented 63.08% of the forecasts for the period, namely 24,472.43 thousand lei.

2. Implementation of expenses with goods and services

For 2013 the amount provided under Title II – Goods and Services was 18,680.00 thousand lei, of which 7,000 thousand lei were allocated for the first four months of the year.

As at 29 April 2013, the expenses with goods and services were incurred to a degree of 98.34% as compared to the quarterly cumulated forecasts, namely 6,883.83 thousand lei.

The implementation of the main budget items under Title II – Goods and Services as at 29 April 2013 includes payments for office supplies, fuel, car service/maintenance, telephony, telecommunications, services related to PR agencies, copy machines, printers, faxes, maintenance of telephone switch board, computer software maintenance, bulletin editing, security services, publishing of normative acts in the Official Journal, purchase of maintenance materials, other services.

As at 29 April 2013, the Insurance Supervisory Commission registered legal payment commitments in aggregate amount of 11,796.16 thousand lei.

Apart from the above categories, this caption also comprises:

- items of inventory: amount spent is 43.78 thousand lei;
- books, publications – amount spent is 3.25 thousand lei;
- travel, secondments, transfers for which 151.54 thousand lei was spent;
- rents – amount spent is 33.85 thousand lei;
- protocol and representation expenses – amount spent is 416.92 thousand lei;
- non-life insurance premiums - amount spent is 33.85 thousand lei;
- institution leader's fund - amount spent is 93.91 thousand lei.

3. Under title VII Other transfers – as at 29 April 2013 payments representing ISC contributions to international bodies were made (IAIS and EIOPA taxes). The amount payable as at 29 April 2013 corresponding to such contributions is 910.36 thousand lei.

4. Under title X Capital expenditure – As at 29 April 2013, payments representing capital expenditure totalling 308.00 thousand lei were made, representing 8.26% as compared to the budget forecasts for the period.

5. FSA 2013 ANNUAL FINANCIAL STATEMENTS

In accordance with Art. 22 of Government Emergency Ordinance No. 93/2012, FSA has taken over from the National Securities Commission, the Insurance Supervisory Commission and the Private Pension System Supervisory Commission, based on delivery-receipt protocols concluded with each of them, the monetary funds in accounts and the patrimony established based on the financial statements prepared according to Art. 28 Para (1) of Accounting Law No. 82/1991 republished, as subsequently amended and supplemented, as well as other rights and obligations arising therefrom.

The financial statements prepared as at 31 December 2013 were based on the intermediate financial statements drawn up by NSC, ISC and PPSSC as at 29.04.2013. Also, in accordance with the provisions of MoPFO No. 629/2009 approving the implementation rules for the preparation and submission of public institutions' quarterly financial statements, as well as monthly financial reports in 2009, public institutions that conclude handover/takeover protocols of institutions, structures or activities according to normative acts, will include in the balance sheet the data from column 1 "Balance at the beginning of the year" in the balance sheet of the public institutions that have taken over other institutions, structures or activities.

Clarifications related to the Policyholder Guarantee Fund Department – according to the provisions of ISC Order No. 10/2009, the Policyholder Guarantee Fund Department was established as secondary headquarters of FSA (the former ISC), without legal personality. Therefore, in order to report to the Ministry of Public Finance, the FSA financial statements were prepared by taking into consideration the Department of Policyholder Guarantee Fund.

To have an accurate image of the financial situation of FSA, we present below excerpts of the consolidated financial statements drawn up as at 31 December 2013, which refers exclusively to FSA. The information on the financial statements of the Policyholder Guarantee Fund is presented in the allocated section in part two of this report.

The FSA's financial statements are prepared in accordance with the accounting principles and rules provided by the legislation in force and consist of:

1-balance sheet,
2-patrimonial result account,
3- cash flow statement,
4-statement of changes in the assets'/capital's structure,
5-budget implementation account.

Table III 10 FSA BALANCE SHEET as at 31 December 2013 (lei)

NO.	CAPTION	Row code	Balance at the beginning of the year	Balance at the end of the year
A	B	C		
A.	**ASSETS**	01		
	NON-CURRENT ASSETS	02		
1.	**Intangible fixed assets** (acc.203+205+206+208+233-280-290-293*)	03	**5,274,744**	**5,165,742**
2.	Technical installations, vehicles, animals, plantations, furniture, office supplies and other tangible assets (acc.213+214+231-281-291-293*)	04	3,299,944	2,541,931
3.	Land and buildings (acc.211+212+231-281-291-293*)	05	2,868,306	2,199,106

NO.	CAPTION	Row code	Balance at the beginning of the year	Balance at the end of the year
A	B	C		
4.	Other non-financial assets (acc.215)	06	0	0
5.	Non-current financial assets (long-term investments) (acc.260+265+2671+2672+2673+2675+2676+ 2678+2679-296) of which:	07	50,593,442	10,193,877
	Equity securities (acc.260-296)	08	0	0
6.	Non-current receivables – amounts receivable in more than one year (acc.4112+4118+4282+4612 – 4912 - 4962) of which:	09	0	1,022,706
	Non-current trade receivables – amounts receivable in more than one year (acc. 4112+4118+4612 – 4912 - 4962)	10	0	553,953
7.	**TOTAL NON-CURRENT ASSETS (row 03+04+05+06+07+09)**	**15**	**83,056,055**	**34,334,973**
	CURRENT ASSETS	**18**		
1.	Inventories (acc.301+302+303+304+305+307+309+331+332+341+345+346+ 347+ 349+351+354+356+ 357+358+ 359+361+371+381+/-348+/-378-391-392-393-394-395-396-397-398)	19	0	1,022,706
2.	Current receivables – amounts receivable in less than one year	20		
	Receivables from commercial activities, operations, advances and other settlements (acc.232+234+409 +4111+4118+413+418+425+4282+ 4611+473**+481+ 482+483-4911-4961+5128), of which:	21	9,906,156	18,702,234
	Trade receivables and advances (acc.232+234+409+ 4111+4118 +413 +418+ 4611-4911-4961): of which	22	7,787,994	16,874,766
	Advances granted (acc.232+234+409)	22.1		
	Budgetary receivables (acc.431**+437**+4424+ 4428**+ 444**+ 446**+4482+ 461+463+ 464 +465+4664 +4665+4669+481**+482** - 497) of which:	23	1,552,732	284,835
	Receivables regarding the general consolidated general budget (acc.463+464+465+4664+4665+4669 -497)	24		0
	Receivables from operations with non-refundable foreign funds and budgetary funds (acc.4501+4503+4505+4507+4511+4513+4515 +4531+4541+4543+4545+ 4551+4553+4561+4563 +4571+4572+4573+4581+4583+473**+474 +476) of which:	25		0
	Amounts receivable from the European Commission (acc.4501+4503+4505+4507)	26		0
	Short-term loans granted (acc.2671+2672+2673+2675+2676+ 2678+2679+4681+ 4682+4683+4684+4685+4686+4687+4688+ 4689+469)	27	1,496,051	1,496,051
	Total current receivables (row 21+23+25+27)	**30**	**12,954,939**	**20,483,120**
3.	**Short-term investments (acc.505-595)**	**31**		**0**
4.	**Accounts with treasuries and credit institutions, of which:**	**32**		
	Treasury accounts, petty cash in lei. (acc.510+5121+5125+5131+5141+5151+5153 +5161 +5171+5201+5211+ 5212+5213+523 +5251 +5252 +5253+526+527+ 528+5291+5292 +5293+ 5294 +5299 +5311+550 +551 +552+ 555 +557+ 5581+ 5582+ 5591+5601+ 5602+ 561+562 +5711 +5712 +5713+5714+5741+5742+ 5743+5744)	**33**	**5,685,328**	**10,568,880**
	Interest receivable, other cash, cash advances (acc.5187+532+542)	**33.1**	**132,501**	62,604
	Deposits (acc.5153+5187+5222+550+5602+5714+5744)	**34**		
	Accounts with credit institutions, the NBR, petty cash in foreign currency (acc.5112+5121+5124+5125+5131+5132+5141+5142+5151+5152+5153+ 5161 +5162+5171+5172 +5314+5411+5412+ 550+ 5583+5592+5601+5602)	35	12,282,484	36,251,867
	Interest receivable, cash advances (acc.5187+542)	35.1	76,195	581,242
	Deposits (acc. 5153+5187+5602)	36		
	Total cash and cash equivalent (row 33+33.1+35+35.1)	**40**	**18,176,508**	**47,464,593**
5	Central Treasury cash accounts (acc.5126+5127+5201+5202+5203+5241+5242 +5243)	41		
	Interest receivable (acc.5187)	41.1		0
6	Prepaid expenses (acc. 471)	42	8,285	0
7	**TOTAL CURRENT ASSETS (row 19+30+31+40+41+41.1+42)**	**45**	**32,666,733**	**69,592,585**

NO.	CAPTION	Row code	Balance at the beginning of the year	Balance at the end of the year
A	B	C		
8	**TOTAL ASSETS (row 15+45)**	**46**	**115,722,788**	**103,927,558**
B.	**LIABILITIES**	**50**		
	NON-CURRENT LIABILITIES – payables within one year	51		
1	Non-current amounts – payables within more than one year (acc.269+401+403+4042+405+4622+509) of which:	52	0	372,872
	Trade liabilities (acc.401+403+ 4042+405+4622)	53	0	372,872
2	Long-term loans (acc.1612+1622+1632+1642+1652+1661+1662+ 1672+168 -169)	54	54,430	55,118
3	Provisions (account 151)	55		24,979,804
	TOTAL NON-CURRENT LIABILITIES (row 52+54+55)	**58**	**54,430**	**25,034,922**
	CURRENT LIABILITIES – payables within one year	**59**		
1	Trade liabilities, advances and other settlements (acc.401+403+4041+405+ 408+419+4621+473+481 +482+ 483+269+509+ 5128) of which:	60	2,293,227	2,509,217
	Trade liabilities and advances (acc. 401+403+4041+405+408+419+4621), of which:	61	2,784,901	2,487,062
	Advances received (acc.419)	61.1		
2	Liabilities to budgets (acc.431+437+.440+441+4423+4428+444+446+4481+ 4555+4671+4672+4673+4674+4675+4679 +473+481+482), of which:	62	4,869,046	4,741,938
	Public institutions' liabilities to budgets (acc.431+437+4423+4428+444+446+4481), of which:	63		
	Social contributions (acc.431+437)	63.1	2,996,494	3,254,578
	Amounts due to the budget from non-refundable foreign funds (acc.4555)	64		
3	Liabilities from operations with non-refundable foreign funds and budget funds, other liabilities to other international bodies (acc.4502+4504+4506+4512+4514+4516+4521 +4522+4532+4542+4544+ 4546+4552+4554 +4564+ 4584+ 4585+459+462+473)	65		
	of which: amounts due to the European Commission (acc.4502+4504+4506+459+462)	66		
4	Short-term loans – amounts payable within one year (acc.5186+5191+5192+5193+5194+5195+5196+ 5197+5198)	70		
5	Long-term loans – amounts payable during the current year (acc.1611+1621+1631+1641+1651+1661+1662 +1671 +168-169)	71	23,540	0
6	Employee salaries (acc.421+423+426+4271+4273+4281)	72	7,369,877	5,992,044
7	Other rights due to other categories of individuals (pensions, unemployment benefits, grants) (acc.422+424+426+4272+4273+429+438) of which:	73		
	Pensions, unemployment benefits, grants (acc.422+424+429)	73.1		
8	Deferred income (acc.472)	74	22,800	541,615
9	Provisions (acc. 151)	75	72,298,904	0
10	**TOTAL CURRENT LIABILITIES (row 60+62+65+70+71+72+73+74+75)**	**78**	**86,877,394**	**13,784,814**
11	**TOTAL LIABILITIES (row 58+78)**	**79**	**86,931,824**	**38,819,736**
12	**NET ASSETS = TOTAL ASSETS – TOTAL LIABILITIES = EQUITY (row 80 = row 46-79 = row 90)**	**80**	**28,790,964**	**65,107,822**
C.	**EQUITY**	**83**		
1.	Reserves, funds (acc.100+101+102+103+104+105+106+132+133+135+1391+ 1392+1393+ 1394+1396+1399)	84	2,903,265	3,446,010
2.	Result carried forward (acc.117- credit balance)	85	78,723,117	32,068,340
3.	Result carried forward (acc.117- debit balance)	86	0	0
4.	Patrimonial result of the year (acc.121- credit balance)	87	0	29,593,472
5.	Patrimonial result of the year (acc.121- debit balance)	88	52,835,418	0
6	**TOTAL EQUITY (row 84+85-86+87-88)**	**90**	**28,790,964**	**65,107,822**

Source: FSA

Table III 11 ECONOMIC OUTTURN ACCOUNTS of FSA as at 31 December 2013

No.	CAPTION	Row code	Previous year	Current year
A	B	C	1	2
I.	**OPERATING INCOME**	**01**		
1.	**Income from taxes, levies, insurance contributions and other budget revenues** (acc.730+731+732+733+734+735+736++739+745+746+750+751)	**02**	0	0
2.	**Income from economic activities** (acc.701+702+703+704+705+706+707+708 +/- 709)	**03**	61,501,727	22,929,583
3.	**Financing, subsidies, transfers, special budget allocations** (acc.770+771+772+773+774+775+776+778+779)	**04**	39,388	9,125
4.	**Other operating income** (acc.714+718+719+721+722+781)	**05**	48,887,456	211,296,824
	TOTAL OPERATING INCOME (row 02+03+04+05)	**06**	**110,428,571**	**234,235,532**
II.	**OPERATING EXPENSES**	**07**		
1.	Salaries and social contributions regarding employees (acc.641+642+645+646+647)	08	112,463,359	125,693,306
2.	Subsidies and transfers (acc.670+671+672+673+674+675+676+677+678+679)	09	2,952,357	3,825,417
3.	Inventories, consumables, third party works and services (acc.601+602+603+606+607+608+609+610+611+612+613+614+622+ 623+624+626+627+628+629)	10	20,177,610	21,885,354
4.	Capital expenditure, amortizations and provisions (acc.681+682+689)	11	24,322,150	55,497,402
5.	Other operating expenses (acc.635+654+658)	12	9,403,643	843,420
	TOTAL OPERATING EXPENSES (row 08+09+10+11+12)	**13**	**169,319,119**	**207,744,899**
III.	**RESULT FROM OPERATIONS**	**14**		
	- EXCESS (row 06 - row 13)	**15**		**26,490,633**
	- DEFICIT (row 13 – row 06)	**16**	**58,890,548**	
IV.	FINANCIAL INCOME (acc.763+764+765+766+767+768+769+786)	17	6,694,375	3,979,108
V.	FINANCIAL EXPENSES (acc.663+664+665+666+667+668+669+686)	18	691,933	924,749
VI.	**RESULT FROM FINANCIAL ACTIVITY**	**19**		
	- EXCESS (row 17 – row 18)	**20**	**6,002,442**	**3,054,359**
	- DEFICIT (row 18 - row 17)	**21**		
VII.	**RESULT FROM CURRENT ACTIVITY**	**22**		
	- EXCESS (row 15+20-16-21)	**23**		**29,544,992**
	- DEFICIT (row 16+21-15-20)	**24**	52,888,106	
VIII.	EXTRAORDINARY INCOME (acc.790+791)	25	53,361	77,572
IX.	EXTRAORDINARY EXPENSES (acc.690+691)	26	674	29,092
X.	**RESULT FROM EXTRAORDINARY ACTIVITY**	**27**		
	- EXCESS (row 25-row 26)	**28**	**52,687**	**48,480**
	- DEFICIT (row 26-row 25)	**29**		
XI.	**PATRIMONIAL RESULT OF THE YEAR**	**30**		
	- EXCESS (row 23+28-24-29)	**31**		**29,593,472**
	- DEFICIT (row 24+29-23-28)	**32**	**52,835,419**	

Source: FSA

Table III 12 STATEMENT OF TREASURY FLOWS as at 31 December 2013

CAPTION	Row code	TOTAL (COL.2+10)	5311	5601
A	B	1	2	10
I. CASH FROM OPERATIONS	1			
1. Amounts received	2	115,971,290	1,573,617	114,397,673
2. Amounts paid	3	108,032,628	1,628,453	106,404,175
3. Net cash from operations (row 02- row 03)	4	7,938,662	-54,836	7,993,498
II. CASH FROM INVESTMENTS	5			
1. Amounts received	6	76,892	54,836	22,056
2. Amounts paid	7	3,132,002	0	3,132,002
3. Net cash from investments (row 06-07)	8	-3,055,110	54,836	-3,109,946
III. CASH FROM FINANCING ACTIVITY	9			
1. Amounts received	10	0	0	0
2. Amounts paid	11	0	0	0
3. Net cash from financing activity (row 10-row 11)	12	0	0	0
IV. NET CASH AND CASH EQUIVALENT INCREASE (DECREASE) (row 04+row 08+row 12)	13	4,883,552	0	4,883,552
V. CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	14	5,685,328	0	5,685,328
- amounts recovered from the previous year excess *	14.1			
- amounts used from the previous year excess *	14.2			
VI. CASH AND CASH EQUIVALENT AT THE END OF THE YEAR (row 13+row 14+14.1 - 14.2)	15	10,568,880	0	10,568,880

Source: FSA

Table III 13 STATEMENT OF TREASURY FLOWS at commercial banks as at 31 December 2013

CAPTION	Row code	TOTAL	5314	5**
A	B			
I. CASH FROM OPERATIONS	01			
1. Amounts received	02	583,717,609	637,153	583,080,456
2. Amounts paid	03	559,175,612	636,755	558,538,857
3. Net cash from operations (row 02- row 03)	04	24,541,997	398	24,541,599
II. CASH FROM INVESTMENTS	05			
1. Amounts received	06	0	0	0
2. Amounts paid	07	359,335	0	359,335
3. Net cash from investments (row 06-07)	08	-359,335	0	-359,335
III. CASH FROM FINANCING ACTIVITY	09			
1. Amounts received	10	0	0	0
2. Amounts paid	11	0	0	0
3. Net cash from financing activity (row 10-row 11)	12	0	0	0
IV. NET CASH AND CASH EQUIVALENT INCREASE (DECREASE) (row 04+row 08+row 12)	13	24,182,662	398	24,182,264
V. CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	14	12,282,485	0	12,282,485
1.Favorable exchange rate differences	15	22,765	149	22,616
2.unfavorable exchange rate differences	16	236,045	547	235,498
VI. CASH AND CASH EQUIVALENT AT THE END OF THE YEAR (row 13+14 +15-16)	17	36,251,867	0	36,251,867

Source: FSA

Table III 14 FSA INCOME AND EXPENDITURE BUDGET FOR 2013 (lei)

Caption	Classific.	Rectified FSA IEB for the period 01.01.-31 December 2013	Achievements as at 31 December 2013	Degree of achievement (%)
1	2	3	4	5=4/3*100
CURRENT INCOME FOR 2013 (1+2+3)	**I**	**135,617,131**	**139,819,611**	**103.10**
Insurance reinsurance sector	**1**	**59,376,734**	**55,066,758**	**92.74**
Operation tax		28,995,412	27,044,434	93.27
MTPL		26,186,206	22,789,554	87.03
Authorization tax		125,000	140,000	112.00
Other legal taxes		274,139	382,972	139.70
Sundry income		3,795,977	4,709,798	124.07

Caption	Classific.	Rectified FSA IEB for the period 01.01.-31 December 2013	Achievements as at 31 December 2013	Degree of achievement (%)
1	2	3	4	5=4/3*100
Financial instruments and investment sector	**2**	**51,200,000**	**58,748,734**	**114.74**
Income from transactions carried out on regulated markets and alternative trading systems		6,000,000	6,895,075	114.92
Income from the net asset value of undertakings for collective investment in transferable securities and other undertakings for collective investment, others than UCITS		31,700,000	31,656,333	99.86
Income from the value of public sale offerings		5,100,000	2,941,151	57.67
Income from the value of public purchase/takeover offerings, of which:		800,000	10,458,866	1,307,36
- income from the value of public purchase offerings		100,000	9,308,718	9,308,72
- income from the value of public takeover offerings		700,000	1,150,148	164.31
Income from fees or commissions regarding transactions carried out on regulated financial derivatives markets and alternative trading systems		56,000	46,266	82.62
Income from fees or commissions charged for activities for which the NSC issues and individual document		900,000	1,018,911	113.21
Income from fees charged for services delivered to supervised entities or third parties		5,100,000	5,310,581	104.13
Income from penalties established through own regulations as patrimonial sanctions		64,000	76,586	119.67
Income from publishing, advertising, multiplication activities		300,000	254,287	84.76
Other legal sources		1,180,000	90,678	7.68
Private Pension Sector	**3**	**25,040,397**	**25,833,535**	**103.17**
Operation tax		22,023,268	22,454,785	101.96
Authorization tax		545,675	836,250	153.25
Management tax		2,297,032	2,371,916	103.26
Other legal taxes		0	0	0.00
Sundry income		114,343	110,505	96.64
Income from capitalization of goods		60,079	60,079	100.00
Other legal sources			170,584	0.00
TOTAL EXPENSES	**III**	**177,971,675**	**149,610,487**	**84.06**
CURRENT EXPENSES (10 + 20 +30+ 55)	**o1**	**172,686,201**	**146,387,384**	**84.77**
PERSONNEL EXPENSES	**10**	**137,267,459**	**121,446,110**	**88.47**
Salary expenses in cash	**10.01.**	**109,241,424**	**96,466,436**	**88.31**
Contributions	**10.03.**	**27,105,245**	**24,226,656**	**89.38**
GOODS AND SERVICES	**20**	**31,393,269**	**21,066,422**	**67.10**
Goods and services	20.01.	9,805,560	6,183,020	63.06
Current repairs	20.02.	170,000	161,495	95.00
Inventory items	20.05.	720,556	185,493	25.74
Travels	20.06.	1,840,059	1,395,823	75.86
Books, publications and documentary materials	20.11.	108,252	60,642	56.02
Consultancy and expertise	20.12.	441,749	381,577	86.38
Professional training	20.13.	215,996	54,417	25.19
Labor protection	20.14.	174,264	151,277	86.81
Judiciary and extra judiciary expenses	20.25.	31,014	6,700	21.60
Other expenses	20.30.	17,885,819	12,485,978	69.81
INTEREST	**30**	**14,458**	**6,342**	**43.86**
TRANSFERS	**55**	**4,011,015**	**3,868,510**	**96.45**
CAPITAL EXPENDITURE	**70**	5,556,511	3,494,140	**62.88**
TITLE X NON-FINANCIAL ASSETS	71	5,556,511	3,494,140	62.88
Fixed assets	71.01.	5,556,511	3,494,140	62.88
Payments performed in previous years and recovered in current year	**85**	-271,037	-271,037	
CURRENT EXCESS / DEFICIT (current income – total expenses: I-III)		**-42,354,544**	**-9,790,876**	
TOTAL EXCESS / DEFICIT (current income + balance from previous year – total expenses: I+II-III)		**24,750,232**	**57,313,900**	

Source: FSA

6. REPORT ON THE FINANCIAL STATEMENTS PREPARED AS AT 31 December 2013

6.1. Balance sheet

The balance sheet for the year ended 31 December 2013 contains the following items of assets and liabilities:

Table III 15 FSA balance sheet items (lei)

No.	Caption	Balance at the beginning of the year	Balance at the end of the year
I.	**Non-current assets, of which:**	**83,056,055**	**34,334,973**
1.	Intangible assets	**5,274,744**	**5,165,742**
3.	Technical installations, vehicles, furniture etc.	2,868,306	2,199,106
4.	Tangible assets (land and buildings, other fixed assets)	24,319,563	15,753,542
5.	Financial assets	50,593,442	10,193,877
6.	Long-term receivables	0	1,022,706
II.	**Current assets, of which:**	**12,954,939**	**20,483,120**
1.	Inventories	1,527,001	1,644,872
2.	Short-term trade receivables	**9,906,156**	**18,702,234**
3.	Budget receivables	1,552,732	284,835
4.	Prepayments		
5.	Long-term loans granted (2678 – bails paid by the former NSC)	1,496,051	1,496,051
6.	Cash and cash equivalents	18,176,508	47,464,593
III.	**Total assets**	**115,752,788**	**103,927,558**
	Long-term provisions		**24,979,804**
	Long-term liabilities	**54,430**	**25,034,922**
	Short-term provisions	**72,298,904**	
IV.	**Short-term liabilities**	**86,877,394**	**13,784,814**
V.	**Total liabilities**	**86,931,824**	**38,819,736**
VI.	**Equity, of which:**	**28,790,964**	**65,107,822**
1.	Reserves	2,903,265	3,446,010
2.	Retained earnings – excess	78,723,117	32,068,340
3.	Patrimonial result of the year – excess/deficit(-)	-52,835,418	65,107,822

Source: FSA

note: the balance at the beginning of the year represents the balance as at 01.01.2013 taken over from the three authorities

The main items from the balance sheet are as follows:

Equity (institution's net assets) resulting from FSA taking over the three entities amounted to 28,970,964 at the beginning of the year, and as at 31 December 2013 were 65,107,822 lei. Equity increased by 124%, namely 36,316,858 lei, as compared to the initial values as at 01.01.2013 for the respective authorities, especially due to the transfer of the NSC liabilities to the State Assets Administration Authority, resulting from the legal acts whereby it was ordered, in its capacity as party liable under civil law, to pay the compensations to the investors in the National Investment Fund. Such obligations were recorded in the NSC financial statements under "Provisions", and were restated in the patrimonial result of the year.

The total assets as at 31 December 2013 amounted to 103,927,558 lei. In 2013, they decreased further to the impairment caused by the revaluation of the lands and buildings owned by the institution as at 31 December 2013.

The receivables balance as at 31 December 2013 is 18,702,234 lei and consists of outstanding receivables representing rates due for December 2013, arising from the three sectors, as follows:

A. Long-term liabilities – 25,034,922 lei – consist primarily of provisions for risks and charges of 24,979,804 lei recognized in the following files:

- file SSIF Mobinvest – Commercial Judgment No. 127/COM/28.01.2010 ruled by Bihor Tribunal in File No. 2714/111/2009, whereby NSC was ordered to pay jointly with SSIF MOBINVEST. By Decision No. 24/V/2011 ruled by the Oradea Court of Appeal in the file above, the court admitted the NSC appeal. Thus, the former NSC was sued for several requests for compensation, totaling 24,821,147 lei;
- KDF Energy SRL – File No. 3598/2/2010 – whereby the former NSC is claimed court expenses of 145,656 lei;
- Microelectronica SA – Civil Judgment No. 10614/02.07.2012 – whereby the former NSC is claimed court expenses of 6,500 lei;
- in addition, FSA has recorded other provisions for disputes (from the former PPSSC) in amount of 6,500 lei.

Long-term liabilities also include financing lease contracts from the former PPSSC – of 55,118 lei, due in 2015.

B. Short-term liabilities – 13,784,814 lei arising from:

- debts to suppliers: 2,509,217 lei, paid in 2014.
- compulsory contributions to the state social insurance budgets, special fund budgets, the State budget – 4,741,938 lei, for December, paid in January 2014.
- employees' salaries – 5,992,044 lei, representing the second fortnightly payment related to December 2013, paid in January 2014.
- deferred income: 541,615 lei.

6.2. Economic Outturn accounts

Table III 16 Economic outturn accounts items (lei)

	Caption	Current year – FSA
1	Operating income	234,235,532
2.	Operating expenses	207,744,899
3.	**Result from operating result (excess)**	**26,490,633**
4.	Financial income	3,979,108
5.	Financial expenses	924,749
6.	**Result from financial activity (excess)**	**3,054,359**
7.	Result from current operations (excess)	**29,544,992**
8.	Extraordinary income	77,572
9.	Extraordinary expenses	29,092
10.	**Result from extraordinary operations (deficit)**	**48,480**
11.	**Patrimonial result of the year (excess)**	**29,593,472**

Source: FSA

The economic outturn accounts are prepared on the accrual basis according to which the effects of transactions and other events are recognized when they occur, not as the cash or cash equivalent is received or paid and are registered in the accounting records and reported in the financial statements of

the reporting periods. In these circumstances, the current excess of 2013 (also comprising the results obtained by the former three entities between 01.01 and 29.04.2013) is **25,953,472 lei**, and arises from:

- **the excess from the FSA operations: 26,490,633 lei**, determined as the difference between total rights established during the reporting period according to the legal provisions regulating the FSA sources of income and operating expenses (expenses with salaries and social contributions, expenses with inventories, works and services delivered by third parties, expenses with amortizations/depreciations and provisions, other operating expenses);
- **the excess from the FSA financial operations: 3,054,359 lei** – arising mostly from interest income corresponding to cash investments (deposits and government securities);
- **the excess from the FSA extraordinary operations: 48,480 lei** – arising from the realization of fixed assets owned by FSA.

6.3. Statement of Cash Flows

Table III 17 Statement of cash and cash equivalents – Treasury account (lei)

No.	Caption	31 December 2013
1.	Net increase/decrease of cash:	4,883,552
2.	Cash and cash equivalent at the beginning of the year	**5,685,328**
3.	**Cash and cash equivalent at the end of the year**	**10,568,880**

Source: FSA

The balance of 5,685,328 lei arises from initial balances of the three former authorities as at 01.01.2013, as follows: ISC – 315,774 lei, NSC – 119,978 lei, PPSSC – 5,249,575 lei.

Table III 18 Statement of cash and cash equivalents at commercial banks (lei)

No.	Caption	31 December 2013
1.	Net increase/decrease of cash:	23,969,382
2.	Cash and cash equivalent at the beginning of the year	**12,282,485**
3.	**Cash and cash equivalent at the end of the year**	**36,251,867**

Source: FSA

6.4. FSA Budget Implementation Account

FSA is entirely financed from off-budget income in accordance with the provisions of Art. 18 of GEO No. 93/2012 regarding the establishment, organization and functioning of the Financial Supervisory Authority approved as amended by Law No. 113/2013.

Expenses are established through the FSA annual budget, in accordance with its objectives and duties.

The FSA income and expenditure budget as at 31 December 2013 is the result of combining the three budgets of the three authorities dissolved on 29.04.2013 plus the Income and Expenditure Budget approved by the FSA Council on 29.07.2013 by Council Resolution No. 22, approving the rectification of the Income and Expenditure Budget for 2013 for the period 30 April 2013 – 31 December 2013.

The budget implementation account comprises under Income – payments received, and under Expenditure – payments made. The budget excess was established as the difference between income received and payments made.

As at 31.12.2013 the income received by FSA between 01.01 and 31.12.2014 was 139,819,611 lei, and payments made reached 149,610,487 lei. **The current deficit of the budget implementation was 9,790,876 lei. The balance of cash accounts at the beginning of the year was 67,104,776 lei**.

Income implementation as at 31.12.2013

In accordance with the legal provisions mentioned herein above, the income envisaged and received is broken down as follows:

Table III 19 Statement of FSA income without the Insurer's Guarantee Fund (lei)

	CAPTION	Forecasts 01.01. – 31.12.2013	Achievements 01.01. – 31.12.2013	% achievements as compared to forecasts
	1	2	4	5=4/3*100
1.	**Current income**, of which:	**135,617,131**	**139,819,611**	**103.09**
1.1.	Current income pertaining to Insurance and Reinsurance Sector	**59,376,734**	**51,097,336**	86.05
1.2.	Current income pertaining to Financial Instruments and Investment Sector	51,200,000	58,748,734	114.74
1.3.	Current income pertaining to Private Pension Sector	27,353,133	25,833,535	94.44
1.4.	Other sources		4,140,006	

Source: FSA

The income received in 2013 was 139,819,611 lei, representing 104.23% of the forecasts for the period. Of this amount, 43,167,527 lei represents income received by the three authorities between 01.01 and 29.04.2013. The income received comprises as follows:

1. Income pertaining to the Insurance - Reinsurance Sector: 55,066,758 lei arising from:

- ***operation tax*** – owed by insurance undertakings and insurance brokers in amount of 0.3% of the gross insurance premiums. The amount received during the reporting period is **27,044,434 lei.**
- **motor vehicle civil liability** – owed by insurance undertakings, accounts for 1% of the gross motor vehicle civil liability insurance premiums. The amount received in 2013 is **22,789,554 lei.**
- ***authorization taxes, other legal taxes*** – represents fixed taxes owed according to Law No. 32/2000 and Orders issued by FSA (ISC) in this regard. The amount received is 917,633 lei.
- ***fines received*** (50% of the value of the fines received): **205,715 lei**.

2. Income pertaining to the Financial Instruments and Investment Sector: 58,748,734 lei, *representing a degree of achievement of 114.74% as compared to the provisions for 2013 arising from:*

- ***income from transactions conducted*** on regulated markets and alternative trading systems (maximum rate of 0.08%) – the amount received during the reporting period is **6,895,075 lei**;
- ***income from the net asset value of undertakings for collective investment*** in transferable securities and undertakings for collective investment, others than UCITS – **31,656,333 lei**;
- ***income from the value of public sale offerings*** (maximum rate of 0.5%) for 2013; NSC Regulation No. 7/2006 as subsequently amended and supplemented set a rate of 0.5%. the amount received between 01.01 and 31.12.2013 is **2,941,151 lei** (also including the fee related to the public sale offering of Romgaz of 1,730,500 lei).

- ***income from the value of public purchase/takeover offerings*** (maximum rate of 2%) – the amount received during the reporting period is **10,458,866 lei** (originating primarily the commission received from the purchase offering launched by Fondul Proprietatea);
- ***income from fees and shares for transactions conducted in financial derivatives regulated markets*** (for 2013 the fee collected for transactions conducted in financial derivatives regulated markets and alternative trading systems was 0.10 lei/contract charged from each contracting party) – the amount received is **46,266 lei.**
- ***income from fees and shares for activities for which FSA (FIIS) issues an individual document*** – the amount received is **1,018,911 lei**.
- ***income from fees charged for delivering services to supervised entities or third parties*** – fees to register and maintain securities in the FSA records, and fees received from the 1% share from the operating income of entities supervised by FSA – FIIS - the amount received is **5,310,581 lei**.
- ***income from publishing, advertising activities***: - **254,287 lei;**
- ***other income*** *(penalties, charges):* - **90,678 lei.**

3. Income pertaining to the Private Pension System Sector – 25,833,535 lei, *representing 94.44% achievement as compared to the forecasts for the period 30.04 – 31.12.2013 and come from:*

- ***operation taxes owed in the voluntary pension system (depositary and marketing agencies), and operation taxes owed in the privately managed pension system*****:** the amount received is **22,560,806 lei.**
- ***authorization, approval taxes and other taxes owed by authorized and supervised entities in the private pension sector*****:** the amount received is **836,250 lei.**
- ***administration taxes owed by voluntary pension administrators*****:** the amount received is **2,371,916 lei**
- ***other income*** (interest etc.)**: 64,563 lei.**

4. Other income*: **4,140,006 lei** – represents mostly interest on deposits and government securities held by FSA with commercial banks – 3,536,324 lei, as well as income from rents for spaces rented by FSA, income from realizing assets, other income*.

Expenditure implementation as at 31.12.2013

The payments made as at 31.10.2013 total 149,610,487 lei and represent 84.06% of the rectified budget between 01.01 – 31.12.2013. Out of the total amount, 59,785,431 lei represents payments made by the three former authorities between 01.01 and 29.04.2013.

Table III 20 Statement of FSA expenses without the Insurer's Guarantee Fund (lei)

Caption	Forecasts for the period 01.01. – 31.12.2013	Achievements 01.01. – 31.12.2013	% achievements as at 31.10.2013 as compared to forecasts for the period 01.01 – 31.12.2013
Total expenses	**177,971,675**	**149,610,487**	**84.06**
Current expenses	**172,686,201**	**146,387,384**	**84.47**
Personnel expenses	137,267,459	121,446,110	88.47
Goods and services	31,393,269	21,066,422	67.10
Other transfers – contributions to international bodies	4,011,015	3,868,510	96.44
Capital expenditure	**5,556,511**	**3,494,140**	**62.88**

Source: FSA

1. Personnel expenses represent 81.17% of total expenses incurred. As compared to the forecasts related to the period, the personnel expenses were 84% incurred, obtaining a savings of 15,821,349 lei at year end. Of the total personnel expenses, i.e., 121,446,110 lei, 24,226,656 lei represents institution's contributions for social security, unemployment fund and health insurance.

The total personnel expenses incurred by the three former authorities between 01.01 and 29.04.2013 were 49,380,378 lei.

2. Expenses with goods and services, the 21,066,422 lei spent between 01.01 and 31.12.2013 consists mainly of:

- payment for **goods and services:** 6,183,020 lei representing purchases of furniture, cleaning materials, fuel, utility services, telephony, Internet, security, car service, heating stations maintenance, archiving, etc. At the end of the year, a savings of 3,622,540 lei was recorded for this budgetary item;
- **domestic and foreign travels** – the amount spent between 30.04 and 31.12.2013 is 1,395,823 lei, representing 75.85% of the amount provided in the budget between 30.04 and 31.12.2013. Domestic travels represented 205,235 lei;
- **other expenses: the amount spent is 12,485,978 lei** and represents primarily payments related to maintenance services for the CEDAM program completed by the former ISC, and payments representing rent for the space where the former PPSSC ran its activity, the rent paid by FSA to EximBank, protocol expenses, other expenses, etc.

3. International transfers – represent contributions to international bodies FSA is a member of – the total amount paid in 2013 is 3,868,510 lei:
- 2013 contribution to the ESMA – 2,075,346 lei;
- contribution to the EIOPA – 1,631,595 lei;
- contribution to the IOSCO – 71,568 lei;
- other contributions (IAIS, IFREFI, ICGN)

4. Capital expenditure – the total amount registered as at 31.12.2013 is 3,494,140 lei and represents mostly development payments within the CEDAM program.

IV. 2013 AUDIT REPORT

EY
Building a better working world

Ernst & Young Assurance Services SRL
Bucharest Tower Center Building, 21st Floor
15-17 Ion Mihalache Blvd., Sector 1
011171 Bucharest, Romania

Tel: +40 21 402 4000
Fax: +40 21 310 7193
office@ro.ey.com
ey.com

Report of the financial auditor

To the Board of the Authority for Financial Supervision

Report on the financial statements

1 We have audited the accompanying financial statements of Authority for Financial Supervision ("ASF"), which comprise: the balance sheet as at 31 December 2013, and the income statement, statement of changes in the structure of assets/equity, the cash flow statement, budget execution account for the year then ended and appendices (Special purpose amounts, Statement of payments from budget and not justified through goods, works, services at the end of period, Overdue payments, Statement of assets and liabilities of public institutions from Central Administration, Statement of fixed assets to be depreciated, Statement of fixed assets not to be depreciated) and a summary of significant accounting policies and other explanatory notes included in the "Report for analysis of the balance sheet and budget execution as at as at 31 December 2013", initialized by us for identification purposes, are presenting the following:

- Net assets/Total equity and reserves: 918,200 thousand lei
- Profit for the year: 110,604 thousand lei

Management's responsibility for the financial statements

2 Management of ASF is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 1917/2005 and subsequent amendments and the accounting policies described in the notes to the financial statements, and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

EY
Building a better working world

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

Bad debts allowance

6 ASF has as at 31 December 2013 receivables with carrying amount of 1.827 thousand lei (1,731 thousand lei as at 31 December 2012) recorded as "amounts under settlement" representing amounts in litigation being in different phases in the Courts. Also, ASF has as at 31 December 2013 receivables amounting to 1.543 thousand lei in account "sundry debtors" representing fees not cashed. In addition, ASF records as at 31 December 2013 bails paid amounting to 1,496 thousand lei (1,496 thousand lei as at 31 December 2012).
ASF has not adjusted the carrying value of these receivables to reflect impairment losses. Had ASF reflected such losses, the value of the receivables as at 31 December 2013 would have been lower by 4,866 thousand lei, as at 31 December 2012 would have been lower by 3,227 thousand lei, and the result of the year ended 31 December 2013 would be reduced by 1,638 thousand lei and opening retained earnings would have been lower by 3,227 thousand lei. These adjustments do not affect the budget execution account.

Valuation of investment

7 As at 31 December 2013, ASF records financial investments amounting to 581,632 thousand lei (278,705 thousand lei as at 31 December 2012) net of impairment allowance of 6,747 thousand lei (1,966 thousand lei as at 31 December 2012). Investments include instruments issued by the Romanian State that do not present any indications of impairment. Had ASF not recorded such losses, the investments would be higher by 6,747 thousand lei as at 31 December 2013 (by 1,966 thousand lei as at 31 December 2012), and the result of the year ended 31 December 2013 would be increased by 4,781 thousand lei and opening retained earnings would have been higher by 1,966 thousand lei. These adjustments do not affect the budget execution account.
Furthermore, due to an error of valuation of the financial investments in 2012, the result for the year 2013 is underestimated by 1,802 thousand lei and the opening retained earnings are overestimated by the same amount. The budget execution account is affected the same as the result for the year 2013.

English translation for information purposes.

EY
Building a better working world

Restructuring provision

8 Through decision of the Board no.60/27 November 2013, the number of ASF positions was decreased and the employees dismissed were notified in December 2013. No restructuring provision was recorded in this respect as at 31 December 2013 although there is an obligation to pay compensations for such cases according to the collective labor contract. If the restructuring provision would have been recorded, liabilities would increase by 979 thousand lei and the result for the year ended 31 December 2013 would be lower with the same amount. These adjustments do not affect the budget execution account.

Correction of error

9 On 30 April 2013 were reversed directly to opening retained earnings liabilities related to the C.N.V.M. council members recorded in 2013 in amount of 1,663 thousand lei. Thus, opening retained earnings are overestimated by 1.663 thousand lei and the result for the year 2013 is underestimated with the same amount. The budget execution account is affected the same as the result for the year 2013.

Cut-off for revenues in the year

10 Revenues from administration taxes, guarantee fund contributions etc. related to prior periods were recorded in the financial year ended 31 December 2013. Thus, the result for the year 2013 is overestimated with 3,415 thousand lei and the opening retained earnings are underestimated by the same amount. The budget execution account is affected the same as the result for the year 2013.

Revaluation losses for buildings

11 The budget execution account for the year 2013 includes in actual expenses related to buildings an amount of 4,394 thousand lei representing revaluation losses for buildings. Consequently the actual expenses from the budget execution account are overstated by this amount.

Capitalization of development expenses

12 Expenses representing development services and licences for software with a total value of 3.641 thousands lei were recorded in the result for the year ended 31 December 2013. In accordance with the provisions of the Order of the Minister of Public Finance no. 1917/2005 and subsequent amendments, the development expenses are intangibles. Thus, intangibles were underestimated by 3,641 thousand lei and the result for the year was underestimated by the same amount. Furthermore, in the budget execution account the position "Capital expenses - nonfinancial assets" as underestimated by 3.641 thousands lei while the position "Other expenses with goods and services" was overestimated by the same amount.

Qualified opinion

EY
Building a better working world

13 In our opinion, except for the effects of the matters referred to in paragraphs 6, 7, 8, 9, 10 11 and 12 above, the financial statements give a true and fair view of the financial position of ASF as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1917/2005 and subsequent amendments and the accounting policies described in the "Report for analysis of the balance sheet and budget execution as at as at 31 December 2013".

Emphasis of matter

14 Without further qualifying our opinion, we draw attention to Note 10.4 "Provisions for risks and expenses" of the financial statements, which describes the litigations with S.S.I.F. Mobinvest and respectively clients of S.S.I.F. Mobinvest for which ASF was requested to pay damages. The ASF management assessed the matter and has recorded a provision for litigation of 24,821 thousand lei as at 31 December 2013. Given the complexity and uncertainties related to the outcome of these litigations, ASF estimate may differ from actual obligations resulting from the finalization of these legal disputes. We mention that the budget execution account is not affected by this provision. The budget execution account will be affected only by further litigation expenses and the potential payments established by the courts for the litigations lost (or reimbursement of litigation expenses for the litigations won), at the finalization of the litigations. Our opinion is not qualified in respect of this matter.

Other aspects

15 In accordance with the provisions of the Emergency Government Ordinance no. 93/2012, ASF was set up and started functioning since 29 April 2013 when it took over the responsibilities and rights of the National Securities Commission (C.N.V.M.), Insurance Supervision Commission (C.S.A.) and Private Pensions Supervision Commission (C.S.S.P.P.). As 31 December 2013 is the first year that an audit of ASF has been completed, the comparative information (as resulted from adding the financial statements of the three entities) included in the financial statements is unaudited. Except for the aspects described in paragraphs 6 ,7, 9 and 10, and after taking into consideration the corrections of errors with respect to the opening balance of retained earnings in amount of 6,341 thousand lei recorded by ASF during 2013 (as disclosed in the statement of changes in the structure of assets/equity), we have obtained sufficient appropriate audit evidence that the opening balances of the balance sheet do not contain misstatements that materially affect the current period's financial statements. We have not obtained audit evidence with respect to the comparative information for the income statement and the cash flow statement and the notes related to them.

EY
Building a better working world

16 In accordance with the provisions of the Emergency Government Ordinance no. 93/ 2012, ASF was set up and started functioning since 29 April 2013 when it took over the responsibilities and rights of C.N.V.M., C.S.A. and C.S.S.P.P. The financial statements of ASF for the year ended 31 December 2013 include for the year 2013 the income statements for C.N.V.M., C.S.A. and C.S.S.P.P, cumulated for the period 1 January to 29 April 2013, as well as the comparative information as resulting from adding the financial statements of the three entities as of and for the year ended 31 December 2012. As there are no specific provisions related to such take overs in the Ministry of Finance Order 1917/2005 and there are only partial provisions in the Ministry of Finance Order 629/2009, the management of ASF has assessed that this is the most appropriate presentation method.

On behalf of

Ernst & Young Assurance Services SRL

Registered with the Chamber of Financial Auditors in Romania
No. 77/ 15 August 2001

Anamaria Cora

Camera Auditorilor Financiari din România
Cora Anamaria
Nr.1593

Name of signing person: Anamaria Cora

Registered with the Chamber of Financial Auditors in Romania
Nr. 1593 / 16 August 2005

Bucharest, Romania
19 June 2014

English translation for information purposes

ANNEXES

ANNEXES

Annex I.1 Gross Written Premiums by Classes of Non-life insurance (lei) 352
Annex I.2 Gross Written Premiums by Classes of Life Insurance (lei)..... 355
Annex I.3 Insurance Undertakings' Market Share by reference to Gross Written Premiums (lei)..... 356
Annex I.4 Gross written premiums by Insurers by classes of Policyholders – Natural and Legal Persons (lei) 357
Annex I.5 Gross Claims Paid by Classes of Non-life insurance (lei)..... 358
Annex I.6 Gross Claims Paid by Classes of Life Insurance (lei)..... 361
Annex I.7 Distribution of Gross written premiums by Development Areas 362
Annex I.8 List of Technical Reserves for Non-life insurance (lei) 363
Annex I.9 List of Technical Reserves for Life Insurance (lei) 365
Annex I.10 List of gross written premiums and ceded gross premiums for non-life insurance (lei) 366
Annex I.11 List of gross written premiums and ceded gross premiums for life insurance (lei)..... 367
Annex I.12 List of Assets of Insurance Undertakings as per the Balance Sheet as at 31.12.2013 (lei)..... 368
Annex I.13 Financial Results and Technical Results of Insurance Undertakings as per the Balance Sheet as at 31.12.2013 (lei)..... 369
Annex I.14 S Statement of balance sheet assets and share capital of insurance and/or reinsurance brokers, as per the balance sheet as at 31.12.2013 371
Annex I.15 List of Intermediated Premiums and Losses Settled by Insurance and/or Reinsurance Brokers as at 31.12.2013..... 371
Annex I.16 Distribution of intermediation made by insurance brokers by development areas 371
Annex I.17 Statement of Insurance Intermediation revenues as at 31.12.2013 371
Annex I.18 Financial Results of Insurance and\or Reinsurance Brokers as per the balance sheet as at 31.12.2013 371
Annex I.19 Evolution of the Private Pension System of Romania between 2007 – December 2013 372

Annex II.1 Normative Acts issued by FSA/NSC..... 373
Annex II.2 Primary Legislation Bills Imposed by the Provisions of the National or European Legislation on Capital Market 374
Annex II.3 Primary Legislation Bills Imposed by the Provisions of the National or European Legislation on Capital Market 375
Annex II.4 Draft Rules issued by other Public Institutions or Legislative Initiatives of the Government of Romania or of the Parliament of Romania Impacting on the Capital Market 376
Annex II.5 Financial Investment Undertakings authorized and registered with FSA Registry as at 31.12.2013 377
Annex II.6 Credit Institutions – Romanian Legal Persons registered with FSA Registry as at 31.12.2013..... 379
Annex II.7 Investment Management Undertakings Authorized and Registered with FSA Registry as at 31.12.2013..... 380
Annex II.8 Open-End Investment Funds Authorized and Registered with FSA Registry as at 31.12.2013 381
Annex II.9 Closed-End Investment Funds registered with FSA Registry as at 31.12.2013..... 383
Annex II.10 Closed-End Type Investment Undertakings Registered with FSA Registry as at 31.12.2013 384
Annex II.11 List of Depositories Registered with FSA Registry as at 31.12.2013 384
Annex II.12 Vocational Training Providers Authorized by FSA..... 385
Annex II.13 List of Investment Consultants as at 31.12.2013 – Natural Person Consultants 385
Annex II.14 List of Investment Consultants as at 31.12.2013 – Legal Person Consultants..... 386
Annex II.15 List of the Evaluators Registered with FSA Registry as at 31.12.2013 386
Annex II.16 Investment Undertakings of other Members States registered with FSA Registry as at 31.12.2013..... 387
Annex II.17 Credit Institutions of other Member States registered with FSA Registry as at 31.12.2013 387
Annex II.18 Undertakings for Collective Investment in Negotiable Securities of Member States whose Equity Securities are Distributed in the Territory of Romania, as at 31.12.2013. 388
Annex II.19 FSA Organizational Chart as at 31.12.2013..... 352

Annex I.1 Gross Written Premiums by Classes of Non-life insurance (lei)

Classes of Insurance (I-IX)

No,	Undertaking Name	Total Gross written premiums	Class of Insurance I	II	III	IV	V	VI	VII	VIII	IX
1.	ABC ASIGURARI - REASIGURARI SA	23,113,684	273,220	0	3,070,810	0	0	0	38,714	2,167,444	-12,262
2.	ALICO ASIGURARI ROMANIA SA	0	0								
3.	ALLIANZ - TIRIAC ASIGURARI SA	824,062,484	6,107,278	10,019,662	374,007,033	0	162,770	665	4,410,262	153,724,309	5,868,971
4.	ASIGURARE REASIGURARE ASIMED SA	1,356,942	795	879,229	0	0	0	0	0	34,907	0
5.	ASIROM VIENNA INSURANCE GROUP SA	455,086,301	4,068,672	5,472	124,798,130	152,440	677,300	899,602	2,901,764	73,549,722	23,080,342
6.	ASITO KAPITAL SA	16,279,892	542,601	898,010	2,921,847	0	0	174,872	105,915	6,475,358	743,318
7.	ASTRA SA	907,211,516	41,186,591	31,679,606	104,816,259	6,624	6,891,458	53,079,111	2,002,906	159,771,515	8,229,871
8.	ATE INSURANCE ROMANIA SA	1,393,167	39	0	156,147	0	0	0	121,917	870,320	152,683
9.	AXA LIFE INSURANCE SA	0	0								
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0	0								
11.	BRD ASIGURARI DE VIATA SA	0	0								
12.	CARPATICA ASIG SA	483,069,445	2,241,916	10,649	28,092,199	0	158,942	0	116,652	29,460,422	0
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	53,795,799	340,737	1,443	405,009	0	742,564	12,819,361	1,150,055	1,809,607	5,345,339
14.	CITY INSURANCE SA	304,722,582	392,535	0	4,110,453	0	0	0	192,994	3,015,185	0
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	40,208,416	10,237,103	608,950	13,315,837	0	0	227,778	327,168	10,363,125	102,493
16.	ERGO ASIGURARI DE VIATA SA	0	0								
17.	EUREKO ASIGURARI SA	-130,353	149,306	-279,659	0	0	0	0	0	0	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	392,789	15,302	14,283,502	34,959	0	97,410	83,918	12,903,543	1,523,884
19.	EUROLIFE ERB ASIGURARI GENERALE SA	7,780,753	429,483	0	0	0	0	0	0	7,173,600	0
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	0	0								
21.	EXIM ROMANIA SA	31,976,331	7,571,651	0	0	0	0	0	12,950	2,496,245	0
22.	F.A.T.A. ASIGURARI SA	28,569,942	44,431	0	3,961,407	0	0	0	29,705	6,043,678	18,361,056
23.	FORTE ASIGURARI REASIGURARI SA	32,921,473	35,057	0	-263,165	0	0	0	0	542,987	56,880
24.	GARANTA ASIGURARI SA	52,285,272	1,641,449	300,972	8,161,038	0	23,007	-30	1,019,950	13,289,803	207,280
25.	GENERALI ROMANIA SA	354,319,719	2,254,673	0	145,660,976	38,923	0	56,970	903,564	94,988,641	37,581,762
26.	GERMAN ROMANIAN ASSURANCE SA	2,169,804	60	0	0	0	0	0	0	0	0
27.	GOTHAER ASIGURARI - REASIGURARI SA	66,726,470	94,699	73,993	21,490,201	156,572	825,406	1,794,296	154,198	10,637,324	16,234,513
28.	GRAWE ROMANIA ASIGURARE SA	1,471,867	166,345	0	0	0	0	0	0	1,035,754	218,605
29.	GROUPAMA ASIGURARI SA	675,478,631	3,282,901	3,290,606	327,521,447	686,871	0	1,470,706	2,883,646	126,338,402	33,616,161
30.	ING ASIGURARI DE VIATA SA	0	0								

No,	Undertaking Name	Total Gross written premiums	Class of Insurance I	II	III	IV	V	VI	VII	VIII	IX
31.	LIG Insurance SA	73,171,525	8,806	0	229,709	0	0	0	0	362,031	12,087
32.	METROPOLITAN LIFE ASIGURARI SA	0	0								
33.	OMNIASIG VIENNA INSURANCE GROUP SA	881,103,941	13,190,808	58,418	311,821,237	3,203,394	3,663,620	4,954,374	25,788,695	218,283,429	21,105,772
34.	ONIX ASIGURARI SA	37,032,457	0	0	0	0	0	0	0	0	0
35.	INSURANCE POOL P.A.I.D.	60,253,975	0	0	0	0	0	0	0	60,253,975	0
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0	0								
37.	UNIQA ASIGURARI DE VIATA SA	0	0								
38.	UNIQA ASIGURARI SA	570,149,623	3,829,457	2,985,066	276,260,681	0	0	93,586	3,021,061	64,753,603	0
	Total 2013	**6,490,358,402**	**98,483,402**	**50,547,719**	**1,764,820,758**	**4,279,783**	**13,145,067**	**75,668,701**	**45,266,035**	**1,060,344,929**	**172,428,755**
	Share of 2013 total	**100.00%**	**1.52%**	**0.78%**	**27.19%**	**0.07%**	**0.20%**	**1.17%**	**0.70%**	**16.34%**	**2.66%**
	Total 2012	**6,454,395,818**	**225,684,732**	**44,594,699**	**1,916,682,149**	**5,053,043**	**15,339,962**	**29,396,555**	**42,547,281**	**1,081,228,539**	**161,311,425**
	Share of 2012 total	**100.00%**	**3.50%**	**0.69%**	**29.70%**	**0.08%**	**0.24%**	**0.46%**	**0.66%**	**16.75%**	**2.50%**
	Evolution in nominal terms 2013/2012	**0.56%**	**-56.36%**	**13.35%**	**-7.92%**	**-15.30%**	**-14.31%**	**157.41%**	**6.39%**	**-1.93%**	**6.89%**
	Total 2011	**6,083,943,098**	**47,247,617**	**27,995,549**	**1,990,961,515**	**4,015,152**	**17,298,674**	**22,075,744**	**41,020,715**	**1,178,020,775**	**160,445,277**
	Total 2010	**6,639,733,598**	**58,560,333**	**21,226,311**	**2,453,009,347**	**4,337,375**	**20,333,256**	**23,125,689**	**42,284,810**	**967,376,678**	**128,244,935**

Gross Written Premiums by Classes of Non-life insurance (lei)

Classes of Insurance (X - XVIII)

No,	Undertaking Name	Total Gross written premiums	Classes of Insurance X	XI	XII	XIII	XIV	XV	XVI	XVII	XVIII
1.	ABC ASIGURARI - REASIGURARI SA	23,113,684	8,101,805	0	0	4,494,457	0	4,525,631	0	0	453,865
2.	ALICO ASIGURARI ROMANIA SA	0									
3.	ALLIANZ - TIRIAC ASIGURARI SA	824,062,484	210,653,442	110,197	0	31,705,252	901,770	3,345,533	6,432,082	0	16,613,258
4.	ASIGURARE REASIGURARE ASIMED SA	1,356,942	0	0	0	442,011	0	0	0	0	0
5.	ASIROM VIENNA INSURANCE GROUP SA	455,086,301	210,078,016	18,999	0	12,578,999	-657	229,073	296,880	0	1,751,547
6.	ASITO KAPITAL SA	16,279,892	0	0	0	1,284,521	0	3,133,450	0	0	0
7.	ASTRA SA	907,211,516	403,086,440	14,693,993	1,654,552	57,422,344	226,057	14,586,599	321,595	0	7,555,995
8.	ATE INSURANCE ROMANIA SA	1,393,167	0	0	0	3,638	0	0	0	0	88,423
9.	AXA LIFE INSURANCE SA	0									
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0									
11.	BRD ASIGURARI DE VIATA SA	0									

No,	Undertaking Name	Total Gross written premiums	Classes of Insurance								
			X	XI	XII	XIII	XIV	XV	XVI	XVII	XVIII
12.	CARPATICA ASIG SA	483,069,445	413,808,421	0	0	5,290,058	540,171	242,384	0	0	3,107,631
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	53,795,799	0	521,934	9,350,256	3,772,817	0	17,418,119	0	0	118,558
14.	CITY INSURANCE SA	304,722,582	177,318,672	0	0	96,702,896	0	20,762,544	0	0	2,227,303
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	40,208,416	0	0	0	1,130,747	2,194,922	0	25	0	1,700,268
16.	ERGO ASIGURARI DE VIATA SA	0									
17.	EUREKO ASIGURARI SA	-130,353	0	0	0	0	0	0	0	0	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	466,314,975	0	0	5,037,298	128,397	2,462,658	29,851	0	1,468,258
19.	EUROLIFE ERB ASIGURARI GENERALE SA	7,780,753	0	0	0	177,670	0	0	0	0	0
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	0									
21.	EXIM ROMANIA SA	31,976,331	0	0	0	10,815,247	881,174	10,203,040	-3,976	0	0
22.	F.A.T.A. ASIGURARI SA	28,569,942	73,993	0	0	55,672	0	0	0	0	0
23.	FORTE ASIGURARI REASIGURARI SA	32,921,473	0	0	0	1,283,016	0	31,265,569	0	0	1,129
24.	GARANTA ASIGURARI SA	52,285,272	2,737	5,231	0	479,396	25,577,161	1,660	1,575,618	0	0
25.	GENERALI ROMANIA SA	354,319,719	39,961,866	0	0	17,117,841	226	889,875	329,133	0	14,535,269
26.	GERMAN ROMANIAN ASSURANCE SA	2,169,804	0	0	0	0	0	0	1,020,841	0	1,148,903
27.	GOTHAER ASIGURARI - REASIGURARI SA	66,726,470	791,093	813,615	2,238,631	4,938,167	0	5,129,212	392,259	4,951	957,340
28.	GRAWE ROMANIA ASIGURARE SA	1,471,867	0	0	0	18,802	0	0	0	0	32,361
29.	GROUPAMA ASIGURARI SA	675,478,631	134,003,609	0	0	9,520,416	22,834,396	488,602	3,057,379	19,073	6,464,416
30.	ING ASIGURARI DE VIATA SA	0									
31.	LIG Insurance SA	73,171,525	0	0	0	18,746,120	0	53,812,772	0	0	0
32.	METROPOLITAN LIFE ASIGURARI SA	0									
33.	OMNIASIG VIENNA INSURANCE GROUP SA	881,103,941	189,305,924	1,679,861	6,159,531	67,496,795	222,901	4,604,693	513,962	0	9,050,527
34.	ONIX ASIGURARI SA	37,032,457	0	0	0	0	0	37,032,457	0	0	0
35.	INSURANCE POOL P.A.I.D.	60,253,975	0	0	0	0	0	0	0	0	0
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0									
37.	UNIQA ASIGURARI DE VIATA SA	0									
38.	UNIQA ASIGURARI SA	570,149,623	208,174,836	0	47,569	10,983,763	0	0	0	0	0
	Total 2013	**6,490,358,402**	**2,461,675,830**	**17,843,830**	**19,450,539**	**361,497,942**	**53,506,518**	**210,133,871**	**13,965,649**	**24,024**	**67,275,051**
	Share of 2013 total	**100.00%**	**37.93%**	**0.27%**	**0.30%**	**5.57%**	**0.82%**	**3.24%**	**0.22%**	**0.00%**	**1.04%**
	Total 2012	**6,454,395,818**	**2,137,043,377**	**21,422,643**	**14,276,953**	**420,349,378**	**116,510,672**	**152,259,090**	**12,120,991**	**22,480**	**58,551,849**
	Share of 2012 total	**100.00%**	**33.11%**	**0.33%**	**0.22%**	**6.51%**	**1.81%**	**2.36%**	**0.19%**	**0.00%**	**0.91%**
	Evolution in nominal terms 2013/2012	**0.56%**	**15.19%**	**-16.71%**	**36.24%**	**-14.00%**	**-54.08%**	**38.01%**	**15.22%**	**6.87%**	**14.90%**
	Total 2011	**6,083,943,098**	**1,970,529,648**	**22,234,917**	**14,638,217**	**268,815,750**	**126,339,401**	**113,998,711**	**17,163,660**	**10,357**	**61,131,419**
	Total 2010	**6,639,733,598**	**2,494,726,787**	**16,298,795**	**14,530,399**	**145,229,880**	**118,110,756**	**66,364,834**	**14,706,439**	**6,241**	**51,260,734**

Annex I.2 Gross Written Premiums by Classes of Life Insurance (lei)

No	Undertaking Name	Gross Written Premiums	Classes of Insurance					
			I	II	III	IV	B1	B2
1.	ABC ASIGURARI - REASIGURARI SA	0	0					
2.	ALICO ASIGURARI ROMANIA SA	121,761,688	85,231,478	0	16,976,931	0	17,600,300	1,952,979
3.	ALLIANZ - TIRIAC ASIGURARI SA	94,713,252	50,868,406	0	43,844,846	0	0	0
4.	ASIGURARE REASIGURARE ASIMED SA	0	0					
5.	ASIROM VIENNA INSURANCE GROUP SA	89,012,684	87,642,758	0	1,369,926	0	0	0
6.	ASITO KAPITAL SA	0	0					
7.	ASTRA SA	14,282,368	14,282,368	0	0	0	0	0
8.	ATE INSURANCE ROMANIA SA	0	0					
9.	AXA LIFE INSURANCE SA	33,756,929	25,928,757	1,209,913	2,115,766	0	326,158	4,176,335
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	213,350,111	107,290,203	0	99,584,150	0	0	6,475,758
11.	BRD ASIGURARI DE VIATA SA	69,569,678	65,441,810	0	3,970,434	0	0	157,434
12.	CARPATICA ASIG SA	0	0					
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	0	0					
14.	CITY INSURANCE SA	0	0					
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	0	0					
16.	ERGO ASIGURARI DE VIATA SA	30,576,536	10,940,551	0	19,635,985	0	0	0
17.	EUREKO ASIGURARI SA	20,641,873	17,624,606	0	3,017,267	0	0	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	0	0					
19.	EUROLIFE ERB ASIGURARI GENERALE SA	0	0					
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	44,109,750	12,275,450	0	31,834,300	0	0	0
21.	EXIM ROMANIA SA	0	0					
22.	F.A.T.A. ASIGURARI SA	0	0					
23.	FORTE ASIGURARI REASIGURARI SA	0	0	0	0	0	0	0
24.	GARANTA ASIGURARI SA	6,997,235	6,997,235	0	0	0	0	0
25.	GENERALI ROMANIA SA	84,387,291	67,842,527	15,482	11,427,113	5,102,169	0	0
26.	GERMAN ROMANIAN ASSURANCE SA	0	0					
27.	GOTHAER ASIGURARI - REASIGURARI SA	0	0					
28.	GRAWE ROMANIA ASIGURARE SA	49,814,467	49,735,250	0	19,133	60,084	0	0
29.	GROUPAMA ASIGURARI SA	42,122,894	41,104,194	0	1,018,700	0	0	0
30.	ING ASIGURARI DE VIATA SA	559,593,663	287,882,520	0	270,161,202	0	1,549,941	0
31.	LIG Insurance SA	0	0					
32.	METROPOLITAN LIFE ASIGURARI SA	140,546,162	87,660,364	0	38,796,265	0	12,697,356	1,392,177
33.	OMNIASIG VIENNA INSURANCE GROUP SA	0	0					
34.	ONIX ASIGURARI SA	0	0					
35.	INSURANCE POOL P.A.I.D.	0	0					
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	13,180,465	521,176	0	124,325	0	31,806	12,503,158
37.	UNIQA ASIGURARI DE VIATA SA	5,879,393	5,874,593	0	0	0	0	4,800
38.	UNIQA ASIGURARI SA	0	0					
	Total 2013	**1,634,296,439**	**1,025,144,246**	**1,225,395**	**543,896,343**	**5,162,253**	**32,205,561**	**26,662,641**
	Share of 2013 total	**100.00%**	**62.73%**	**0.07%**	**33.28%**	**0.32%**	**1.97%**	**1.63%**
	Total 2012	**1,802,519,132**	**1,106,597,613**	**1,338,262**	**626,278,317**	**1,673,835**	**31,461,718**	**35,169,387**
	Share of 2012 total	**100.00%**	**61.39%**	**0.07%**	**34.74%**	**0.09%**	**1.75%**	**1.95%**
	Evolution in nominal terms 2013/2012	**-9.33%**	**-7.36%**	**-8.43%**	**-13.15%**	**208.41%**	**2.36%**	**-24.19%**
	Total 2011	**1,738,366,854**	**1,070,263,886**	**1,427,607**	**612,764,759**	**531,521**	**29,565,228**	**23,813,853**
	Total 2010	**1,665,668,554**	**1,007,201,003**	**1,790,616**	**617,720,689**	**234,317**	**29,317,164**	**9,404,765**

Annex I.3 Insurance Undertakings' Market Share by reference to Gross Written Premiums (lei)

No	Undertaking Name	Total gross written premiums	Total market share (%)	gross written premiums from non-life insurance	Non-life insurance market share (%)	gross written premiums from life insurance	Life insurance market share (%)
1.	ASTRA SA	921,493,884	11.34	907,211,516	13.98	14,282,368	0.87
2.	ALLIANZ - TIRIAC ASIGURARI SA	918,775,736	11.31	824,062,484	12.70	94,713,252	5.80
3.	OMNIASIG VIENNA INSURANCE GROUP SA	881,103,941	10.84	881,103,941	13.58	0	0.00
4.	GROUPAMA ASIGURARI SA	717,601,525	8.83	675,478,631	10.41	42,122,894	2.58
5.	UNIQA ASIGURARI SA	570,149,623	7.02	570,149,623	8.78	0	0.00
6.	ING ASIGURARI DE VIATA SA	559,593,663	6.89	0	0.00	559,593,663	34.24
7.	ASIROM VIENNA INSURANCE GROUP SA	544,098,985	6.70	455,086,301	7.01	89,012,684	5.45
8.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	6.21	504,776,744	7.78	0	0.00
9.	CARPATICA ASIG SA	483,069,445	5.95	483,069,445	7.44	0	0.00
10.	GENERALI ROMANIA SA	438,707,010	5.40	354,319,719	5.46	84,387,291	5.16
11.	CITY INSURANCE SA	304,722,582	3.75	304,722,582	4.70	0	0.00
12.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	213,350,111	2.63	0	0.00	213,350,111	13.05
13.	METROPOLITAN LIFE ASIGURARI SA	140,546,162	1.73	0	0.00	140,546,162	8.60
14.	ALICO ASIGURARI ROMANIA SA	121,761,688	1.50	0	0.00	121,761,688	7.45
15.	LIG Insurance SA	73,171,525	0.90	73,171,525	1.13	0	0.00
16.	BRD ASIGURARI DE VIATA SA	69,569,678	0.86	0	0.00	69,569,678	4.26
17.	GOTHAER ASIGURARI - REASIGURARI SA	66,726,470	0.82	66,726,470	1.03	0	0.00
18.	POOL-UL DE ASIGURARE P.A.I.D.	60,253,975	0.74	60,253,975	0.93	0	0.00
19.	GARANTA ASIGURARI SA	59,282,507	0.73	52,285,272	0.81	6,997,235	0.43
20.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	53,795,799	0.66	53,795,799	0.83	0	0.00
21.	GRAWE ROMANIA ASIGURARE SA	51,286,334	0.63	1,471,867	0.02	49,814,467	3.05
22.	EUROLIFE ERB ASIGURARI DE VIATA SA	44,109,750	0.54	0	0.00	44,109,750	2.70
23.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	40,208,416	0.49	40,208,416	0.62	0	0.00
24.	ONIX ASIGURARI SA	37,032,457	0.46	37,032,457	0.57	0	0.00
25.	AXA LIFE INSURANCE SA	33,756,929	0.42	0	0.00	33,756,929	2.07
26.	FORTE ASIGURARI REASIGURARI SA	32,921,473	0.41	32,921,473	0.51	0	0.00
27.	EXIM ROMANIA SA	31,976,331	0.39	31,976,331	0.49	0	0.00
28.	ERGO ASIGURARI DE VIATA SA	30,576,536	0.38	0	0.00	30,576,536	1.87
29.	F.A.T.A. ASIGURARI SA	28,569,942	0.35	28,569,942	0.44	0	0.00
30.	ABC ASIGURARI - REASIGURARI SA	23,113,684	0.28	23,113,684	0.36	0	0.00
31.	EUREKO ASIGURARI SA	20,511,520	0.25	-130,353	0.00	20,641,873	1.26
32.	ASITO KAPITAL SA	16,279,892	0.20	16,279,892	0.25	0	0.00
33.	SIGNAL IDUNA ASIGURARI DE VIATA SA	13,180,465	0.16	0	0.00	13,180,465	0.81
34.	EUROLIFE ERB ASIGURARI GENERALE SA	7,780,753	0.10	7,780,753	0.12	0	0.00
35.	UNIQA ASIGURARI DE VIATA SA	5,879,393	0.07	0	0.00	5,879,393	0.36
36.	GERMAN ROMANIAN ASSURANCE SA	2,169,804	0.03	2,169,804	0.03	0	0.00
37.	ATE INSURANCE ROMANIA SA	1,393,167	0.02	1,393,167	0.02	0	0.00
38.	ASIGURARE REASIGURARE ASIMED SA	1,356,942	0.02	1,356,942	0.02	0	0.00
	Total 2013	**8,124,654,841**		**6,490,358,402**		**1,634,296,439**	
	Share of 2013 total	**100,00%**		**79,88%**		**20,12%**	
	Total 2012	**8,256,914,950**		**6,454,395,818**		**1,802,519,132**	
	Share of 2012 total	**100.00%**		**78.17%**		**21.83%**	

Annex I.4 Gross written premiums by Insurers by classes of Policyholders – Natural and Legal Persons (lei)

No	Undertaking Name	Non-life insurance					Life Insurance	
		Total	Natural Persons	Natural persons share (%)	Legal Persons	Legal persons share (%)	Total	Natural Persons
1.	ABC ASIGURARI - REASIGURARI SA	23,113,684	3,457,868	14.96	19,655,816	85.04	0	0
2.	ALICO ASIGURARI ROMANIA SA	0	0		0		121,761,688	121,761,688
3.	ALLIANZ - TIRIAC ASIGURARI SA	824,062,484	243,968,051	29.61	580,094,433	70.39	94,713,252	94,713,252
4.	ASIGURARE REASIGURARE ASIMED SA	1,356,942	476,918	35.15	880,024	64.85	0	0
5.	ASIROM VIENNA INSURANCE GROUP SA	455,086,301	150,763,791	33.13	304,322,510	66.87	89,012,684	89,012,684
6.	ASITO KAPITAL SA	16,279,892	1,169,378	7.18	15,110,514	92.82	0	0
7.	ASTRA SA	907,211,516	525,798,314	57.96	381,413,202	42.04	14,282,368	14,282,368
8.	ATE INSURANCE ROMANIA SA	1,393,167	632,422	45.39	760,745	54.61	0	0
9.	AXA LIFE INSURANCE SA	0	0		0		33,756,929	33,756,929
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0	0		0		213,350,111	213,350,111
11.	BRD ASIGURARI DE VIATA SA	0	0		0		69,569,678	69,569,678
12.	CARPATICA ASIG SA	483,069,444	331,380,296	68.60	151,689,148	31.40	0	0
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	53,795,797	1,141,308	2.12	52,654,489	97.88	0	0
14.	CITY INSURANCE SA	304,722,582	178,041,875	58.43	126,680,707	41.57	0	0
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	40,208,418	20,175,669	50.18	20,032,749	49.82	0	0
16.	ERGO ASIGURARI DE VIATA SA	0			0		30,576,536	30,576,536
17.	EUREKO ASIGURARI SA	-130,353	-130,353	100.00	0	0.00	20,641,873	20,641,873
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	322,967,210	63.98	181,809,534	36.02	0	0
19.	EUROLIFE ERB ASIGURARI GENERALE SA	7,780,753	6,213,896	79.86	1,566,857	20.14	0	0
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	0	0		0		44,109,750	44,109,750
21.	EXIM ROMANIA SA	31,976,331	18,293	0.06	31,958,038	99.94	0	0
22.	F.A.T.A. ASIGURARI SA	28,569,942	2,238,684	7.84	26,331,258	92.16	0	0
23.	FORTE ASIGURARI REASIGURARI SA	32,921,473	92,715	0.28	32,828,758	99.72	0	0
24.	GARANTA ASIGURARI SA	52,285,272	10,461,449	20.01	41,823,823	79.99	6,997,235	6,997,235
25.	GENERALI ROMANIA SA	354,319,719	142,139,286	40.12	212,180,433	59.88	84,387,291	84,387,291
26.	GERMAN ROMANIAN ASSURANCE SA	2,169,804	1,253,163	57.75	916,641	42.25	0	0
27.	GOTHAER ASIGURARI - REASIGURARI SA	66,726,470	3,604,563	5.40	63,121,907	94.60	0	0
28.	GRAWE ROMANIA ASIGURARE SA	1,471,867	627,801	42.65	844,066	57.35	49,814,467	49,814,467
29.	GROUPAMA ASIGURARI SA	675,478,631	234,807,800	34.76	440,670,831	65.24	42,122,894	42,122,894
30.	ING ASIGURARI DE VIATA SA	0	0		0		559,593,663	559,593,663
31.	LIG Insurance SA	73,171,525	2,328,959	3.18	70,842,565	96.82	0	0
32.	METROPOLITAN LIFE ASIGURARI SA	0	0		0		140,546,162	140,546,162
33.	OMNIASIG VIENNA INSURANCE GROUP SA	881,103,941	171,908,419	19.51	709,195,522	80.49	0	0
34.	ONIX ASIGURARI SA	37,032,457	0	0.00	37,032,457	100.00	0	0
35.	INSURANCE POOL P.A.I.D.	60,253,975	57,255,696	95.02	2,998,279	4.98	0	0
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0	0		0		13,180,465	13,180,465
37.	UNIQA ASIGURARI DE VIATA SA	0	0		0		5,879,393	5,879,393
38.	UNIQA ASIGURARI SA	570,149,623	191,976,869	33.67	378,172,754	66.33	0	0
	Total 2013	**6,490,358,402**	**2,604,770,340**	**40.13**	**3,885,588,062**	**59.87**	**1,634,296,439**	**1,634,296,439**
	Total 2012	**6,454,395,818**	**2,719,923,089**	**42.14**	**3,734,472,729**	**57.86**	**1,802,519,132**	**1,802,519,132**
	Evolution in nominal terms 2013/2012	**0.56%**	**-4.23%**	**-4.76%**	**4.05%**	**3.47%**	**-9.33%**	**-9.33%**
	Total 2011	**6,083,943,098**	**2,480,467,149**	**40.77**	**3,603,475,950**	**59.23**	**1,738,366,854**	**1,738,366,854**
	Total 2010	**6,639,733,598**	**2,494,095,377**	**37.56**	**4,145,638,221**	**62.44**	**1,665,668,554**	**1,665,668,554**

Annex I.5 Gross Claims Paid by Classes of Non-life insurance (lei)

Classes of Insurance (I-IX)

No	Undertaking Name	Total paid gross claims	Classes of Insurance								
			I	II	III	IV	V	VI	VII	VIII	IX
1.	ABC ASIGURARI - REASIGURARI SA	8,722,122	8,824	0	3,507,978	0	0	0	0	158,090	0
2.	ALICO ASIGURARI ROMANIA SA	0	0								
3.	ALLIANZ - TIRIAC ASIGURARI SA	478,331,005	908,916	4,697,265	281,273,385	0	75,671	0	65,394	45,210,253	4,490,343
4.	ASIGURARE REASIGURARE ASIMED SA	811,114	1,500	809,614	0	0	0	0	0	0	0
5.	ASIROM VIENNA INSURANCE GROUP SA	406,581,177	214,985	66,213	134,549,543	48,589	0	200,975	277,087	19,392,325	19,800,081
6.	ASITO KAPITAL SA	5,317,375	53,796	521,345	3,526,412	0	0	0	1,558	1,122,139	0
7.	ASTRA SA	522,107,612	495,396	771,763	117,826,552	0	4,092,670	1,452,473	87,378	38,425,452	10,688,869
8.	ATE INSURANCE ROMANIA SA	657,869	0	0	556,828	0	0	0	8,470	76,659	4,035
9.	AXA LIFE INSURANCE SA	0	0								
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0	0								
11.	BRD ASIGURARI DE VIATA SA	0	0								
12.	CARPATICA ASIG SA	276,510,062	234,842	0	13,172,772	0	0	0	4,622	3,770,913	7,896
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	18,311,594	188,933	6,287	3,925,607	0	90,051	4,753,490	5,695	676,954	580,498
14.	CITY INSURANCE SA	78,800,551	48,692	0	4,456,715	0	0	0	1,911	578,604	0
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	19,083,479	265,327	47,900	11,313,174	0	0	0	6,663	4,077,340	5,964
16.	ERGO ASIGURARI DE VIATA SA	0	0								
17.	EUREKO ASIGURARI SA	6,125,741	140,664	4,979,173	21,206	0	0	0	31,039	317,602	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	322,579,155	111,075	0	17,955,999	0	0	17,730	5,292	2,447,528	717,118
19.	EUROLIFE ERB ASIGURARI GENERALE SA	486,006	0	0	0	0	0	0	0	486,006	0
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	0	0								
21.	EXIM ROMANIA SA	4,283,287	0	0	0	0	0	0	0	1,069	0
22.	F.A.T.A. ASIGURARI SA	25,868,578	0	0	2,013,593	0	0	0	0	3,092,723	20,760,969
23.	FORTE ASIGURARI REASIGURARI SA	564,451	0	0	236,395	0	0	301,020	0	5,099	0
24.	GARANTA ASIGURARI SA	38,889,900	368,183	6,372	10,376,845	0	1,315,108	0	254,065	1,104,232	17,217
25.	GENERALI ROMANIA SA	244,423,986	135,644	0	112,196,326	620	0	12,343,189	415,162	15,073,303	9,695,864
26.	GERMAN ROMANIAN ASSURANCE SA	86,247	0	0	0	0	0	0	0	0	0
27.	GOTHAER ASIGURARI - REASIGURARI SA	18,033,769	147,248	0	11,630,656	0	1,330,009	112,616	46,085	444,303	3,408,652
28.	GRAWE ROMANIA ASIGURARE SA	91,437	13,057	0	0	0	0	0	0	27,133	47,011
29.	GROUPAMA ASIGURARI SA	520,305,597	1,578,767	51,188	285,075,276	0	0	351,591	727,376	23,345,330	15,045,728
30.	ING ASIGURARI DE VIATA SA	0	0								
31.	LIG Insurance SA	550,191	0	0	295,982	0	0	0	0	24,427	0

32.	METROPOLITAN LIFE ASIGURARI SA	0	0								
33.	OMNIASIG VIENNA INSURANCE GROUP SA	793,552,126	6,265,071	22,813	483,832,246	3,982,516	1,466,975	2,526,720	2,440,218	53,021,803	8,866,308
34.	ONIX ASIGURARI SA	12,189	0	0	0	0	0	0	0	0	0
35.	INSURANCE POOL P.A.I.D.	473,496	0	0	0	0	0	0	0	473,496	0
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0	0								
37.	UNIQA ASIGURARI DE VIATA SA	0	0								
38.	UNIQA ASIGURARI SA	425,610,410	2,062,173	1,110,424	266,936,056	0	0	0	644,384	7,947,727	0
	Total 2013	**4,217,170,526**	**13,243,093**	**13,090,357**	**1,764,679,546**	**4,031,725**	**8,370,484**	**22,059,804**	**5,022,399**	**221,300,510**	**94,136,553**
	Share of 2013 total	**100.00%**	**0.31%**	**0.31%**	**41.85%**	**0.10%**	**0.20%**	**0.52%**	**0.12%**	**5.25%**	**2.23%**
	Total 2012	**4,453,717,618**	**14,114,541**	**10,550,484**	**1,947,134,155**	**277,983**	**1,870,025**	**26,424,938**	**46,218,733**	**218,520,305**	**80,326,131**
	Share of 2012 total	**100.00%**	**0.32%**	**0.24%**	**43.72%**	**0.01%**	**0.04%**	**0.59%**	**1.04%**	**4.91%**	**1.80%**
	Evolution in nominal terms 2013/2012	**-5.31%**	**-6.17%**	**24.07%**	**-9.37%**	**1.350.35%**	**347.61%**	**-16.52%**	**-89.13%**	**1.27%**	**17.19%**
	Total 2011	**4,194,672,389**	**12,856,759**	**7,678,605**	**1,986,085,949**	**433,280**	**3,661,662**	**14,388,217**	**8,809,808**	**238,387,105**	**56,812,669**
	Total 2010	**4,797,561,000**	**12,398,755**	**7,498,871**	**2,506,517,445**	**285,866**	**6,635,114**	**14,619,612**	**4,616,758**	**249,625,903**	**115,053,284**

Gross Claims Paid by Classes of Non-life insurance (lei)

Classes of Insurance (X-XIII)

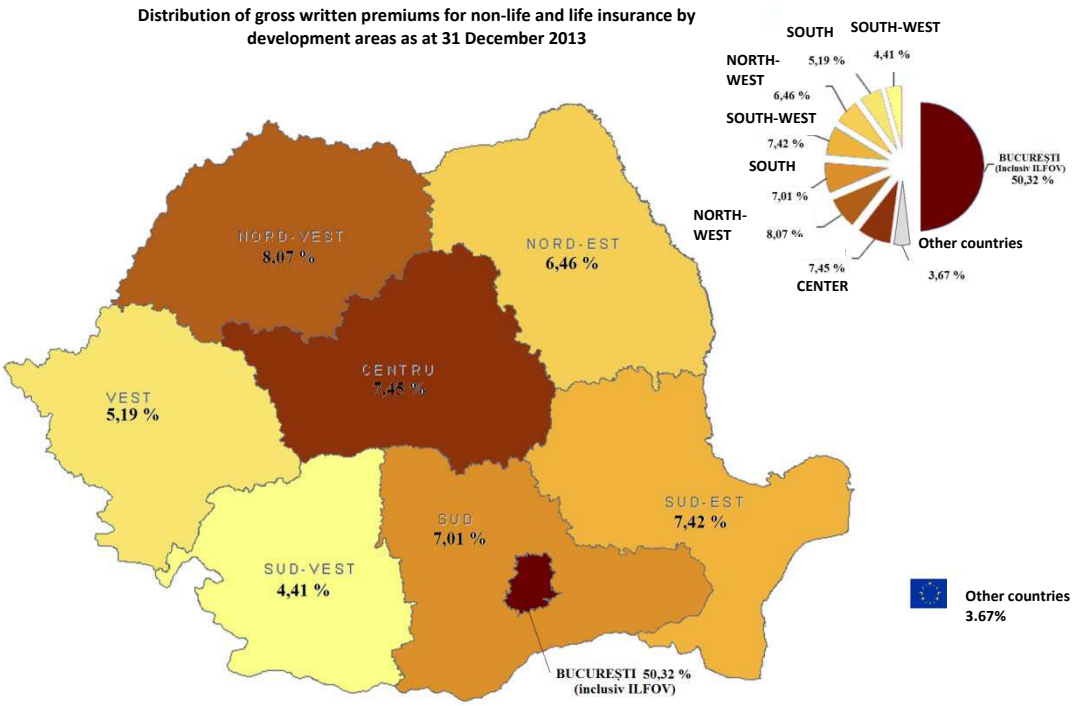
No	Undertaking Name	Total paid gross claims	Classes of Insurance								
			I	II	III	IV	V	VI	VII	VIII	IX
1.	ABC ASIGURARI - REASIGURARI SA	8,722,122	2,925,786	0	0	2,157	0	1,930,644	0	0	188,643
2.	ALICO ASIGURARI ROMANIA SA	0									
3.	ALLIANZ - TIRIAC ASIGURARI SA	478,331,005	131,227,228	0	0	5,169,337	64,368	564,806	434,458	0	4,149,581
4.	ASIGURARE REASIGURARE ASIMED SA	811,114	0	0	0	0	0	0	0	0	0
5.	ASIROM VIENNA INSURANCE GROUP SA	406,581,177	230,845,167	0	0	735,580	0	0	17,704	0	432,928
6.	ASITO KAPITAL SA	5,317,375	0	0	0	92,125	0	0	0	0	0
7.	ASTRA SA	522,107,612	339,375,491	355	1,455,420	3,541,154	47,057	978,043	265,342	0	2,604,197
8.	ATE INSURANCE ROMANIA SA	657,869	0	0	0	0	0	0	0	0	11,877
9.	AXA LIFE INSURANCE SA	0									
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0									
11.	BRD ASIGURARI DE VIATA SA	0									
12.	CARPATICA ASIG SA	276,510,062	257,570,636	0	0	34,242	907,832	31,000	0	0	775,307

No	Undertaking Name	Total paid gross claims	Classes of Insurance								
			I	II	III	IV	V	VI	VII	VIII	IX
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	18,311,594	0	0	3,391,272	272,270	0	4,387,113	0	0	33,424
14.	CITY INSURANCE SA	78,800,551	49,357,683	0	0	18,394,461	0	5,294,471	0	0	668,014
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	19,083,479	0	0	0	13,562	2,837,242	0	0	0	516,306
16.	ERGO ASIGURARI DE VIATA SA	0									
17.	EUREKO ASIGURARI SA	6,125,741	636,057	0	0	0	0	0	0	0	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	322,579,155	299,782,438	0	0	389,727	94,444	762,996	6,202	0	288,606
19.	EUROLIFE ERB ASIGURARI GENERALE SA	486,006	0	0	0	0	0	0	0	0	0
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	0									
21.	EXIM ROMANIA SA	4,283,287	0	0	0	5,986	55,292	4,220,940	0	0	0
22.	F.A.T.A. ASIGURARI SA	25,868,578	1,293	0	0	0	0	0	0	0	0
23.	FORTE ASIGURARI REASIGURARI SA	564,451	0	0	0	0	0	21,937	0	0	0
24.	GARANTA ASIGURARI SA	38,889,900	0	0	0	398,812	24,874,380	0	174,686	0	0
25.	GENERALI ROMANIA SA	244,423,986	88,708,984	0	0	587,134	44,441	23,099	32,864	0	5,167,356
26.	GERMAN ROMANIAN ASSURANCE SA	86,247	0	0	0	0	0	0	43,441	0	42,806
27.	GOTHAER ASIGURARI - REASIGURARI SA	18,033,769	150,173	0	22,408	93,938	0	311,535	20,198	0	315,948
28.	GRAWE ROMANIA ASIGURARE SA	91,437	0	0	0	2,942	0	0	0	0	1,294
29.	GROUPAMA ASIGURARI SA	520,305,597	157,738,872	0	0	2,281,730	31,547,532	19,499	815,169	0	1,727,539
30.	ING ASIGURARI DE VIATA SA	0									
31.	LIG Insurance SA	550,191	0	0	0	188,992	0	40,790	0	0	0
32.	METROPOLITAN LIFE ASIGURARI SA	0									
33.	OMNIASIG VIENNA INSURANCE GROUP SA	793,552,126	222,105,605	-154,487	295,441	3,830,854	1,306,757	578,834	169,436	0	2,995,016
34.	ONIX ASIGURARI SA	12,189	0	0	0	0	0	12,189	0	0	0
35.	INSURANCE POOL P.A.I.D.	473,496	0	0	0	0	0	0	0	0	0
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0									
37.	UNIQA ASIGURARI DE VIATA SA	0									
38.	UNIQA ASIGURARI SA	425,610,410	146,301,677	0	0	607,969	0	0	0	0	0
	Total 2013	**4,217,170,526**	**1,926,727,090**	**154,132**	**5,164,541**	**36,642,972**	**61,779,345**	**19,177,896**	**1,979,500**	**0**	**19,918,842**
	Share of 2013 total	**100.00%**	**45.69%**	**0.00%**	**0.12%**	**0.87%**	**1.46%**	**0.45%**	**0.05%**	**0.00%**	**0.47%**
	Total 2012	**4,453,717,618**	**1,862,712,485**	**126,951**	**2,537,410**	**58,342,568**	**151,679,719**	**8,361,927**	**3,906,108**	**0**	**20,613,154**
	Share of 2012 total	**100.00%**	**41.82%**	**0.00%**	**0.06%**	**1.31%**	**3.41%**	**0.19%**	**0.09%**	**0.00%**	**0.46%**
	Evolution in nominal terms 2013/2012	**-5.31%**	**3.44%**	**-21.41%**	**103.54%**	**-37.19%**	**-59.27%**	**129.35%**	**-49.32%**	**0.00%**	**-3.37%**
	Total 2011	**4,194,672,389**	**1,657,186,411**	**516**	**4,571,807**	**50,720,983**	**118,435,794**	**4,266,978**	**9,124,903**	**5**	**21,250,938**
	Total 2010	**4,797,561,000**	**1,630,275,079**	**29,391,140**	**3,416,291**	**36,390,764**	**153,797,921**	**2,600,964**	**3,399,494**	**0**	**21,037,738**

Annex I.6 Gross Claims Paid by Classes of Life Insurance (lei)

No	Undertaking Name	Paid gross claims	Classes of Insurance					
			I	II	III	IV	B1	B2
1.	ABC ASIGURARI - REASIGURARI SA	0	0					
2.	ALICO ASIGURARI ROMANIA SA	15,286,004	11,197,948	0	2,646,137	0	1,032,894	409,025
3.	ALLIANZ - TIRIAC ASIGURARI SA	13,435,681	8,955,201	0	4,480,480	0	0	0
4.	ASIGURARE REASIGURARE ASIMED SA	0	0					
5.	ASIROM VIENNA INSURANCE GROUP SA	54,691,378	53,697,072	0	994,306	0	0	0
6.	ASITO KAPITAL SA	0	0					
7.	ASTRA SA	2,105,406	2,105,406	0	0	0	0	0
8.	ATE INSURANCE ROMANIA SA	0	0					
9.	AXA LIFE INSURANCE SA	10,092,767	7,168,208	205,573	232	0	15,321	2,703,433
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	21,336,603	15,018,063	0	1,539,748	0	0	4,778,792
11.	BRD ASIGURARI DE VIATA SA	6,319,042	6,315,894	0	3,148	0	0	0
12.	CARPATICA ASIG SA	0	0					
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	0	0					
14.	CITY INSURANCE SA	0	0					
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	0	0					
16.	ERGO ASIGURARI DE VIATA SA	355,055	355,055	0	0	0	0	0
17.	EUREKO ASIGURARI SA	6,691,750	6,414,448	0	277,302	0	0	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	0	0					
19.	EUROLIFE ERB ASIGURARI GENERALE SA	0	0					
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	854,352	854,247	0	105	0	0	0
21.	EXIM ROMANIA SA	0	0					
22.	F.A.T.A. ASIGURARI SA	0	0					
23.	FORTE ASIGURARI REASIGURARI SA	0	0	0	0	0	0	0
24.	GARANTA ASIGURARI SA	2,339,487	2,339,487	0	0	0	0	0
25.	GENERALI ROMANIA SA	19,122,126	17,051,678	1,227	480,902	1,588,319	0	0
26.	GERMAN ROMANIAN ASSURANCE SA	0	0					
27.	GOTHAER ASIGURARI - REASIGURARI SA	0	0					
28.	GRAWE ROMANIA ASIGURARE SA	6,635,972	6,611,891	0	0	24,081	0	0
29.	GROUPAMA ASIGURARI SA	15,843,502	15,783,943	0	59,559	0	0	0
30.	ING ASIGURARI DE VIATA SA	122,540,471	67,928,030	0	54,405,137	0	207,304	0
31.	LIG Insurance SA	0	0					
32.	METROPOLITAN LIFE ASIGURARI SA	23,719,336	15,785,122	0	6,006,559	0	1,255,562	672,093
33.	OMNIASIG VIENNA INSURANCE GROUP SA	0	0					
34.	ONIX ASIGURARI SA	0	0					
35.	POOL-UL DE ASIGURARE P.A.I.D.	0	0					
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	6,460,278	104,348	0	0	0	61,094	6,294,836
37.	UNIQA ASIGURARI DE VIATA SA	123,705	123,705	0	0	0	0	0
38.	UNIQA ASIGURARI SA	0	0					
	Total 2013	**327,952,915**	**237,809,746**	**206,800**	**70,893,615**	**1,612,400**	**2,572,175**	**14,858,179**
	Share of 2013 total	**100.00%**	**72.51%**	**0.06%**	**21.62%**	**0.49%**	**0.78%**	**4.53%**
	Total 2012	**299,855,424**	**223,808,828**	**164,387**	**58,445,675**	**580,016**	**3,512,696**	**13,343,822**
	Share of 2012 total	**100.00%**	**74.64%**	**0.05%**	**19.49%**	**0.19%**	**1.17%**	**4.45%**
	Evolution in nominal terms 2013/2012	**9.37%**	**6.26%**	**25.80%**	**21.30%**	**177.99%**	**-26.77%**	**11.35%**
	Total 2011	**288,396,876**	**247,364,192**	**0**	**35,740,760**	**170,573**	**2,323,669**	**2,797,682**
	Total 2010	**271,922,669**	**243,012,787**	**928**	**25,908,404**	**121,212**	**2,496,931**	**382,408**

Annex I.7 Distribution of Gross written Premiums by Development Areas



Annex I.8 Statement of Technical Reserves for Non-life insurance (lei)

No	Undertaking name	Total technical reserves		Premium Reserves		Outstanding claims reserves – IBNR and reported		Other technical reserves	
		Gross value	Net value	Gross value	Net value	Gross value	Net value	Gross value	Net value
1.	ABC ASIGURARI - REASIGURARI SA	14,038,848	10,571,708	10,107,335	7,585,695	2,716,719	2,063,405	1,214,794	922,608
2.	ALICO ASIGURARI ROMANIA SA	0							
3.	ALLIANZ - TIRIAC ASIGURARI SA	825,332,724	671,202,387	389,795,592	325,713,119	410,671,234	320,623,370	24,865,898	24,865,898
4.	ASIGURARE REASIGURARE ASIMED SA	694,755	642,814	521,665	469,724	160,912	160,912	12,178	12,178
5.	ASIROM VIENNA INSURANCE GROUP SA	501,768,954	344,546,872	193,735,072	189,983,603	298,556,582	145,085,969	9,477,300	9,477,300
6.	ASITO KAPITAL SA	28,936,177	8,296,070	6,943,406	4,659,555	3,460,045	1,196,142	18,532,726	2,440,373
7.	ASTRA SA	1,336,757,044	1,236,766,536	604,804,063	590,289,879	587,451,583	583,699,178	144,501,398	62,777,479
8.	ATE INSURANCE ROMANIA SA	1,186,802	769,690	551,044	195,346	155,717	94,303	480,041	480,041
9.	AXA LIFE INSURANCE SA	0							
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0							
11.	BRD ASIGURARI DE VIATA SA	0							
12.	CARPATICA ASIG SA	316,722,167	299,793,202	180,014,401	166,728,314	133,983,197	130,340,320	2,724,568	2,724,568
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	41,212,377	30,444,119	28,763,058	22,052,442	11,886,818	7,829,176	562,501	562,501
14.	CITY INSURANCE SA	233,741,797	204,211,898	141,126,469	132,215,346	86,763,592	66,582,877	5,851,736	5,413,675
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	37,386,143	29,239,299	28,575,755	22,142,134	6,308,015	4,594,792	2,502,373	2,502,373
16.	ERGO ASIGURARI DE VIATA SA	0							
17.	EUREKO ASIGURARI SA	4,414,584	2,208,879	131,232	131,232	4,238,612	2,032,907	44,740	44,740
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	467,648,636	148,930,101	149,230,023	45,233,906	302,078,699	88,559,680	16,339,914	15,136,515
19.	EUROLIFE ERB ASIGURARI GENERALE SA	5,604,368	4,916,395	3,681,427	3,023,160	170,709	141,003	1,752,232	1,752,232
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	0							
21.	EXIM ROMANIA SA	27,515,804	14,731,995	17,222,134	9,880,420	10,016,602	4,574,507	277,068	277,068
22.	F.A.T.A. ASIGURARI SA	18,746,059	9,375,814	11,970,744	6,425,787	2,909,557	1,559,770	3,865,758	1,390,257
23.	FORTE ASIGURARI REASIGURARI SA	25,534,733	22,510,264	23,063,729	21,406,161	1,392,417	470,260	1,078,587	633,843

No	Undertaking name	Total technical reserves		Premium Reserves		Outstanding claims reserves – IBNR and reported		Other technical reserves	
		Gross value	Net value	Gross value	Net value	Gross value	Net value	Gross value	Net value
24.	GARANTA ASIGURARI SA	52,167,423	32,991,799	13,820,615	6,736,530	9,730,716	4,759,200	28,616,092	21,496,069
25.	GENERALI ROMANIA SA	577,183,140	456,245,134	169,163,641	161,316,362	370,548,602	257,457,875	37,470,897	37,470,897
26.	GERMAN ROMANIAN ASSURANCE SA	902,065	779,430	504,265	503,575	395,640	273,695	2,160	2,160
27.	GOTHAER ASIGURARI - REASIGURARI SA	72,214,489	40,332,698	38,316,976	25,788,465	29,001,605	11,656,109	4,895,908	2,888,124
28.	GRAWE ROMANIA ASIGURARE SA	1,516,502	950,279	846,332	499,096	373,857	154,870	296,313	296,313
29.	GROUPAMA ASIGURARI SA	780,473,185	731,623,782	319,045,832	318,735,683	360,937,610	319,412,092	100,489,743	93,476,007
30.	ING ASIGURARI DE VIATA SA	0							
31.	LIG Insurance SA	71,779,922	61,271,556	66,904,214	56,499,025	4,288,265	4,185,088	587,443	587,443
32.	METROPOLITAN LIFE ASIGURARI SA	0							
33.	OMNIASIG VIENNA INSURANCE GROUP SA	1,281,826,086	758,056,109	431,967,503	345,548,425	825,666,294	405,611,192	24,192,289	6,896,492
34.	ONIX ASIGURARI SA	24,048,526	24,048,526	22,788,480	22,788,480	975,800	975,800	284,246	284,246
35.	INSURANCE POOL P.A.I.D.	52,296,591	35,821,562	45,635,024	29,159,995	1,252,425	1,252,425	5,409,142	5,409,142
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0							
37.	UNIQA ASIGURARI DE VIATA SA	0							
38.	UNIQA ASIGURARI SA	649,439,508	378,699,214	258,302,237	149,665,968	350,382,345	205,522,885	40,754,926	23,510,360
	Total 2013	**7,451,089,408**	**5,559,978,132**	**3,157,532,267**	**2,665,377,427**	**3,816,474,170**	**2,570,869,802**	**477,082,971**	**323,730,902**
	Total 2012	**6,971,815,101**	**4,899,683,739**	**3,114,890,480**	**2,521,032,399**	**3,416,959,206**	**2,073,973,247**	**439,965,415**	**304,678,092**
	Evolution in nominal terms2013/2012	**6.87%**	**13.48%**	**1.37%**	**5.73%**	**11.69%**	**23.96%**	**8.44%**	**6.25%**
	Total 2011	**7,022,466,930**	**5,293,649,028**	**3,017,386,502**	**2,563,247,306**	**3,543,612,908**	**2,452,570,126**	**461,467,520**	**277,831,596**
	Total 2010	**6,782,629,538**	**5,267,860,310**	**3,230,521,900**	**2,792,541,860**	**3,128,617,940**	**2,225,908,965**	**423,489,698**	**249,409,485**

Annex I.9 Statement of Technical Reserves for Life Insurance (lei)

No	Undertaking name	Total technical reserves		Mathematical Reserve		Premium reserve		Other technical reserves	
		Gross value	Net value	Gross value	Net value	Gross value	Net value	Gross value	Net value
1,	ABC ASIGURARI - REASIGURARI SA	0							
2,	ALICO ASIGURARI ROMANIA SA	0							
3,	ALLIANZ - TIRIAC ASIGURARI SA	336,940,339	334,398,456	294,961,409	294,961,409	29,049,037	27,480,032	12,929,893	11,957,015
4,	ASIGURARE REASIGURARE ASIMED SA	0							
5,	ASIROM VIENNA INSURANCE GROUP SA	219,137,723	218,648,131	166,386,255	166,386,255	36,601,353	36,601,353	16,150,115	15,660,523
6,	ASITO KAPITAL SA	0							
7,	ASTRA SA	32,271,406	29,888,921	9,293,243	9,293,243	7,058,864	6,976,379	15,919,299	13,619,299
8,	ATE INSURANCE ROMANIA SA	0							
9,	AXA LIFE INSURANCE SA	95,399,179	95,399,174	70,363,446	70,363,446	17,594,236	17,594,236	7,441,497	7,441,492
10,	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	967,277,789	919,023,446	906,059,599	872,604,019	42,806,680	33,310,275	18,411,510	13,109,152
11,	BRD ASIGURARI DE VIATA SA	66,146,749	65,667,392	45,941,342	45,941,342	4,398,435	4,302,250	15,806,972	15,423,800
12,	CARPATICA ASIG SA	0							
13,	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	0							
14,	CITY INSURANCE SA	0							
15,	CREDIT EUROPE ASIGURARI - REASIGURARI SA	0							
16,	ERGO ASIGURARI DE VIATA SA	75,076,799	74,402,282	71,826,823	71,323,293	2,085,496	2,024,999	1,164,480	1,053,990
17,	EUREKO ASIGURARI SA	137,706,521	137,679,126	120,619,710	120,619,710	9,660,064	9,660,064	7,426,747	7,399,352
18,	EUROINS ROMANIA ASIGURARE REASIGURARE SA	0							
19,	EUROLIFE ERB ASIGURARI GENERALE SA	0							
20,	EUROLIFE ERB ASIGURARI DE VIATA SA	51,442,864	51,418,706	44,893,561	44,893,561	5,985,571	5,985,571	563,732	539,574
21,	EXIM ROMANIA SA	0							
22,	F.A.T.A. ASIGURARI SA	0							
23,	FORTE ASIGURARI REASIGURARI SA	0	0	0	0	0	0	0	0
24,	GARANTA ASIGURARI SA	4,512,396	3,602,622	1,107,753	492,486	1,234,676	1,056,617	2,169,967	2,053,519
25,	GENERALI ROMANIA SA	228,402,453	220,278,233	167,927,938	167,927,938	34,028,061	30,131,243	26,446,454	22,219,052
26,	GERMAN ROMANIAN ASSURANCE SA	0							
27,	GOTHAER ASIGURARI - REASIGURARI SA	0							
28,	GRAWE ROMANIA ASIGURARE SA	278,821,213	276,956,832	210,849,659	210,849,659	23,658,830	22,405,032	44,312,724	43,702,141
29,	GROUPAMA ASIGURARI SA	97,531,457	96,358,517	55,990,883	55,582,840	35,239,504	34,474,607	6,301,070	6,301,070
30,	ING ASIGURARI DE VIATA SA	2,489,235,647	2,489,235,647	2,255,208,606	2,255,208,606	134,350,768	134,350,768	99,676,273	99,676,273
31,	LIG Insurance SA	0							
32,	METROPOLITAN LIFE ASIGURARI SA	774,965,443	770,678,120	634,165,731	634,155,190	107,363,352	106,948,588	33,436,360	29,574,342
33,	OMNIASIG VIENNA INSURANCE GROUP SA	0							
34,	ONIX ASIGURARI SA	0							
35,	INSURANCE POOL P.A.I.D.	0							
36,	SIGNAL IDUNA ASIGURARI DE VIATA SA	7,705,489	7,697,192	576,823	571,083	5,833,418	5,832,171	1,295,248	1,293,938
37,	UNIQA ASIGURARI DE VIATA SA	6,401,125	6,160,045	2,824,311	2,804,105	3,492,969	3,272,095	83,845	83,845
38,	UNIQA ASIGURARI SA	0							
	Total 2013	**5,868,974,592**	**5,797,492,842**	**5,058,997,092**	**5,023,978,185**	**500,441,314**	**482,406,280**	**309,536,186**	**291,108,377**
	Total 2012	**5,477,203,711**	**5,383,678,370**	**4,563,022,452**	**4,508,794,772**	**597,106,361**	**581,359,024**	**277,476,821**	**293,524,574**
	Evolution in nominal terms 2013/2012	**7.15%**	**7.69%**	**10.87%**	**11.43%**	**-16.19%**	**-17.02%**	**11.55%**	**-0.82%**
	Total 2011	**4,772,055,357**	**4,676,603,108**	**3,913,498,770**	**3,852,822,460**	**546,611,114**	**525,648,027**	**311,945,473**	**298,132,621**
	Total 2010	**4,383,572,919**	**4,294,674,353**	**3,535,862,556**	**3,483,980,594**	**519,431,330**	**497,186,077**	**328,279,033**	**313,507,682**

Annex I.10 List of gross written premiums and ceded gross premiums for non-life insurance (lei)

No	Undertaking name	Gross written premiums	Reinsurance ceded gross premiums	Share of ceded premiums in gross written premiums (%)
1,	ABC ASIGURARI - REASIGURARI SA	23,113,684	5,973,579	25.84
2,	ALICO ASIGURARI ROMANIA SA			
3,	ALLIANZ - TIRIAC ASIGURARI SA	824,062,484	168,717,609	20.47
4,	ASIGURARE REASIGURARE ASIMED SA	1,356,942	19,827	1.46
5,	ASIROM VIENNA INSURANCE GROUP SA	455,086,301	250,440,441	55.03
6,	ASITO KAPITAL SA	16,279,892	7,397,809	45.44
7,	ASTRA SA	907,211,516	317,662,550	35.02
8,	ATE INSURANCE ROMANIA SA	1,393,167	923,148	66.26
9,	AXA LIFE INSURANCE SA			
10,	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA			
11,	BRD ASIGURARI DE VIATA SA			
12,	CARPATICA ASIG SA	483,069,445	174,783,402	36.18
13,	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	53,795,799	14,318,312	26.62
14,	CITY INSURANCE SA	304,722,582	28,957,670	9.50
15,	CREDIT EUROPE ASIGURARI - REASIGURARI SA	40,208,416	11,200,404	27.86
16,	ERGO ASIGURARI DE VIATA SA			
17,	EUREKO ASIGURARI SA	-130,353	-161	0.12
18,	EUROINS ROMANIA ASIGURARE REASIGURARE SA	504,776,744	123,101,113	24.39
19,	EUROLIFE ERB ASIGURARI DE VIATA SA			
20,	EUROLIFE ERB ASIGURARI GENERALE SA	7,780,753	3,471,367	44.61
21,	EXIM ROMANIA SA	31,976,331	18,604,284	58.18
22,	F.A.T.A. ASIGURARI SA	28,569,942	14,879,498	52.08
23,	FORTE ASIGURARI REASIGURARI SA	32,921,473	1,261,444	3.83
24,	GARANTA ASIGURARI SA	52,285,272	24,044,217	45.99
25,	GENERALI ROMANIA SA	354,319,719	93,066,629	26.27
26,	GERMAN ROMANIAN ASSURANCE SA	2,169,804	21,119	0.97
27,	GOTHAER ASIGURARI - REASIGURARI SA	66,726,470	25,785,280	38.64
28,	GRAWE ROMANIA ASIGURARE SA	1,471,867	986,064	66.99
29,	GROUPAMA ASIGURARI SA	675,478,631	60,884,117	9.01
30,	ING ASIGURARI DE VIATA SA			
31,	LIG Insurance SA	73,171,525	17,871,934	24.42
32,	METROPOLITAN LIFE ASIGURARI SA			
33,	OMNIASIG VIG	881,103,941	590,296,346	67.00
34,	ONIX ASIGURARI SA	37,032,457		0.00
35,	POOL-UL DE ASIGURARE P.A.I.D.	60,253,975	36,894,680	61.23
36,	SIGNAL IDUNA ASIGURARI DE VIATA SA			
37,	UNIQA ASIGURARI DE VIATA SA			
38,	UNIQA ASIGURARI SA	570,149,623	267,390,830	46.90
	Total 2013	**6,490,358,402**	**2,258,953,512**	**34.80**
	Total 2012	**6,454,395,818**	**1,678,914,213**	**26.01**
	Evolution in nominal terms 2013/2012	**0.56%**	**34.55%**	**33.80%**
	Total 2011	**6,083,943,098**	**1,331,511,544**	**21.89**
	Total 2010	**6,639,733,598**	**1,213,406,564**	**18.27**

Annex I.11 List of gross written premiums and ceded gross premiums for life insurance (lei)

No	Undertaking name	Gross written premiums	Reinsurance ceded gross premiums	Share of ceded premiums in gross written premiums (%)
1.	ABC ASIGURARI - REASIGURARI SA			
2.	ALICO ASIGURARI ROMANIA SA	121,761,688	2,165,338	1.78
3.	ALLIANZ - TIRIAC ASIGURARI SA	94,713,252	3,939,257	4.16
4.	ASIGURARE REASIGURARE ASIMED SA			
5.	ASIROM VIENNA INSURANCE GROUP SA	89,012,684	4,735,609	5.32
6.	ASITO KAPITAL SA			
7.	ASTRA SA	14,282,368	306,405	2.15
8.	ATE INSURANCE ROMANIA SA			
9.	AXA LIFE INSURANCE SA	33,756,929	301,017	0.89
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	213,350,111	17,207,000	8.07
11.	BRD ASIGURARI DE VIATA SA	69,569,678	1,221,001	1.76
12.	CARPATICA ASIG SA			
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA			
14.	CITY INSURANCE SA			
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA			
16.	ERGO ASIGURARI DE VIATA SA	30,576,536	16,615	0.05
17.	EUREKO ASIGURARI SA	20,641,873	1,133,739	5.49
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA			
19.	EUROLIFE ERB ASIGURARI GENERALE SA			
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	44,109,750	1,282,388	2.91
21.	EXIM ROMANIA SA			
22.	F.A.T.A. ASIGURARI SA			
23.	FORTE ASIGURARI REASIGURARI SA			
24.	GARANTA ASIGURARI SA	6,997,235	317,160	4.53
25.	GENERALI ROMANIA SA	84,387,291	12,607,290	14.94
26.	GERMAN ROMANIAN ASSURANCE SA			
27.	GOTHAER ASIGURARI - REASIGURARI SA			
28.	GRAWE ROMANIA ASIGURARE SA	49,814,467	2,492,675	5.00
29.	GROUPAMA ASIGURARI SA	42,122,894	1,952,736	4.64
30.	ING ASIGURARI DE VIATA SA	559,593,663	4,177,539	0.75
31.	LIG Insurance SA			
32.	METROPOLITAN LIFE ASIGURARI SA	140,546,162	5,944,269	4.23
33.	OMNIASIG VIENNA INSURANCE GROUP SA			
34.	ONIX ASIGURARI SA			
35.	INSURANCE POOL P.A.I.D.			
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	13,180,465	3,960	0.03
37.	UNIQA ASIGURARI DE VIATA SA	5,879,393	299,365	5.09
38.	UNIQA ASIGURARI SA			
	Total 2013	**1,634,296,439**	**60,103,363**	**3.68**
	Total 2012	**1,802,519,132**	**59,903,019**	**3.32**
	Evolution in nominal terms 2013/2012	**-9.33%**	**0.33%**	**10.66%**
	Total 2011	**1,738,366,854**	**58,083,787**	**3.34**
	Total 2010	**1,665,668,554**	**58,193,654**	**3.49**

Annex I.12 List of Assets of Insurance Undertakings as per the Balance Sheet as at 31.12.2013 (lei)

No,	Undertaking name	Total assets, of which:	Intangible assets	Investment					Cash at banks and petty cash	Other asset items
				Total investment, of which:	Land and buildings	Bonds and other fixed income securities	Deposits with credit institutions	Investment related to unit-linked life insurance		
1.	ABC ASIGURARI - REASIGURARI SA	33,340,018	89,882	11,604,171	4,881,197	4,337,644			741,886	20,904,079
2.	ALICO ASIGURARI ROMANIA SA									
3.	ALLIANZ - TIRIAC ASIGURARI SA	2,018,433,432	2,612,776	1,489,603,489	13,208,658	676,175,847	8,426,365	241,923,262	33,873,529	492,343,638
4.	ASIGURARE REASIGURARE ASIMED SA	17,893,181		9,379,409	4,672,617				3,465,439	5,048,333
5.	ASIROM VIENNA INSURANCE GROUP SA	1,114,453,070	1,859,553	568,462,039	139,770,432	360,021,850	39,840,652	3,105,179	72,480,005	471,651,473
6.	ASITO KAPITAL SA	47,766,507	4,194	22,127,993	4,913,444	8,650,466	7,984,920		244,901	25,389,419
7.	ASTRA SA	906,482,437	5,780,938	199,407,629	86,389,554				13,812,276	687,481,594
8.	ATE INSURANCE ROMANIA SA	30,162,705	199,934	28,448,117			28,448,117		209,624	1,305,030
9.	AXA LIFE INSURANCE SA	151,114,666	5,947,476	119,540,078	21,461,751	63,792,202	26,823,422	7,207,232	195,835	25,431,277
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	1,121,521,028	3,994,350	977,103,274		64,386,422	121,640,864	783,439,312	1,109,336	139,314,068
11.	BRD ASIGURARI DE VIATA SA	120,597,627	1,418,563	105,612,455		36,798,693	60,186,687	8,254,477	1,242,286	12,324,323
12.	CARPATICA ASIG SA	286,559,391	527,973	37,909,717	27,307,291				92,123,416	155,998,285
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	70,891,445	100,598	27,196,337	13,974,043				2,739,177	40,855,333
14.	CITY INSURANCE SA	405,443,881	108,026	131,221,000	126,916,257				53,491,761	220,623,094
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	88,392,518	320,626	31,124,400	5,053	3,140,171	23,347,763		2,170,599	54,776,893
16.	ERGO ASIGURARI DE VIATA SA	99,668,651		81,096,546		29,308,624	200,288	51,307,852	1,192,546	17,379,559
17.	EUREKO ASIGURARI SA	255,370,534	320,745	223,955,042	2,497,000	169,121,426	36,540,547	12,671,577	15,018,102	16,076,645
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	690,380,909	326,423	165,091,662	20,150,267	25,036,662	57,387,979		2,065,452	522,897,372
19.	EUROLIFE ERB ASIGURARI GENERALE SA	27,860,555		24,456,994		21,407,337	1,954,622		353,317	3,050,244
20.	EUROLIFE ERB ASIGURARI DE VIATA SA	78,078,000		70,092,829		22,925,502	2,104,689	43,916,784	581,113	7,404,058
21.	EXIM ROMANIA SA	74,375,472	1,647,920	39,335,776	253,976	5,828,452	33,253,348		869,170	32,522,606
22.	F.A.T.A. ASIGURARI SA	40,463,927	32,050	16,605,567			16,565,642		801,899	23,024,411
23.	FORTE ASIGURARI REASIGURARI SA	54,062,110	384,096	27,402,812	24,635,932	2,690,820			3,308,029	22,967,173
24.	GARANTA ASIGURARI SA	126,574,651	42,913	87,577,695	10,282,520		52,819,399		1,625,437	37,328,606
25.	GENERALI ROMANIA SA	1,082,486,023	5,051,549	788,127,275	50,666,087	625,138,634	35,851,955	29,329,249	3,862,044	285,445,155
26.	GERMAN ROMANIAN ASSURANCE SA	12,976,810		8,111,653	2,100,745		1,009,362		86,809	4,778,348
27.	GOTHAER ASIGURARI - REASIGURARI SA	126,443,827	897,665	4,435,194	954,251				43,907,388	77,203,580
28.	GRAWE ROMANIA ASIGURARE SA	356,088,244	1,537,284	332,841,402	61,492,652	247,088,032	8,026,084	108,344	1,483,461	20,226,097
29.	GROUPAMA ASIGURARI SA	1,243,359,793	9,463,135	734,933,561	77,938,083	590,526,255	42,112,484	1,505,840	8,445,067	490,518,030
30.	ING ASIGURARI DE VIATA SA	2,694,941,688	8,433,875	2,542,803,787		1,000,107,318	24,318,774	1,505,505,007	6,158,707	137,545,319
31.	LIG Insurance SA	102,787,193	2,439,864	22,847,886	12,933,141				354,544	77,144,899
32.	METROPOLITAN LIFE ASIGURARI SA	1,099,570,782	489,824	979,602,168		581,050,486	4,784,804	304,340,303	9,245,522	110,233,268
33.	OMNIASIG VIENNA INSURANCE GROUP SA	2,555,747,543	489,266,838	790,199,562	72,165,962	520,803,114	123,766,571		6,751,773	1,269,529,370

No,	Undertaking name	Total assets, of which:	Intangible assets	Investment					Cash at banks and petty cash	Other asset items
				Total investment, of which:	Land and buildings	Bonds and other fixed income securities	Deposits with credit institutions	Investment related to unit-linked life insurance		
34.	ONIX ASIGURARI SA	49,260,603	355,229	43,109,772	23,548	19,285,192	23,773,874		117,503	5,678,099
35.	INSURANCE POOL P.A.I.D.	96,756,145	1,346,643	57,744,456		6,832,337	50,906,076		2,458,427	35,206,619
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	31,111,150	137,851	22,172,575		3,054,784		428,099	612,245	8,188,479
37.	UNIQA ASIGURARI DE VIATA SA	44,230,591	2,738,429	26,250,263	21,256,042	3,907,313	742,478		9,756,225	5,485,674
38.	UNIQA ASIGURARI SA	1,002,060,830	6,663,730	400,617,609	16,284,993	268,985,504	87,151,076		7,036,826	587,742,665
	Total 2013	**18,357,707,937**	**554,540,952**	**11,248,152,194**	**817,135,496**	**5,360,401,087**	**919,968,842**	**2,993,042,517**	**403,991,676**	**6,151,023,115**
	Total 2012	**18,960,424,182**	**712,508,314**	**10,525,710,723**	**839,864,234**	**4,925,977,303**	**911,115,420**	**2,629,080,446**	**412,955,700**	**7,309,249,445**
	Evolution in nominal terms 2013/2012	**-3.18%**	**-22.17%**	**6.86%**	**-2.71%**	**8.82%**	**0.97%**	**13.84%**	**-2.17%**	**-15.85%**
	Total 2011	**17,293,960,385**	**90,634,648**	**10,390,101,581**	**904,384,206**	**5,113,381,422**	**1,047,591,680**	**2,122,748,569**	**275,870,576**	**6,537,353,580**
	Total 2010	**16,805,591,185**	**88,506,904**	**9,857,781,064**	**837,842,558**	**4,515,307,549**	**1,303,007,178**	**1,880,392,260**	**265,090,769**	**6,594,212,448**

Annex I.13 Financial Results and Technical Results of Insurance Undertakings as per the Balance Sheet as at 31.12.2013 (lei)

No	Undertaking name	Result of the Financial Year		Technical result			
				Non-life insurance		Life insurance	
		Profit	Loss	Profit	Loss	Profit	Loss
1.	ABC ASIGURARI - REASIGURARI SA	0	262,950	0	404,062		
2.	ALICO ASIGURARI ROMANIA SA	0	0	0	0	27,928,463	0
3.	ALLIANZ - TIRIAC ASIGURARI SA	88,635,468	0	58,314,220	0	10,068,958	0
4.	ASIGURARE REASIGURARE ASIMED SA	0	681,879	0	1,049,192	0	0
5.	ASIROM VIENNA INSURANCE GROUP SA	0	235,504,952	0	241,938,703	7,482,404	0
6.	ASITO KAPITAL SA	0	443,973	0	1,403,332	0	0
7.	ASTRA SA	0	813,640,462	0	600,209,497	0	2,097,372
8.	ATE INSURANCE ROMANIA SA	0	801,226	0	970,209	0	0
9.	AXA LIFE INSURANCE SA	0	45,994,076	0	0	0	39,710,656
10.	BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP SA	0	15,403,764			0	13,550,865
11.	BRD ASIGURARI DE VIATA SA	9,364,975	0	0	0	10,168,839	0
12.	CARPATICA ASIG SA	0	30,267,794	0	32,090,311		
13.	CERTASIG - SOCIETATE DE ASIGURARE REASIGURARE SA	340,488	0	0	691,067	0	0
14.	CITY INSURANCE SA	24,083,121	0	32,925,389	0		

No	Undertaking name	Result of the Financial Year		Technical result			
				Non-life insurance		Life insurance	
		Profit	Loss	Profit	Loss	Profit	Loss
15.	CREDIT EUROPE ASIGURARI - REASIGURARI SA	1,235,793	0	682,929	0		
16.	ERGO ASIGURARI DE VIATA SA	0	4,923,552			0	4,471,625
17.	EUREKO ASIGURARI SA	0	5,379,384	0	23,934,118	17,915,730	0
18.	EUROINS ROMANIA ASIGURARE REASIGURARE SA	0	19,817,373	0	22,776,093	0	0
19.	EUROLIFE ERB ASIGURARI DE VIATA SA	3,716,438	0			4,232,687	0
20.	EUROLIFE ERB ASIGURARI GENERALE SA	2,419,356	0	1,094,720	0		
21.	EXIM ROMANIA SA	0	7,856,854	0	8,775,406	0	0
22.	F.A.T.A. ASIGURARI SA	0	11,217,138	0	11,169,282	0	0
23.	FORTE ASIGURARI REASIGURARI SA	276,488	0	0	734,074		
24.	GARANTA ASIGURARI SA	0	1,883,441	0	3,766,696	1,209,743	0
25.	GENERALI ROMANIA SA	20,126,430	0	0	15,950,752	2,651,572	0
26.	GERMAN ROMANIAN ASSURANCE SA	17,599	0	306,596	0	0	0
27.	GOTHAER ASIGURARI - REASIGURARI SA	0	33,850,871	0	34,645,253	0	0
28.	GRAWE ROMANIA ASIGURARE SA	2,024,968	0	401,175	0	3,015,226	0
29.	GROUPAMA ASIGURARI SA	0	45,692,822	0	65,105,112	1,944,961	0
30.	ING ASIGURARI DE VIATA SA	10,063,608	0	0	0	28,528,477	0
31.	LIG Insurance SA	4,975,948	0	7,089,875	0		
32.	METROPOLITAN LIFE ASIGURARI SA	29,063,425	0	0	0	33,944,129	0
33.	OMNIASIG VIG	0	217,043,394	0	213,442,222		
34.	ONIX ASIGURARI SA	7,376,201	0	5,522,464	0	0	0
35.	INSURANCE POOL P.A.I.D.	23,854	0	509,841	0		
36.	SIGNAL IDUNA ASIGURARI DE VIATA SA	0	11,841,036			0	11,927,410
37.	UNIQA ASIGURARI DE VIATA SA	0	3,518,369			0	3,730,211
38.	UNIQA ASIGURARI SA	18,471,093	0	0	46,168,498		
	Total 2013	**222,215,253**	**1,506,025,310**	**106,847,209**	**1,325,223,879**	**149,091,189**	**75,488,139**
	Total 2012	**201,320,819**	**522,907,395**	**106,914,091**	**569,594,999**	**177,302,111**	**100,622,888**
	Evolution in nominal terms	**10.38%**	**188.01%**	**-0.06%**	**132.66%**	**-15.91%**	**-24.98%**
	Total 2011	**257,054,506**	**582,921,060**	**102,973,139**	**591,573,238**	**167,437,329**	**81,622,444**
	Total 2010	**235,268,398**	**276,637,639**	**92,969,443**	**288,052,643**	**184,849,007**	**79,565,673**

Annex I.14 Statement of balance sheet assets and share capital of insurance and/or reinsurance brokers, as per the balance sheet as at 31.12.2013

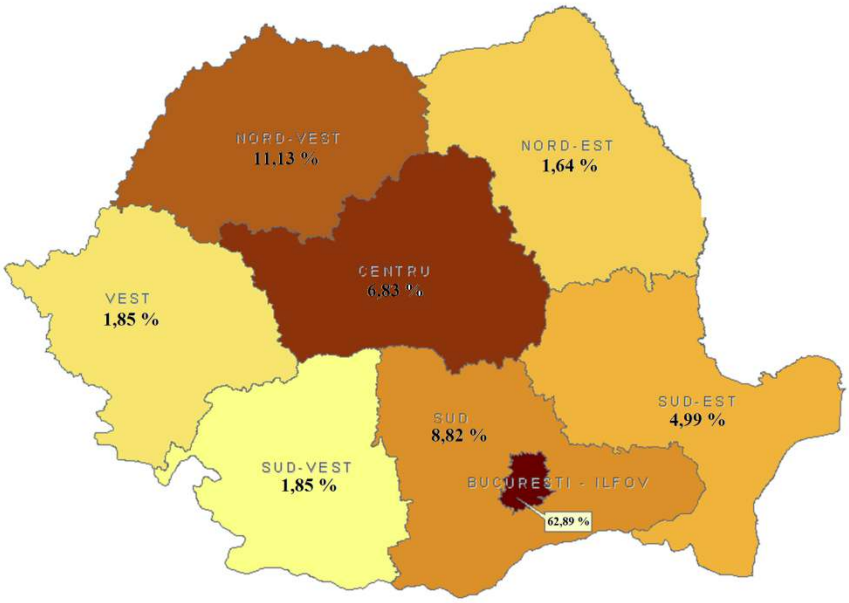
The total number of insurance and/or reinsurance brokers registered with FSA Registry as at 31.12.2013 is 611. The complete list of such brokers, as well as the details of the statement of balance sheet assets and share capital of each of them as per the balance sheet may be found on the website of FSA at the web address: www.asfromania.ro under the section dedicated to the 2013 Annual Report.

Annex I.15 List of Intermediated Premiums and Losses Settled by Insurance and/or Reinsurance Brokers as at 31.12.2013

The total number of insurance and/or reinsurance brokers registered with FSA Registry as at 31.12.2013 is 611. The complete list of such brokers, as well as the details of the list of intermediated premiums and losses settled by each of them may be found on the website of FSA at the web address: www.asfromania.ro under the section dedicated to the 2013 Annual Report.

Annex I.16 Distribution of intermediation made by insurance brokers by development areas

Distribution of intermediation made by insurance by development areas as at 31 December 2013



Annex I.17 Statement of Insurance Intermediation Revenues as at 31.12.2013

The total number of insurance and/or reinsurance brokers registered with FSA Registry as at 31.12.2013 is 611. The complete list of such brokers, as well as the details of the statement of insurance intermediation revenues obtained in 2013 by each of them may be found on the website of FSA at the web address: www.asfromania.ro under the section dedicated to the 2013 Annual Report.

Annex I.18 Financial Results of Insurance and\or Reinsurance Brokers as per the balance sheet as at 31.12.2013

The total number of insurance and/or reinsurance brokers registered with FSA Registry as at 31.12.2013 is 611. The complete list of such brokers, as well as the details of the statement of their financial results may be found on the website of FSA at the web address: www.asfromania.ro under the section dedicated to the 2013 Annual Report.

Annex I.19 Evolution of the Private Pension System of Romania between 2007 – December 2013

2007

PILLAR III:

- 50.1 thousand participants
- 14.3 million lei net assets
- 7 pension funds and 5 administrators

2008

PILLAR II:

- 4.53 million participants
- 831.9 million lei net assets
- 14 pension funds and 14 administrators
- 0.16% of GDP

PILLAR III:

- 150.8 thousand participants
- 84.3 milllion lei net assets
- 9 pension funds and 7 administrators
- 0.017% of GDP

2009

PILLAR II:

- 4,91 million participants
- 2,384.4 million lei net assets
- 12 pension funds and 12 administrators
- 0.49% of GDP

PILLAR III:

- 187.2 thousand participants
- 204.0 million lei net assets
- 13 pension funds and 10 administrators
- 0.04% of GDP

2010

PILLAR II:

- 5.19 million partcipants
- 4,331.9 million lei net assets
- 9 pension funds and 9 administrators
- 0.84% of GDP

PILLAR III:

- 221.6 thousand participants
- 328.0 million lei net assets
- 13 pension funds and 10 administrators
- 0.06% of GDP

2011

PILLAR II:

- 5.52 million participants
- 6,416.36 million lei net assets
- 9 pension funds and 9 administrators
- 1.11% of GDP

PILLAR III:

- 260.4 thousand participants
- 435.65 million lei net assets
- 11 pension funds and 9 administrators
- 0.08% of GDP

2012

PILLAR II:

- 5.77 million participants
- 9,637.28 million lei net assets
- 9 pension funds and 9 administrators
- 1.64% of GDP

PILLAR III:

- 292.15 thousand participants
- 598.92 million lei net assets
- 11 pension funds and 9 administrators
- 0.10% of GDP

2013

PILLAR II:

- 6.04 million participants
- 13.94 billion lei net assets
- 8 pension funds and 8 administrators
- 2.23% of GDP

PILLAR III:

- 313.3 thousand participants
- 811.61 million lei net assets
- 10 pension funds and 8 administrators
- 0.13% of GDP

Annex II.1 Normative Acts issued by FSA/NSC

1 January - 28 April 2013 (NSC)

INSTRUCTIONS

1	NSC Instruction No. 1/2013 amending and supplementing Instruction No. 2/2007 on the preparation and submission of annual financial statements by authorized entities, regulated and supervised by the National Securities Commission (Official Journal No. 43/19.01.2013)
2	NSC Instruction No. 2/2013 amending and supplementing Instruction No. 7/2007 on reporting certain operations (Official Journal No. 154/22.03.2013)

EXECUTIVE ORDERS

1	NSC Executive Order No. 1/20.02.2013 on the extension until 30.09.2013 of the term provided at Art. 3 Executive Order No. 27/20.12.2012 on the internal control department of the central depository and of the clearing house/central counterparty
2	NSC Executive Order No. 2/20.02.2013 on the application of ESMA Guidelines on systems and controls in an automated environment for trading platforms, investment firms and competent authorities
3	NSC Executive Order No. 3/27.02.2013 on the extension of the terms provided at Art. 1 and Art. 2 of NSC Executive Order No. 12/27.09.2011 until 30.06.2013
4	NSC Executive Order No. 4/27.02.2013 on the amendment of certain provisions of NSC Regulation No. 3/2006 on the authorization, organization and operation of the Investor Compensation Fund, as subsequently amended and supplemented, and of Procedure No. 1 on the members of the Fund, establishment, submission and payment of contributions
5	NSC Executive Order No. 5/06.03.2013 on the suspension of Art. 2 of Executive Order No. 10/22.03.2012
6	NSC Executive Order No. 6/14.03.2013 regarding the application of Guidelines on certain aspects of the MiFID compliance function requirements
7	NSC Executive Order No. 7/04.04.2013 on the suspension of the provisions of Art. 66 Para (3) of NSC Regulation No. 1/2006 on issuers and operations with securities, as subsequently amended and supplemented
8	NSC Executive Order No. 8/25,04,2013 on the amendment of certain provisions of NSC Regulation No. 3/2006 on the authorization, organization and operation of the Investor Compensation Fund, as subsequently amended and supplemented, and of Procedure No. 1 on the members of the Fund, establishment, submission and payment of contributions

DECISIONS

1	NSC Decision No. 26/17.01.2013 approving the amendment of the regulations of the regulated spot market administered by Bursa de Valori Bucureşti SA, consisting of Book I of the Rulebook of Bursa de Valori Bucureşti SA – market operator
2	NSC Decision No. 102/07.02.2013 approving as amended the modification of CRC SA regulations
3	NSC Decision No. 199/28.02.2013 issued for the application of the provisions of Art. 185 Para (1) Letters a) and b) of NSC Regulation No. 15/2004 and Arts. 13 and 16 of NSC Instruction No. 2/2006
4	NSC Decision No. 348/18.04.2013 on intermediaries registered with NSC Registry
5	NSC Decision No. 349/18.04.2013 approving the amendments to the Rulebook of Depozitarul Central SA approved by NSC Decision No. 1407/20.06.2006, as subsequently amended and supplemented

APPROVALS

1	NSC Approval No. 1/07.02.2013 on the provisions of Regulation No. 6/2009 on the exercise of certain rights of the shareholders in the undertakings' general assemblies
2	NSC Approval No. 4/20.02.2013 on setting the price within the mandatory takeover bid

29 April - 31 December 2013 (FSA)

REGULATIONS

1	FSA Regulation No. 1/2013 amending and supplementing Regulation No. 3/2006 on the authorization, organization and operation of the Investor Compensation Fund (Official Journal No. 361/18.06.2013)
2	FSA Regulation No. 2/2013 amending Regulation No. 1/2006 on issuers and operations with securities, approved by Order of the President of the National Securities Commission No. 23/2006, published in Official Journal of Romania Part I, No. 312 of 6 April 2006, as subsequently amended and supplemented (Official Journal No. 503/09.08.2013)
3	FSA Regulation No. 3/2013 on the authorization and operation of central counterparties issued in accordance with the provisions of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR) (Official Journal No. 552/30.08.2013)
4	FSA Regulation No. 4/2013 on support actions for depositary receipts (Official Journal No. 622/7.10.2013)
5	FSA Regulation No. 5/2013 amending and supplementing Regulation No. 4/2009 on NSC Public Registry, approved by NSC Order No. 26/2009 (Official Journal No. 667/31.10.2013)

6	FSA Regulation No. 6/2013 issued in accordance with the provisions of Art. 12 Para (1) of Regulation (UE) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (Official Journal No. 51/21.01.2014)
7	FSA Regulation No. 7/2013 of 9 December 2013 for the amendment of Annexes Nos. 1 - 3 to Regulation of the National Securities Commission No. 27/2010 on the electronic supervision through reporting, approved by Order of the President of the National Securities Commission No. 100/2010 (Official Journal No. 51/21.01.2014)
8	NBR/FSA Regulation No. 7/8 repealing certain normative acts (Official Journal No. 837/24.12.2013)

RULES

1	FSA Rule No. 5/2013 on ESMA Guidelines on the exemption for market making activities and primary market operations (Official Journal No. 563/04.09.2013)
2	FSA Rule No. 13/2013 on the intermediate procedure regarding the distribution to professional investors of Romania of equity securities issued by AIF administered in other EU Member States, and also the administration by AIFA of a Member State of NON-UCITS of Romania (Official Journal No. 679/05.11.2013)
3	FSA Rule No. 14/2013 on investments of collective investment bodies in instruments of the monetary market such as promissory notes (Official Journal No. 700/14.11.2013)

INSTRUCTIONS

1	FSA Instruction No. 1/2013 amending and supplementing NSC Instruction No. 6/2011 on the application of International Financial Reporting Standards by authorized entities, regulated and supervised by the National Securities Commission (Official Journal No. 297/24.05.2013)
2	FSA Instruction No. 2/2013 amending Instruction No. 5/2006 on the biannual accounting reporting system of authorized entities, regulated and supervised by the National Securities Commission (Official Journal No. 559/03.09.2013)

Annex II.2 Primary Legislation Bills Imposed by the Provisions of the National or European Legislation on Capital Market

1 January - 28 April 2013 (NSC)

- Draft Emergency Ordinance on alternative investment fund managers transposing into national law Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EE) No. 1095/2010 (DAFIA)

- Draft normative act on the regulation of the legal status of RASDAQ market which is not at present in compliance with the typology of trading places provided by the European legislation in the field, implemented in the national legislation, incumbent upon the Romanian State under its capacity as member of the European Union. To initiate all actions to adopt the same, the draft normative act was sent in the form of law to the Ministry of Public Finance and to the Government of Romania on 07.02.2013 and subsequently reviewed in July and August 2013

- Draft Emergency Ordinance amending Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as subsequently amended and supplemented, transposing into national law the provisions of Directive 36/2013/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC

- Bill approving Government Emergency Ordinance No. 32/2012 on undertakings for collective investment in transferable securities and investment management undertakings, and amending and supplementing Law No. 297/2004 on capital market

29 April - 31 December 2013 (FSA)

- Draft Emergency Ordinance on alternative investment fund managers transposing into national law Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EE) No. 1095/2010 (DAFIA)

- Draft normative act on the regulation of the legal status of RASDAQ market which was initially sent in the form of law to the Ministry of Public Finance and to the Government of Romania on 07.02.2013 was reviewed (as a result of the changes to the competent authority) and sent again to Ministry of Public Finance and to the Parliament of Romania (Commission for Economic policy, reform and privatization and Commission for Budget, finance and banks of the Chamber of Deputies, and Commission for Budget, finance, banking activity and capital market and Economic Commission, industries and services of the Senate) on 01.07.2013. Also, a draft emergency ordinance was sent to the Ministry of Public Finance on 02.08.2013

- Draft Emergency Ordinance amending Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy, as subsequently amended and supplemented, transposing into national law the provisions of Directive 36/2013/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC

- Bill approving Government Emergency Ordinance No. 32/2012 on undertakings for collective investment in negotiable securities and investment management undertakings, and amending and supplementing Law No. 297/2004 on capital market

Annex II.3 Primary Legislation Bills Imposed by the Provisions of the National or European Legislation on Capital Market

1 January - 28 April 2013 (NSC)

Bursa de Valori Bucureşti SA	Decision No. 26/17.01.2013 approving the amendment of the regulations of the regulated spot market administered by Bursa de Valori Bucureşti SA, consisting of Book I of the Rulebook of Bursa de Valori Bucureşti SA – market operator
Fondul de compensare a investitorilor SA	Decision No. 2/21.01.2013 approving the amendment of the Procedure on the regime and flow of information and documents in Fondul de compensare a investitorilor SA
Casa Română de Compensare SA	Decision No. 102/07.02.2013 approving as amended the modification of Casa Română de Compensare SA regulations
Depozitarul Central SA	Decision No. 349/18.04.2013 approving the amendments to the Rulebook of Depozitarul Central SA approved by NSC Decision No. 1407/20.06.2006, as subsequently amended and supplemented

29 April - 31 December 2013 (FSA)

Fondul de compensare a investitorilor SA	Decision No. A/157/28.06.2013 amending Procedure No. 1 on the members of the Investor Compensation Fund, establishment, submission and payment of contributions
Muntenia Global Invest SA	Decision No. A/256/23.07.2013 approving the amendments of the regulations of BEST - X alternative trading system administered by Muntenia Global Invest SA
Depozitarul Sibex SA	Decision No. 803/27.09.2013 approving, as amended, the modifications to Regulation No. 1 on the organization of Depozitarul Sibex SA approved by NSC Decision No. 1284/19.08.2009
	Decision No. 804/27.09.2013 approving, as amended, the modifications to Regulation No. 1 on the organization of Depozitarul Sibex SA approved by NSC Decision No. 1284/19.08.2009 and amended by NSC Decision No. 330/04.04.2011
Sibex Sibiu Stock Exchange SA	Analysis of the proposals amending Sibex Regulation No. 5 on the activity of Market Makers on regulated market administered by Sibex Sibiu Stock Exchange SA
	Analysis of the proposals amending Sibex Regulation No. 3 on the organization and operation of derivatives regulated market administered by Sibex Sibiu Stock Exchange SA, and including the procedures on the operation of the undertaking in the OOR
SSIF Muntenia Global Invest SA	Analysis of the modification of the organization and operation regulation of SSIF Muntenia Global Invest SA system operator and organization and operation of BEST-X alternative trading system to apply certain pecuniary sanctions
	Analysis of the request of SSIF Muntenia Global Invest SA to withdraw Authorization No. 709/14.08.2012 approving the establishment and administration by Muntenia Global Invest SA as administrator and system operator of Best-X alternative trading system
Depozitarul Central SA	Decision No. 831/30.09.2013 stipulating that the provisions of the article of NSC Decision No. 1506/2008 on the amendment and/or supplementation of certain provisions of the Rulebook of Depozitarul Central SA are no longer applicable

Annex II.4 Draft Rules issued by other Public Institutions or Legislative Initiatives of the Government of Romania or of the Parliament of Romania Impacting on the Capital Market

1 January - 28 April 2013 (NSC)

- Analysis and submission of NSC standpoint on the legislative proposal received from NBR on bonds guaranteed by receivables
- Analysis and submission of NSC standpoint on the draft emergency ordinance on the establishment of FSA

29 April - 31 December 2013 (FSA)

- Analysis and submission of FSA standpoint on the draft regulation amending and supplementing NBR Regulation No. 3/2013 amending and supplementing NBR Regulation No. 31/2011 on reporting statistical data and information to NBR
- Analysis and submission of FSA standpoint on the legislative proposal regarding the establishment of Fondul Român de Investiții Strategice în Energie și Resurse Energetice SA initiated by various members of the Parliament of Romania, further to the request made by the Government of Romania
- Analysis and submission of FSA standpoint on the bills initiated by various members of the Parliament of Romania on the regulation of the statute of RASDAQ market
- Analysis and submission of FSA standpoint on the legislative proposal of the Ministry of Public Finance referring to the bill amending and supplementing Government Emergency Ordinance No. 98/2006 on the additional supervision of credit institutions, insurance and/or reinsurance undertakings, financial investment services undertakings and investment management undertakings of a financial conglomerate and Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy
- Analysis and submission of FSA standpoint referring to the draft agreement between the Government of Romania and the Government of the United States of America for the improvement of the international tax compliance and implementation of FATCA measures (The US Foreign Account Tax Compliance Act)
- Analysis and submission of FSA standpoint on the bill amending and supplementing the Fiscal Code;
- Analysis and submission of FSA standpoint on the legislative proposal received from NBR on bonds guaranteed by receivables
- Analysis and submission of FSA standpoint on the bill approving Government Emergency Ordinance No. 91/2013 on the procedures for the prevention of insolvency and insolvency procedures
- Analysis and submission of FSA standpoint on the draft decision of the Government of Romania approving the privatization strategy of Societatea de Producere a Energiei Electrice în Hidrocentrale Hidroelectrica SA Bucharest
- Analysis and submission of FSA standpoint on the bill of the Ministry of Public Finance amending and supplementing MPF Order No. 3055/2009 approving the Accounting Regulations in line with the European directives (debt assignment)
- Analysis and submission of the standpoint of the Sector of Financial instruments and investment on the bill of the Private pension system sector - FSA amending the accounting regulations
- Analysis and submission of FSA standpoint on the proposal of the Ministry of Public Finance on fiduciary operations
- Analysis and submission of FSA standpoint on the bill approving Government Emergency Ordinance No. 64/2013 on the establishment and authorization of mutual funds for risk management in agriculture and grant of financial compensation to members for the economic losses caused by animal diseases or environmental incident
- Analysis and submission of FSA standpoint to the Ministry of Public Finance on the directive proposal repealing Directive 78/660/EEC and Directive 83/345/EEC, referring mainly to the introduction of obligations incumbent upon large undertakings

Annex II.5 Financial Investment Undertakings authorized and registered with FSA Registry as at 31.12.2013

No	Name	Address	Authorization Number and Date	Registration Number and Date with FSA Registry	Telephone/ Fax
1.	ACTINVEST	Braşov, Str. Nicolae Iorga No. 2	2056/03.07.2003	PJR01SSIF/080037/ 22.05.2006	Tel: 0268/470.938; 470.967 Fax: 0268/411.387
2.	ALPHA FINANCE ROMANIA	Bucharest, NEOCITY TOWER - Cal, Dorobanţilor No. 237B, 2nd floor, Sector 1	2666/05.08.2003	PJR01SSIF/400036/ 22.05.2006	Tel: 021/455.72.06; 031/423.70.26 Fax: 021/231.53.32; 231.53.89
3.	BT SECURITIES	Cluj-Napoca, bd. 21 Decembrie 1989 No. 104	2330/22.07.2003	PJR01SSIF/120022/ 20.04.2006	Tel: 0264/430.564; Fax: 0264/431.718
4.	CARPATICA INVEST	Sibiu, bd, Mihai Viteazu No. 5, Sibiu County	1826/16.06.2003	PJR01SSIF/320024/ 26.04.2006	Tel: 0269/217.781; 211.153; 211.398 Fax: 0269/217.781; 211.398
5.	CONFIDENT INVEST BUCUREŞTI	Bucharest, Str. Nerva Traian No. 7, Bl. M66, section 2/4, Sector 3	1939/24.06.2003	PJR01SSIF/400026/ 08.05.2006	Tel: 021/320.21.02; 031/401.12.22 Fax: 021/320.21.03
6.	DORINVEST	Bucharest, Calea Dorobanţilor No. 16, Sector 1	3079/09.09.2003	PJR01SSIF/400011/ 13.03.2006	Tel: 021/312.99.70; 312.99.71 Fax: 021/312.99.62
7.	EASTERN SECURITIES	Bucharest, Str. Sevastopol No. 24, 2nd floor, room 206, Sector 1	1796/12.06.2003	PJR01SSIF/400068/ 27.06.2006	Tel: 021/314.02.45; 314.08.92 Fax: 021/314.02.45; 314.08.92
8.	ELDAINVEST	Galaţi, Str. Domnească No. 17, bl. B, entry 3, 1st floor, ap. 23	1746/10.06.2003	PJR01SSIF/170028/ 10.05.2006	Tel: 0236/472.113; 473.393 Fax: 0236/472.113; 473.393
9.	EQUITY INVEST	Bucharest, Str. Gheorghe Manu No. 5, 6th floor, Sector 1	3077/09.09.2003	PJR01SSIF/400070/ 27.06.2006	Tel: 021/401.13.96 Fax: 021/310.43.62
10.	SIGI SA	Bucharest, Aleea Negru Vodă No. 2, bl. C4, entry A, ap. 25, 6th floor, Sector 3	124/30.01.2007	PJR01SSIF/400075/ 30.01.2007	Tel: 031/808.38.46; 410.00.31; 0372/748.809 Fax: 0372/872.787; 021/3200042
11.	ESTINVEST	Focşani, Str. Republicii No. 9, Vrancea County	2668/05.08.2003	PJR01SSIF/390040/ 24.05.2006	Tel: 0237/221.804; 238.900; 238.901; 238.902 Fax: 0237/237.471
12.	FAIRWIND SECURITIES	Bucharest, Str. Muzeul Zambaccian No. 22B, 1st floor, ap. 5	370/15.04.2011	PJR01SSIF/400009/ 28.02.2006	Tel: 031.860.18.00 Fax: 031 860.18.18
13.	FINACO SECURITIES	Bucharest, Str. Petre Creţu No. 17, Ap. 1, ground floor, Sector 1	2410/29.07.2003	PJR01SSIF/400018/ 19.04.2006	Tel: 021/66.64.870 Fax: 021/66.64.870
14.	GOLDRING	Tg. Mureş, Str. Tudor Vladimirescu No. 56A	2734/08.08.2003	PJR01SSIF/260045/ 29.05.2006	Tel: 0265/269.195 Fax: 0265/269.195
15.	IEBA TRUST	Bucharest, bd. Mircea Eliade No. 18, 1st floor, Part A, Sector 1	3446/09.10.2003	PJR01SSIF/400063/ 07.06.2006	Tel: 021/313.01.02; 313.04.96; 313.04.49; 313.04.60 Fax: 021/313.15.95
16.	IFB FINWEST	Arad, Str. Dimitrie Bolintineanu No. 5, Arad County	2735/08.08.2003	PJR01SSIF/020065/ 08.06.2006	Tel/Fax: 0257/281.611 281.612

No	Name	Address	Authorization Number and Date	Registration Number and Date with FSA Registry	Telephone/ Fax
17.	INTERCAPITAL INVEST	Bucharest, bd. Aviatorilor No. 33, Part A, 1st floor, Sector 1	2063/04.07.2003	PJR01SSIF/400019/ 19.04.2006	Tel: 021/222.87.31 Fax: 021/222.87.44
18.	INTERDEALER CAPITAL INVEST	Cluj-Napoca, Str. Onisifor Ghibu No. 20A, Part A-p and B	1936/24.06.2003	PJR01SSIF/120047 29.05.2006	Tel: 0264/433.212 Fax: 0264/432.266
19.	INTERFINBROK CORPORATION	Constanța, Str. Călăraşi No. 1, Constanța County	2000/01.07.2003	PJR01SSIF/130010/ 28.02.2006	Tel: 0241/639.071; 547.829 Fax: 0241/547.829
20.	INTERVAM	Bucharest, Str. Mircea Vulcănescu No. 79, Sector 1	1997/01.07.2003	PJR01SSIF/400013/ 27.03.2006	Tel: 021/315.70.10; 315.70.80 Fax: 021/315.82.22
21.	SWISS CAPITAL	Bucharest, bd. Dacia No. 20, Romană Office Building, 4th floor, Sector 1	2674/05.08.2003	PJR01SSIF/400054/ 31.05.2006	Tel: 021/408.42.00 Fax: 021/408.42.27
22.	MUNTENIA GLOBAL INVEST	Bucharest, bd. Mărăşeşti No. 25, 3rd floor, Sector 4	1702/05.06.2003	PJR01SSIF/400020/ 19.04.2006	Tel: 021/337.09.46; 337.09.47; 337.22.79; 337.22.80 Fax: 021/337.09.46
23.	OLTENIA GRUP INVEST	Craiova, Str. Mihai Viteazu No. 4, Dolj County	2765/12.08.2003	PJR01SSIF/160061/ 07.06.2006	Tel: 0251/410.810; 410.502 Fax: 0251/418.215
24.	PRIME TRANSACTION	Bucharest, Str. Caloian Judeţul No. 22, Sector 3	1841/17.06.2003	PJR01SSIF/400064/ 07.06.2006	Tel: 021/321.40.90; 322.46.14; 321.40.82 Fax: 021/321.59.81; 321.40.84
25.	RAIFFEISEN CAPITAL & INVESTMENT	Bucharest, Calea Floreasca No. 246D, 2nd floor, Room 1, II B, C and D, III E, IV F, Sector 1	3083/09.09.2003	PJR01SSIF/400023/ 26.04.2006	Tel: 021/306.12.33; 306.12.40; 306.12.36; 306.12.35 Fax: 021/ 230.06.84
26.	ROINVEST BUCOVINA	Suceava, Str. Ştefăniţă Vodă No. 8, Suceava County	3101/10.09.2003	PJR01SSIF/330053/ 31.05.2006	Tel: 0230/520.133; 0330/401.085 Fax: 0230/520.133; 0330/401.084
27.	ROMBELL SECURITIES	Bucharest, Str. Ştirbei Voda No. 150, bl. 26C, entry 1, 5th floor, ap. 17, Sector 1	2332/22.07.2003	PJR01SSIF/400034/ 22.05.2006	Tel: 021/311.00.24; 311.00.27; 311.10.61; Fax: 021/ 311.10.38
28.	ROMCAPITAL	Timişoara, bd. Mihai Viteazu No. 30	2051/03.07.2003	PJR01SSIF/350059/ 07.06.2006	Tel: 0256/ 490.121; 490.122 Fax: 0256/ 490.122
29.	FORTIUS FINANCE	Bucharest, Str. Av. Sănătescu No. 53, 2nd floor, Sector 1	1938/24.06.2003	PJR01SSIF/400049/ 29.05.2006	Tel: 021/310.75.74; 0318.054.536; 0318.054.535 Fax: 021/310.75.70
30.	VIENNA INVESTMENT TRUST	Splaiul Unirii No. 4, bl. B3, section 3, 6th floor, ap. 6, 2, Sector 4, Bucharest	3006/02.09.2003	PJR01SSIF/400051/ 30.05.2006	Tel: 021/207.48.80 Fax: 021/207.48.98
31.	SOCIETATE DE SERVICII DE INVESTIȚII FINANCIARE BROKER	Cluj-Napoca, Str. Moților No. 119	3097/10.09.2003	PJR01SSIF/120072/ 27.06.2006	Tel: 0264/433.677; 0364/401.709 Fax: 0364/401.710
32.	SOCIETATEA DE SERVICII DE INVESTIȚII FINANCIARE ROMINTRADE	Braşov, bd. Victoriei No. 12	1763/10.06.2003	PJR01SSIF/080058/ 07.06.2006	Tel: 0268/410.605; 410.496 Fax: 0268/410.592
33.	NBG SECURITIES ROMANIA	Bucharest, Calea Victoriei No. 145, Victoria Center, 7th floor, level 8, Sector 1	2334/22.07.2003	PJR01SSIF/400007/ 10.02.2006	Tel: 021/316.71.87; 316.71.53; 330.71.87; 330.71.53 Fax: 021/316.72.69

No	Name	Address	Authorization Number and Date	Registration Number and Date with FSA Registry	Telephone/ Fax
34.	VOLTINVEST	Craiova, Str. Tufănele No. 1	1999/01.07.2003	PJR01SSIF/160014/ 11.04.2006	Tel: 0251/415.956; 419.342 Fax: 0251/419.342; 415.956
35.	SUPER GOLD INVEST	Piteşti, Str. Crinului No. 18	1995/01.07.2003	PJR01SSIF/030032/ 16.05.2006	Tel: 0248/215.862 0348/401.555; Fax: 0248/215.862; 0248/213.417
36.	TRANSILVANIA CAPITAL	Bucharest, Str. Dr. Iacob Felix No. 28, 4th floor, Sector 1	1942/24.05.2003	PJR01SSIF/190057/ 07.06.2006	Tel: 021/300.0455; 300.0477; 300.0479; Fax: 031/402.52.80
37.	TRADEVILLE	Bucharest, bd. Carol I No. 34-36, International Business Center Modern, 10th floor, Sector 2	2225/15.07.2003	PJR01SSIF/400033/ 17.05.2006	Tel: 021/318.75.55 Fax: 021/ 318.75.57

Source: FSA

Annex II.6 Credit Institutions – Romanian Legal Persons registered with FSA Registry as at 31.12.2013

No	Name	Address	Telephone/ Fax	Registration Number and Date with FSA Registry
1.	BANCPOST SA	Bucharest, bd. Dimitrie Pompeiu No. 6A, Sector 2	Tel. 021/365.61.00 Fax: 021/330.42.02	PJR01INCR/400002/11.10.2005
2.	BANCA COMERCIALĂ ROMÂNĂ SA	Bucharest, bd. Regina Elisabeta No. 5, Sector 3	Tel: 0372.26.36.402 Fax 021/302.19.86; 021/302.19.84	PJR01INCR/400007/26.05.2006
3.	BRD -GROUPE SOCIÉTÉ GÉNÉRALE SA	Bucharest, bd. Ion Mihalache No. 1-7, Sector 1	Tel: 021/200.83.72 Fax: 021/200.83.73	PJR01INCR/400008/13.06.2006
4.	RAIFFEISEN BANK SA	Bucharest, Calea Floreasca, No. 246C, Sector 1	Tel: 021/323.41.82; 021/326.22.64 Fax: 021/322.90.54; 021/326.22.09	PJR01INCR/400009/27.06.2006
5.	UNICREDIT ȚIRIAC BANK SA	Bucharest, bd. Expoziției No. 1F, Sector 1	Tel: 021/200.20.00 Fax: 021/230.84.85	PJR01INCR/400010/06.11.2006
6.	CREDIT EUROPE BANK (ROMANIA) SA	Bucharest, bd. Timişoara No. 26Z, Anchor Plaza, Sector 6	Tel: 021/406.46.15; 406.46.29; 310.73.31 Fax: 021/310.73.31	PJR01INCR/400012/11.03.2008
7.	LIBRA INTERNET BANK SA	Bucharest, Str. Semilunei No. 4-6, Sector 2	Tel: 021/208.80.00 Fax: 021/230.65.65	PJR01INCR/400013/15.10.2008
8.	PIRAEUS BANK ROMANIA SA	Bucharest, șoseaua Nicolae Titulescu No. 29-31, Sector 1	Tel: 021/303.69.69 Fax: 021/303.69.68	PJR01INCR/400014/22.10.2008
9.	BANCA ROMÂNEASCĂ SA	Str, Dinu Vintilă No. 11, et,4, 5, 6, 7, Bucharest, Sector 2	Tel: 021/305.94.90 Fax: 021/305.91.91	PJR01INCR/400015/05.11.2008
10.	ALPHA BANK ROMÂNIA SA	Bucharest, Calea Dorobanților No. 237B, Sector 1	Tel: 021/209.21.00; 209.99.99; 209.22.60 Fax: 021/231.65.70	PJR01INCR/400016/19.03.2009

Source: FSA

Annex II.7 Investment Management Undertakings Authorized and Registered with FSA Registry as at 31.12.2013

No	Name	Address	Number and Date of Authorization/Reauthorization Decision	Registration Number and Date with FSA Registry	Telephone/ Fax
1.	SAI GLOBINVEST SA	Cluj-Napoca, Str. Universității No. 3, bl. 2, ap. 23	A 320/12.12.1995 R 3612/21.10.2003	PJR05SAIR/120001/ 21.01.2003	Tel: 0264/595.925 Fax: 0264/595.925
2.	SAI TARGET ASSET MANAGEMENT SA	Cluj-Napoca, Str. Constantin Brâncuşi No. 133, 2nd floor	A 216/19.10.1995 R 3758/31.10.2003	PJR05SAIR/120002/ 31.10.2003	Tel: 0264/406.080 Fax: 0264/590.771
3.	SAI CERTINVEST SA	Bucharest, bd. Buzeşti No. 76-80, 4th floor, Sector 1	A 138/06.09.1995 R 4222/02.12.2003	PJR05SAIR/400005/ 02.12.2003	Tel: 021/203.1400 Fax: 021/203.1414
4.	Societatea de Administrare a Investițiilor MUNTENIA INVEST SA	Bucharest, Splaiul Unirii No. 16, Sector 4	A 6924/17.07.1997 R 110/13.01.2004	PJR05SAIR/400006/ 13.01.2004	Tel: 021/387.3210 Fax: 021/387.3209
5.	PIONEER ASSET MANAGEMENT SAI SA	Bucharest, bd. Dacia No. 56, 1st floor, Sector 2	A 238/16.01.2004	PJR05SAIR/400007/ 16.01.2004	Tel: 021/210.0016 Fax: 021/210.5017
6.	SAI SIRA SA	Bucharest, Str. Finlanda No. 25, Sector 1	A 460/27.02.1996 R 256/19.01.2004	PJR05SAIR/400008/ 19.01.2004	Tel: 021/230.0078 Fax: 021/230.4550
7.	BRD ASSET MANAGEMENT SAI SA	Bucharest, Str. Clucerul Udricani, No. 1-3, section 2, bl. 106A, ground floor, Sector 3	A 527/30.03.2001 R 1049/26.02.2004	PJR05SAIR/400010/ 11.03.2004	Tel: 021/327.2228 Fax: 021/327.1410
8.	SAI KD INVESTMENTS ROMÂNIA SA	Bucharest, Str. Gheorghe Manu No. 3, section 1, 1st floor, Sector 1	A 1309/11.03.2004	PJR05SAIR/400011/ 11.03.2004	Tel: 021/650.0444 Fax: 021/650.0442
9.	Societatea de Administrare a Investițiilor SAFI - INVEST SA	Bucharest, Str. Siriului No. 74-76, Sector 1	A 168/22.09.1995 R 2298/13.05.2004	PJR05SAIR/400012/ 13.05.2004	Tel: 0372/13.1870 Fax: 021/233.2690
10.	SAI VANGUARD ASSET MANAGEMENT SA	Bucharest, bd. Carol I No. 34-36, International Business Center Modern, 10th floor, Sector 2	A 641/16.03.1999 R 3000/08.07.2004	PJR05SAIR/400013/ 08.07.2004	Tel: 021/336.9283 Fax: 021/336.9281
11.	SAI SWISS CAPITAL ASSET MANAGEMENT SA	Bucharest, bd. Dacia No. 20, Clădirea Romană Offices, 4th floor, Sector 1	A 4551/28.10.1998	PJR05SAIR/400015/ 14.12.2004	Tel: 021/408.4220 Fax: 021/408.4222
12.	BT ASSET MANAGEMENT SAI SA	Cluj-Napoca, bd. 21 Decembrie 1989, No. 104, ap. 5, Cluj County	A 903/29.03.2005	PJR05SAIR/120016/ 29.03.2005	Tel: 0264/301.036 Fax: 0264/301.035
13.	STK FINANCIAL Societate de Administrare a Investițiilor SA	Cluj-Napoca, Str. Heltai Gaspar No. 29, Cluj County	A 2731/05.10.2005	PJR05SAIR/120017/ 05.10.2005	Tel: Fax: 0264/591.982
14.	SAI RAIFFEISEN ASSET MANAGEMENT SA	Bucharest, Calea Floreasca No. 246, Building D, 2nd floor, room 2, Sector 1	A 432/08.02.2006	PJR05SAIR/400019/ 08.02.2006	Tel: 021/306.1711 Fax: 021/312.0533
15.	SAI INTERCAPITAL INVESTMENT MANAGEMENT SA	Bucharest, bd. Aviatorilor No. 33, Building A, rooms 2, 3 and 8, Sector 1	A 661/14.03.2006	PJR05SAIR/400020/ 14.03.2006	Tel: 021/222.8749 Fax: 021/222.8750
16.	SAI STAR ASSET MANAGEMENT SA	Bucharest, Calea Floreasca No. 91-111, bl. F1, section 5, 1st floor, ap. 41, Sector 1	A 730/23.03.2006	PJR05SAIR/400021/ 23.03.2006	Tel: 021/316.1766 Fax: 021/316.1766
17.	ZEPTER ASSET MANAGEMENT - Societate de Administrare a Investițiilor SA	Bucharest, Piața Alba-Iulia, No. 2, Bl. I1, entry B, 2nd floor, ap. 19, Sector 3	A 1660/11.09.2007	PJR05SAIR/400022/ 11.09.2007	Tel/ Fax: 021/539.6610 021/539.66.12
18.	OTP Asset Management România SAI SA	Bucharest, bd. Dacia No. 83, Sector 2	A 2620/18.12.2007	PJR05SAIR/400023/ 18.12.2007	Tel: 031/308.5550 Fax: 031/308.5555
19.	SAI CARPATICA ASSET MANAGEMENT SA	Sibiu, bd. Vasile Milea No. 1	A 275/13.02.2008	PJR05SAIR/320025/ 13.02.2008	Tel: 0369/430.532 Fax: 0369/430.533
20.	SAI ERSTE ASSET MANAGEMENT SA	Bucharest, Str. Uruguay No. 14, Sector 1	A 98/21.01.2009	PJR05SAIR/400028/ 21.01.2009	Tel: 0372.269.999 Fax: 0372. 870.995
21.	SAI ATLAS ASSET MANAGEMENT SA	Bucharest, bd. Agronomiei No. 8-16, Villa No. N3.1, Part A, 1st floor, ap. 5, Sector 1	A 607/14.04.2009	PJR05SAIR/400030/ 14.04.2009	Tel: 021/361.7821 Fax: 021/361.7822
22.	SAI BROKER SA	Cluj-Napoca, Str. Moților No. 119, 4th floor	A 71/29.01.2013	PJR05SAIR/120031/ 29.01.2013	Tel: 0364.260.755 Fax:0364.780.124

Source: FSA

Annex II.8 Open-End Investment Funds Authorized and Registered with FSA Registry as at 31.12.2013

No	Name	Number and Date of Authorization/Reauthorization Decision	Registration Number and Date with FSA Registry	Management Undertaking	Depository
1.	Erste Balanced RON	A 2160/10.07.2003	CSC06FDIR/400002/ 10.07.2003	SAI Erste Asset Management SA	Banca Comercială Română SA
2.	Integro - Fond Deschis de Investiții	A 60/01.12.1999 R 4220/02.12.2003	CSC06FDIR/400003/ 02.12.2003	Pioneer Asset Management SAI SA	ING Bank NV Amsterdam Bucharest Branch
3.	Fondul Deschis de Investiții Transilvania	A 321/12.12.1995 R 4288/05.12.2003	CSC06FDIR/120005/ 05.12.2003	SAI Globinvest SA	Bancpost SA
4.	Fondul Deschis de Investiții Napoca	A 1547/13.09.2001 R 4290/05.12.2003	CSC06FDIR/120006/ 05.12.2003		
5.	Stabilo - Fond Deschis de Investiții	A 4631/03.11.1998 R 4412/11.12.2003	CSC06FDIR/400007/ 11.12.2003	Pioneer Asset Management SAI SA	BRD - Groupe Société Générale SA
6.	Fondul Deschis de Investiții Fortuna Classic	A 141/06.09.1995 R 4524/18.12.2003	CSC06FDIR/120008/ 18.12.2003	SAI Target Asset Management SA	BRD - Groupe Société Générale SA
7.	Fondul Deschis de Investiții Fortuna Gold	A 2769/23.12.1999 R 4526/18.12.2003	CSC06FDIR/120009/ 18.12.2003		
8.	Fondul Deschis de Investiții Omnitrust	A 473/27.02.1996 R 442/28.01.2004	CSC06FDIR/400010/ 28.01.2004	Societatea de Administrare a Investițiilor SIRA SA	Banca Comercială Română SA
9.	Fondul Deschis de Investiții Certinvest Dinamic	A 2121/14.12.2001 R 444/28.01.2004	CSC06FDIR/400011/ 28.01.2004	SAI Certinvest SA	Banca Comercială Română SA
10.	Fondul Deschis de Investiții Certinvest Prudent	A 140/06.09.1995 R 624/05.02.2004	CSC06FDIR/400012/ 05.02.2004		BRD - Groupe Société Générale SA
11.	Fondul Deschis de Investiții Certinvest Tezaur	A 1389/30.06.1999 R 626/05.02.2004	CSC06FDIR/400013/ 05.02.2004		Banca Comercială Română SA
12.	Fondul Deschis de Investiții Simfonia I	A 722/04.05.2001 R 1064/26.02.2004	CSC06FDIR/400014/ 26.02.2004	BRD Asset Management SAI SA	BRD - Groupe Société Générale SA
13.	Fondul Deschis de Investiții Omninvest	A 3114/30.01.1997 R 1852/07.04.2004	CSC06FDIR/400015/ 07.04.2004	Societatea de Administrare a Investițiilor SIRA SA	Banca Comercială Română SA
14.	Fondul Deschis de Investiții Certinvest Obligațiuni	A 2149/04.05.2004	CSC06FDIR/400016/ 04.05.2004	SAI Certinvest SA	BRD - Groupe Société Générale SA
15.	Fondul Deschis de Investiții KD Maximus	A 2514/01.06.2004	CSC06FDIR/400017/ 01.06.2004	SAI KD Investments România SA	BRD - Groupe Société Générale SA
16.	Fond Deschis de Investiții Active Dinamic	A 4839/02.12.1998	CSC06FDIR/400020/ 27.10.2004	SAI Swiss Capital Asset Management SA	UniCredit Țiriac Bank SA
17.	Fondul Deschis de Investiții BT Clasic	A 1735/09.06.2005	CSC06FDIR/120021/ 09.06.2005	BT Asset Management SAI SA	BRD - Groupe Société Générale SA
18.	Fondul Deschis de Investiții BT Maxim	A 1736/09.06.2005	CSC06FDIR/120022/ 09.06.2005		
19.	Erste Equity Romania	A 3215/29.11.2005	CSC06FDIR/400024/ 29.11.2005	SAI Erste Asset Management SA	Banca Comercială Română SA
20.	Fondul Deschis de Investiții BRD Obligațiuni	A 3455/21.12.2005	CSC06FDIR/400025/ 21.12.2005	BRD Asset Management SAI SA	BRD - Groupe Société Générale SA
21.	Fondul Deschis de Investiții Star Focus	A 900/13.04.2006	CSC06FDIR/400030/ 13.04.2006	SAI Star Asset Management SA	BRD - Groupe Société Générale SA
22.	Fondul Deschis de Investiții Star Next	A 899/13.04.2006	CSC06FDIR/400031/ 13.04.2006		
23.	Fondul Deschis de Investiții Raiffeisen Benefit	A 1043/03.05.2006	CSC06FDIR/400032/ 03.05.2006	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
24.	Fondul Deschis de Investiții Raiffeisen Prosper	A 1044/03.05.2006	CSC06FDIR/400033/ 03.05.2006		
25.	Fondul Deschis de Investiții BT Index Romania-ROTX	A 1619/17.07.2006	CSC06FDIR/120034/ 17.07.2006	BT Asset Management SAI SA	BRD - Groupe Société Générale SA
26.	Fondul Deschis de Investiții Raiffeisen Confort	A 1438/14.08.2007	CSC06FDIR/400037/ 14.08.2007	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
27.	Fondul Deschis de Investiții Raiffeisen Romania Acțiuni	A 1439/14.08.2007	CSC06FDIR/400038/ 14.08.2007		
28.	Erste Bond Flexible RON	A 1872/09.10.2007	CSC06FDIR/400039/ 09.10.2007	SAI Erste Asset Management SA	Banca Comercială Română SA

No	Name	Number and Date of Authorization/Reauthorization Decision	Registration Number and Date with FSA Registry	Management Undertaking	Depository
29.	Erste Absolute Return 25 RON	A 1870/09.10.2007	CSC06FDIR/400042/ 09.10.2007		
30.	Fondul Deschis de Investiții Zepter Obligațiuni	A 2617/18.12.2007	CSC06FDIR/400044/ 18.12.2007	SAI Zepter SA	Banca Comercială Română SA
31.	Fondul Deschis de Investiții Zepter Mixt	A 2618/18.12.2007	CSC06FDIR/400045/ 18.12.2007		
32.	Fondul Deschis de Investiții Zepter Equity	A 2619/18.12.2007	CSC06FDIR/400046/ 18.12.2007		
33.	Fondul Deschis de Investiții OTP Obligațiuni	A 375/27.02.2008	CSC06FDIR/400048/ 27.02.2008	OTP Asset Management Romania SAI SA	Banca Comercială Română SA
34.	Fondul Deschis de Investiții OTP ComodisRO	A 377/27.02.2008	CSC06FDIR/400049/ 27.02.2008		
35.	Fondul Deschis de Investiții OTP AvantisRO	A 376/27.02.2008	CSC06FDIR/400050/ 27.02.2008		
36.	Fondul Deschis de Investiții BT Obligațiuni	A 1235/10.06.2008	CSC06FDIR/120051/ 11.06.2008	BT Asset Management SAI SA	BRD - Groupe Société Générale SA
37.	Fondul Deschis de Investiții Carpatica Stock	A 1237/10.06.2008	CSC06FDIR/320052/ 10.06.2008	SAI Carpatica Asset Management SA	Raiffeisen Bank SA
38.	Fondul Deschis de Investiții Carpatica Global	A 1275/17.06.2008	CSC06FDIR/320053/ 10.06.2008		
39.	Fondul Deschis de Investiții Diverso Europa Regional	A 1713/27.08.2008	CSC06FDIR/400056/ 27.08.2008	BRD Asset Management SAI SA	BRD - Groupe Société Générale SA
40.	Fondul Deschis de Investiții Acțiuni Europa Regional	A 1714/27.08.2008	CSC06FDIR/400057/ 27.08.2008		
41.	Fondul Deschis de Investiții Raiffeisen RON Plus	A 1715/27.08.2008	CSC06FDIR/400058/ 27.08.2008	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
42.	Fondul Deschis de Investiții Certinvest XT Index	A 1793/10.09.2008	CSC06FDIR/400059/ 11.09.2008	SAI Certinvest SA	Banca Comercială Română SA
43.	Fondul Deschis de Investiții Audas Piscator	A 1205/04.08.2009	CSC06FDIR/400060/ 04.08.2009	SAI Atlas Asset Management SA	BRD - Groupe Société Générale SA
44.	Fondul Deschis de Investiții Raiffeisen Euro Plus	A 1507/21.10.2009	CSC06FDIR/400061/ 21.10.2009	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
45.	Fondul Deschis de Investiții iFond Conservator	A 227/16.02.2010	CSC06FDIR/400062/ 16.02.2010	SAI Intercapital Investment Management SA	Banca Comercială Română SA
46.	Fondul Deschis de Investiții iFond Acțiuni	A 395/18.03.2010	CSC06FDIR/400063/ 18.03.2010		
47.	Fondul Deschis de Investiții BRD Euro Fond	A 452/30.03.2010	CSC06FDIR/400064/ 30.03.2010	BRD Asset Management SAI SA	BRD - Groupe Société Générale SA
48.	Fondul Deschis de Investiții BRD Index Europa Regional	A 453/30.03.2010	CSC06FDIR/400065/ 30.03.2010		
49.	Fondul Deschis de Investiții Raiffeisen Confort EURO	A 512/15.04.2010	CSC06FDIR/400066/ 15.04.2010	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
50.	Fondul Deschis de Investiții Certinvest BET FI INDEX	A 850/01.07.2010	CSC06FDIR/400067/ 01.07.2010	SAI Certinvest SA	Banca Comercială Română SA
51.	Fondul Deschis de Investiții Certinvest BET INDEX	A 849/01.07.2010	CSC06FDIR/400068/ 01.07.2010		
52.	Fondul Deschis de Investiții OTP Euro Bond	A 1083/20.08.2010	CSC06FDIR/400069/ 20.08.2010	OTP Asset Management Romania SAI SA	Banca Comercială Română SA
53.	Fondul Deschis de Investiții BT Index Austria - ATX	A 1158/09.09.2010	CSC06FDIR/120070/ 09.09.2010	BT Asset Management SAI SA	BRD-Groupe Société Générale SA
54.	Fondul deschis de investiții Raiffeisen RON Flexi	A 487/25.05.2011	CSC06FDIR/400073/ 25.05.2011	SAI Raiffeisen Asset Management	Raiffeisen Bank SA
55.	Fondul Deschis de Investiții Piscator Equity Plus	A 466/18.05.2011	CSC06FDIR/400071/ 18.05.2011	SAI Atlas Asset Management SA	BRD-Groupe Société Générale SA
56.	Fondul Deschis de Investiții Certinvest Next Generation	A 486/25.05.2011	CSC06FDIR/400072/ 25.05.2011	SAI Certinvest SA	BRD - Groupe Société Générale SA
57.	Fondul Deschis de Investiții Certinvest Short Fund	A 951/28.09.2011	CSC06FDIR/400076/ 28.09.2011		
58.	Fondul Deschis de Investiții Monolith	A 55/19.01.2012	CSC06FDIR/400077/ 19.01.2012	SAI Atlas Asset Management SA	BRD - Groupe Société Générale SA

No	Name	Number and Date of Authorization/Reauthorization Decision	Registration Number and Date with FSA Registry	Management Undertaking	Depository
59.	Fondul Deschis de Investiții Carpatica Obligațiuni	A 209/28.02.2012	CSC06FDIR/320078/ 28.02.2012	SAI Carpatica Asset Management SA	Banca Comercială Română SA
60.	Erste Money Market RON	A 596/04.07.2012	CSC06FDIR/400079/ 04.07.2012	SAI Erste Asset Management SA	Banca Comercială Română SA
61.	Fondul Deschis de Investiții ETF BET Tradeville	A 606/09.07.2012	CSC06FDIR/400080/ 09.07.2012	SAI Vanguard Asset Management SA	BRD - Groupe Société Générale SA
62.	Fondul Deschis de Investiții Erste Bond Flexible Romania EUR	A 371/25.04.2013	CSC06FDIR/400081/ 25.04.2013	SAI Erste Asset Management SA	Banca Comercială Română SA
63.	Fondul Deschis de Investiții Erste Absolute Return 15 EUR	A 370/25.04.2013	CSC06FDIR/400082/ 25.04.2013		
64.	Fondul Deschis de Investiții Erste Absolute Return 25 EUR	A 369/25.04.2013	CSC06FDIR/400083/ 25.04.2013		
65.	Fondul Deschis de Investiții STK Europe	A 130/26.09.2013	CSC06FDIR/120084/ 26.09.2013	STK Financial Societate de Administrare a Investițiilor SA	BRD - Groupe Société Générale SA

Source: FSA

Annex II.9 Closed-End Investment Funds registered with FSA Registry as at 31.12.2013

No	Name	Registration Number and Date with FSA Registry	Investment Management Undertaking	Depository
1.	Fondul Închis de Investiții BT Invest 1	CSC08FIIR/120002/21.11.2005	BT Asset Management SAI SA	BRD - Groupe Société Générale SA
2.	Fondul Privat Comercial	CSC08FIIR/120003/31.05.2006	SAI Globinvest SA	Bancpost SA
3.	Fondul Închis de Investiții STK Emergent	CSC08FIIR/120004/16.03.2006	STK Financial Societate de Administrare a Investițiilor SA	BRD - Groupe Société Générale SA
4.	Globinvest - Fondul de Acțiuni Privat Transilvania	CSC08FIIR/120005/28.06.2006	SAI Globinvest SA	Bancpost SA
5.	Fondul Oamenilor de Afaceri - Fond Închis de Investiții	CSC08FIIR/400007/30.08.2006	Societatea de Administrare a Investițiilor SAFI - Invest SA	Libra Internet Bank SA
6.	Fondul Închis de Investiții Star Value	CSC08FIIR/400008/08.02.2007	SAI Star Asset Management SA	Banca Comercială Română SA
7.	Euroglobinvest	CSC08FIIR/120009/27.09.2007	SAI Globinvest SA	Bancpost SA
8.	BT Invest	CSC08FIIR/120010/06.03.2008	BT Asset Management SAI SA	BRD - Groupe Société Générale SA
9.	Fondul Închis de Investiții Raiffeisen Strategii Valutare	CSC08FIIR/400012/01.07.2008	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
10.	Fondul Închis de Investiții Certinvest Everest	CSC08FIIR/400013/01.07.2008	SAI Certinvest SA	Banca Comercială Română SA
11.	Fondul Închis de Investiții Certinvest Leader	CSC08FIIR/400014/08.12.2008		
12.	Fondul Închis de Investiții Certinvest Properties RO	CSC08FIIR/400017/19.11.2009	SAI Certinvest SA	BRD - Groupe Société Générale SA
13.	Raiffeisen Dolar Plus	CSC08FIIR/400019/09.09.2010	SAI Raiffeisen Asset Management SA	Raiffeisen Bank SA
14.	Fondul Închis de Investiții Sectorial Financiar IFOND Financial Romania	CSC08FIIR/400018/20.07.2010	SAI Intercapital Investment Management SA	BRD-Groupe Société Générale SA
15.	Fondul Închis de Investiții Sectorial IFOND Gold	CSC08FIIR/400020/04.11.2010		
16.	Fondul Închis de Investiții Hermes	CSC08FIIR/400023/05.05.2011	SAI Atlas Asset Management SA	BRD-Groupe Société Générale SA
17.	Fondul Închis de Investiții Certinvest Arta Românească	CSC08FIIR/400021/12.04.2011	SAI Certinvest SA	Banca Comercială Română SA
18.	Fondul Închis de Investiții Certinvest Absolute Return	CSC08FIIR/400022/19.04.2011		
19.	Fondul Închis de Investiții Certinvest Green	CSC08FIIR/400024/28.06.2011	SAI Certinvest SA	BRD-Groupe Société Générale SA
20.	Fondul Închis de Investiții Herald	CSC08FIIR/400025/14.07.2011	SAI Atlas Asset Management SA	BRD-Groupe Société

No	Name	Registration Number and Date with FSA Registry	Investment Management Undertaking	Depository
21.	Fondul Închis de Investiții Matador	CSC08FIIR/400026/27.03.2012		Générale SA
22.	Fondul Închis de Investiții Active Plus	CSC08FIIR/400027/20.04.2012	SAI Swiss Capital Asset Management SA	UniCredit Țiriac Bank SA
23.	Fondul Închis de Investiții Active Invest	CSC08FIIR/400028/20.04.2012		
24.	Fondul Închis de Investiții DCP Investiții	CSC08FIIR/400030/13.11.2012	SAI Atlas Asset Management SA	BRD-Groupe Société Générale SA
25.	Fondul Închis de Investiții Multicapital Invest	CSC08FIIR/400029/30.10.2012	SAI Star Asset Management SA	BRD-Groupe Société Générale SA
26.	OTP Agri Fund	CSC08FIIR/400031/13.02.2013	OTP Asset Management Romania SAI SA	Banca Comercială Română SA
27.	OTP Properties	CSC08FIIR/400032/13.02.2013		
28.	Fondul Închis de Investiții Omnitrend	CSC08FIIR/400033/28.02.2013	SAI Sira SA	Banca Comercială Română SA
29.	Fondul Închis de Investiții Omnihedge	CSC08FIIR/400034/28.02.2013		
30.	Fondul Închis de Investiții BET-FI Index Invest	CSC08FIIR/120035/10.04.2013	SAI Broker SA	BRD-Groupe Société Générale SA
31.	Fondul Închis de Investiții Global Investing Fund	CSC08FIIR/400036/25.04.2013	SAI Vanguard Asset Management SA	BRD-Groupe Société Générale SA

Source: FSA

Annex II.10 Closed-End Type Investment Undertakings Registered with FSA Registry as at 31.12.2013

No	Name	Registration Number and Date with FSA Registry	Depository
1.	SIF Banat-Crişana SA	PJR09SIIR/020002/02.02.2006	ING Bank NV Amsterdam Sucursala Bucharest
2.	SIF Moldova SA	PJR09SIIR/040001/14.12.2005	BRD - Groupe Société Générale SA
3.	SIF Transilvania SA	PJR09SIIR/080004/06.03.2006	ING Bank NV Amsterdam Sucursala Bucharest
4.	SIF Muntenia SA	PJR09SIIR/400005/15.06.2006	BRD - Groupe Société Générale SA
5.	SIF Oltenia SA	PJR09SIIR/160003/14.02.2006	ING Bank NV Amsterdam Sucursala Bucharest
6.	Fondul Proprietatea SA	PJR09SIIR/160006/18.08.2010	BRD - Groupe Société Générale SA

Source: FSA

Annex II.11 List of Depositories Registered with FSA Registry as at 31.12.2013

No	Name	Address	Individual act number and date	Registration Number and Date with FSA Registry	Telephone/ Fax
1.	Bancpost SA	Bucharest, bd. Dimitrie Pompeiu No. 6A, Sector 2	3111/11.09.2003	PJR10DEPR/400001/ 11.09.2003	Tel: 021/380.0999 021/365.6102 Fax: 021/330.4202
2.	ING Bank N,V, Amsterdam Sucursala Bucharest	București, bd. Iancu de Hunedoara No. 48, ground floor and 7-12th floor, Sector 1	146/28.01.2008	PJM10DEPMNLD0001/ 28.01.2008	Tel: 021/222.1600 Fax: 021/222.1401
3.	UniCredit Țiriac Bank SA	Bucharest, Str. Ghețarilor No. 23-25, Sector 1	66/16.11.2006	PJR10DEPR/400011/ 16.11.2006	Tel: 021/200.2000 Fax: 021/230.8485
4.	Libra Internet Bank SA	Bucharest, Str. Semilunei No. 4-6, Sector 2	3893/11.11.2003	PJR10DEPR/400006/ 11.11.2003	Tel: 021/208.8000 Fax: 021/230.6565
5.	BRD-Groupe Société Générale SA	Bucharest, Str. Biharia No. 67-77, Metav Building, Part A2, 2nd floor, Sector 1	4338/09.12.2003	PJR10DEPR/400007/ 09.12.2003	Tel: 021/200.8378 Fax: 021/200.8377
6.	Raiffeisen Bank SA	Bucharest, Calea Floreasca No. 246C, Sky Tower 2-7th floor, Sector 1	54/08.01.2004	PJR10DEPR/400009/ 08.01.2004	Tel: 021/306.1000 Fax: 021/230.0700
7.	Banca Comercială Română SA	Bucharest, bd. Regina Elisabeta No. 5, Sector 3	27/04.05.2006	PJR10DEPR/400010/ 04.05.2006	Tel: 021/312.6185 Fax. 021/311.1971
8.	Banca Românească	Bucharest, Str. Dinu Vintilă No. 11, 4, 5 ,6 ,7th floors, Sector 2	1/13.01.2009	PJR10DEPR/400013/ 13.01.2009	Tel: 021/305.9490 Fax: 021/305.9574
9.	Citibank Europe PLC Dublin - Sucursala România	Bucharest, Calea Victoriei No. 145, Sector 1	19/09.06.2011	PJM10DEPMIRL0002/ 09.06.2011	Tel: 021/203.5550 Fax: 021/203.5565

Source: FSA

Annex II.12 Vocational Training Providers Authorized by FSA

No	Undertaking name	Undertaking's Headquarters	Telephone/ Fax	Name of Leader
1.	Asociația Administratorilor de Fonduri din România	Bucharest, Splaiul Unirii No. 16, 4th floor, Room 403, Sector 4	021/312.9743 021/312.9744	Dragoş NEACŞU
2.	Asociația Brokerilor	Bucharest, Str. Povernei, No. 15-17, 1st floor, ap. 1, Sector 1	021/317.9933 021/317.9934	Dan PAUL
3.	Centrul de Pregătire Financiară Millenium	Bucharest, Splaiul Unirii No. 4, bl. B3, 6th floor, Sector 4	021/327.1180 021/327.1181	Adrian SIMIONESCU
4.	SIBEX - Sibiu Stock Exchange SA	Sibiu, Piața Aurel Vlaicu No. 9-10, 3rd floor	0269/211.799 0269/211.153	Gheorghe Ovidiu PETRU
5.	AS Financial Markets SIF	Sibiu, Piața Crişan No. 1	0744/664.467 0369/432.488	Ioan ALEMAN

Source: FSA

Annex II.13 List of Investment Consultants as at 31.12.2013 – Natural Person Consultants

No	Consultants - Natural Persons	Authorization Decision Number and Date	Registration Number and Date with FSA Registry	Telephone/ Fax
1.	Gherman Cristian-Gabriel	3116/22.07.2004	PFR04CIPF/350004/13.02.2006	Tel: 0256/206.687 Fax: 0256/206.687
2.	Ababei Dana	3170/28.07.2004	PFR04CIPF/400002/13.02.2006	Tel: 021/321.7857 0723/190.227 Fax: 021/321.7857
3.	Dan Cecilia-Magda	3440/07.09.2004	PFR04CIPF/400003/13.02.2006	Tel: 021/323.9123
4.	Drulă Dorin Cornel	553/23.02.2006	PFR04CIPF/400007/23.02.2006	Tel: 021/321.6823 Fax: 021/321.6801
5.	Cârceie Radu	798/03.04.2006	PFR04CIPF/350009/03.04.2006	Tel: 0256/127.840 0256/190.773 Fax: 0256/190.773
6.	Cosma Dorin	799/03.04.2006	PFR04CIPF/350010/03.04.2006	Tel: 0256/294.205
7.	Beşchea Lucian	2159/16.08.2006	PFR04CIPF/080011/16.08.2006	Tel: 0268/313.036 0742/850.158
8.	Seghete Carmen	3416/15.11.2006	PFR04CIPF/400014/15.11.2006	Tel: 0722/284.861
9.	Oancea Cornelia-Mioara	3415/15.11.2006	PFR04CIPF/400013/15.11.2006	Tel: 0723/513.795
10.	Tudose Gelu	3414/15.11.2006	PFR04CIPF/400012/15.11.2006	Tel: 0722/500.005
11.	Pal Mukul	3630/22.12.2006	PFR04CIPF/120015/22.12.2006	Tel: 0264/426.885 0364/117.885 0746/919.497 Fax: 0364/117.885
12.	Angheluță Maria-Elena	60/22.01.2007	PFR04CIP/400016/22.01.2007	Tel: 021/307.6005 Fax: 021/307.6005
13.	Paraschiv Nicuşor	1494/22.07.2008	PFR04CIPF/160019/22.07.2008	Tel/Fax: 0351-419586
14.	Anghel Andrei-Bogdan	1712/27.08.2008	PFR04CIPF/1000020/27.08.2008	Tel: 021/630.2032 Fax:021/630.2032
15.	Turcaş Florin Marius	1400/28.09.2009	PFR04CIPF/020022/28.09.2009	Tel: 0723/634.593
16.	Harsan Dan	13/05.01.2010	PFR04CIPF/260023/05.01.2010	Tel: 0756/026.756
17.	Istodor Horiana Ileana	261/23.02.2010	PFR04CIPF/400024/23.02.2010	Tel:
18.	Teodorescu Bogdan Gabriel	409/23.03.2010	PFR04CIPF/400025/23.03.2010	Tel: 0755/043.680
19.	Arion Răzvan Marius	635/18.05.2010	PFR04CIPF/400026/18.05.2010	Tel: 0722/332.554
20.	Lupu Marius Adrian	579/21.06.2011	PFR04CIPF/400027/21.06.2011	Tel: 0728/854.883
21.	Pop Bogdan	950/28.09.2011	PFR04CIPF/320028/28.09.2011	Tel:
22.	Skokan Niculae	845/02.10.2012	PFR04CIPF/320029/02.10.2012	Tel: 0230/520.101 Fax: 0230/520.101
23.	Massaci Alexandru Ioan	331/11.04.2013	PFR04CIPF/400030/11.04.2013	Tel: 0742/200.907

No	Consultants - Natural Persons	Authorization Decision Number and Date	Registration Number and Date with FSA Registry	Telephone/ Fax
24.	Marineanu Dragoş Andrei	330/11.04.2013	PFR04CIPF/400031/11.04.2013	Tel: 021/211.9649; 0722/474.316
25.	Vlaicu Bogdan	70/25.07.2013	PFR04CIPF/290032/25.07.2013	-
26.	Mainescu Coman-Teodor	88/13.08.2013	PFR04CIPF/150033/13.08.2013	Tel: 0722/155.354
27.	Perianu Andrei Florin	142/04.10.2013	PFR04CIPF/400034/04.10.2013	Tel: 0721/975.329
28.	Irimescu Olivia Camelia	188/14.11.2013	PFR04CIPF/400035/14.11.2013	Tel: 0723/316.175

Source: FSA

Annex II.14 List of Investment Consultants as at 31.12.2013 – Legal Person Consultants

No	Consultants - Legal Persons	Authorization Decision Number and Date	Registration Number and Date with FSA Registry	Telephone/ Fax	No
1.	BUCHAREST EQUITY RESEARCH GROUP SA	Bucharest, Str. Pierre de Coubertin, Office Center No. 3-5, Sector 2	4494/17/11/2004	PJR04CIPJ/400002/ 13.02.2006	Tel: 021/307.6005 Fax: 021/307.6006
2.	SMART TRADE CONSULT SRL	Buzău, Str. Nufărului No. 7, Buzău County	2301/08.12.2008	PJR04CIPJ/100005/ 08.12.2008	Tel/Fax:0238/432.137

Source: FSA

Annex II.15 List of the Evaluators Registered with FSA Registry as at 31.12.2013

Natural Person Evaluators

No	Evaluators – Natural Persons	Registration Number and Date with FSA Registry	Telephone/Fax
1.	Olaru Ion	PFR16EVPF/080001/30.03.2006	Fax: 0268/414.648
2.	Anghel Ion	PFR16EVPF/400002/30.03.2006	Fax: 021/267.4248
3.	Chimisliu Gabriel	PFR16EVPF/13007/27.07.2010	

Source: FSA

Legal Person Evaluators

No	Evaluators – Natural Persons	Registration Number and Date with FSA Registry	Telephone/Fax
1.	PRICEWATERHOUSECOOPERS MANAGEMENT CONSULTANTS SIF	PJR16EVPJ/400001/30.03.2006	Fax: 021/202.8650
2.	ALFA CHIM CONSULTING SIF	PJR16EVPJ/350003/30.03.2006	Fax: 0256/219.092
3.	JPA AUDIT & CONSULTANTA SIF	PJR16EVPJ/400004/30.03.2006	Fax: 021/327.5236
4.	ERNST&YOUNG SIF	PJR16EVPJ/400006/30.03.2006	Fax: 021/310.7123
5.	CMF CONSULTING SA	PJR16EVPJ/400008/17.04.2006	Fax: 021/321.7857
6.	ELF EXPERT SIF BUCUREŞTI	PJR16EVPJ/400009/17.04.2006	Fax 021/314.2475
7.	DARIAN DRS SA	PJR16EVPJ/120011/17.04.2006	Fax 0264/438.033; 0264/438.034; Tel: 0722/875.797
8.	ROMCONST CONSULTING SIF	PJR16EVPJ/240013/26.05.2006	Fax: 0262/221.197
9.	PRECISS CONSULTING SIF	PJR16EVPJ/400014/26.05.2006	Fax: 021/321.6801
10	FENCO SA	PJR16EVPJ/400015/03.07.2006	Fax: 021/313.2179
11.	FAIRVALUE CONSULTING SRL	PJR16EVPJ/400017/02.07.2010	Fax: 021/322/7106
12.	NG CONSULTING SRL	PJR16EVPJ/400018/25.10.2010	Fax: 031/401.2228; Tel: 0722/332.244
13.	DELOITTE CONSULTANTA SRL	PJR16EVPJ/400019/17.03.2011	Fax: 021/222.1660
14.	KPMG ADVISORY SRL	PJR16EVPJ/400020/19.12.2012	Fax:40(21).201.2211

Source: FSA

Annex II.16 Investment Undertakings of other Member States registered with FSA Registry as at 31.12.2013

The total number of investment undertakings registered with FSA Registry as at 31.12.2013 is **1,435.** The complete list may be found at FSA Registry at the web address: www.asfromania.ro.

Source: FSA

Annex II.17 Credit Institutions of other Member States registered with FSA Registry as at 31.12.2013

The total number of credit institutions registered with FSA Registry as at 31.12.2013 is **147**. The complete list may be found at FSA Registry at the web address: www.asfromania.ro.

Source: FSA

Annex II.18 Undertakings for Collective Investment in Transferable Securities of Member States whose Equity Securities are Distributed in the Territory of Romania, as at 31.12.2013

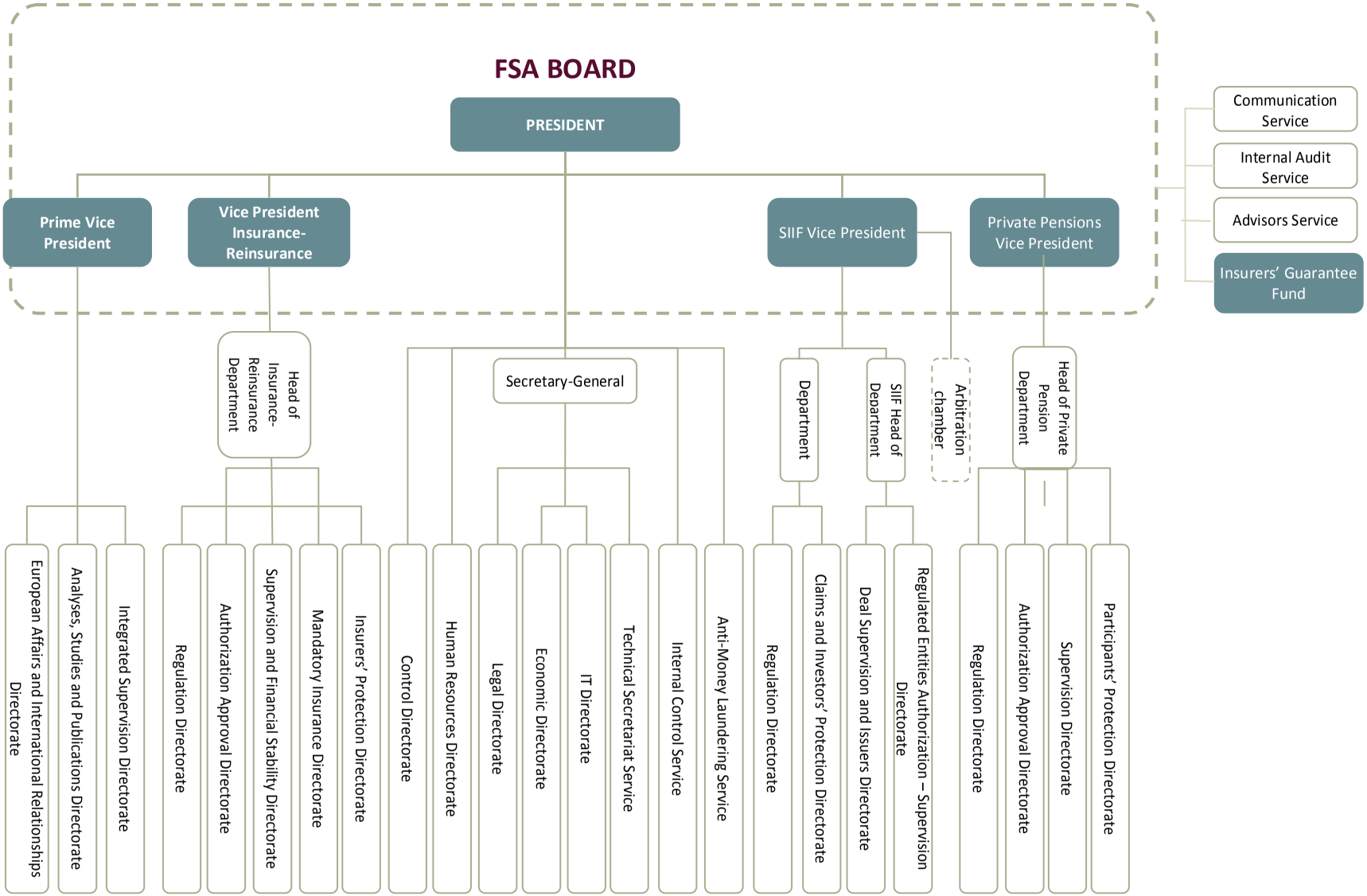
No	Name of UCITS	UCITS Sub-funds distributed in the Territory of Romania	UCITS Management Undertaking (SAI)	Competent Authority	Liaison Person	Distributor in Romania of Equity Securities -address	Registration No. with FSA Public Registry
1.	Raiffeisen-Osteuropa-Aktien Fonds		Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung - Austria Registered Headquarters - Schwarzenbergplatz 3 A - 1010 Vienna, Austria	Österreiche - FMA Finanzmarktaufsicht	Mr. Martin Jethan Tel: 43 171170 3553 Fax: 43 171170 763553 martin.jethan@rcm.at Dumitru Rusu Tel: 0040 722 213 619 Fax: 0040 21 314 0290 rusud@vf.ro	*Raiffeisen Bank SA* Piața Charles de Gaulle No. 15, Sector 1, postal code 011857, Bucharest	CSC06FDIMAUT0001
2.	Raiffeisen-Eurasien-Aktien Fonds						CSC06FDIMAUT0002
3.	Raiffeisen-Emerging Markets-Aktien						CSC06FDIMAUT0003
4.	Raiffeisen-Europa-Aktien Fonds						CSC06FDIMAUT0004
5.	Raiffeisen-Global-Rent						CSC06FDIMAUT0007
6.	Raiffeisen-EuroPlus-Rent Fonds						CSC06FDIMAUT0008
7.	Raiffeisen-Russland Aktien Fonds						CSC06FDIMAUT0015
8.	LF	1. (LF) EQUITY - GLOBAL EQUITIES FUND 2. (LF) EQUITY - INSTITUTIONAL PORTOFOLIOS FUND 3. (LF) EQUITY - EMERGING EUROPE MARKETS FUND 4. (LF) EQUITY - GREEK EQUITIES FUND 5. (LF) MONEY MARKET - INCOME PLUS $ FUND 6. (LF) ABSOLUTE RETURN FUND 7. (LF) SPECIAL PURPOSE - CLICK FUND 8. (LF) SPECIAL PURPOSE - DOUBLE CLICK FUND 9. (LF) SPECIAL PURPOSE - ALL WEATHER FUND 10. (LF) SPECIAL PURPOSE - ALL WEATHER PLUS FUND 11. (LF) SPECIAL PURPOSE - DUAL FORMULA FUND 12. (LF) EQUITY - DYNAMIC ROMANIAN FUND 13. (LF) SPECIAL PURPOSE BLUE CHIPS PROTECT FUND 14. (LF) ABSOLUTE RETURN II FUND 15. (LF) SPECIAL PURPOSE BLUE CHIPS PROTECT II FUND 16. (LF) SPECIAL PURPOSE 8% EQUITY FORMULA € FUND 17. (LF) SPECIAL PURPOSE 6% EQUITY FORMULA $ FUND 18. (LF) SPECIAL PURPOSE 10% EQUITY FORMULA PLN FUND 19. (LF) SPECIAL PURPOSE BLUE CHIPS PROTECT III FUND 20. (LF) MONEY MARKET - CASH FUND 21. (LF) BALANCED - ACTIVE FUND 22. (LF) SPECIAL PURPOSE EQUITY FORMULA BONUS(RON) FUND	Eurobank EFG Fund Management Company (LUX) SA Registered Headquarters - Rue Jean Monnet No. 5 Luxemburg	Luxembourg Financial Sector Supervisory Commission	Daniel Stifter Tel: 0040 21 308 6842 Fax:0040 21 320 2585	*Bancpost SA* Str. Dimitrie Pompeiu No. 6A, Sector 2, Bucharest	CSC06FDIMLUX0012
9.	LF Fund of Funds	1. (LF) FUND OF FUNDS - EQUITY BLEND 2. (LF) FUND OF FUNDS - BRIC 3. (LF) FUND OF FUNDS - BALANCED BLEND 4. (LF) FUND OF FUNDS - REAL ESTATE					CSC06FDIMLUX0013

No	Name of UCITS	UCITS Sub-funds distributed in the Territory of Romania	UCITS Management Undertaking (SAI)	Competent Authority	Liaison Person	Distributor in Romania of Equity Securities -address	Registration No. with FSA Public Registry
10.	Alpha Aggressive Strategy Domestic Equities Fund		Alpha Asset Management Mutual Funds Management Company SA Registered Headquarters - 12-14 Pesmazoglou, GR-105 64 Athens, Greece	Hellenic Capital Market Commission	Beatrice Popescu Tel: 0040 21 209 2438 Fax: 0040 21 231 7685 Cristian Hîncu Tel: 0040 21 209 2400 Fax: 0040 21 231 6572	*Alpha Bank Romania SA* Calea Dorobanților No. 237B, Sector 1, Bucharest	CSC06FDIMGRC0017
11.	Alpha Select South-East Europe Foreign Equities Fund						CSC06FDIMGRC0018
12.	Alpha European Government Foreign Bonds Fund						CSC06FDIMGRC0020
13.	Alpha Cosmos Stars Europe Foreign Equities Fund Of Fund						CSC06FDIMGRC0022
14.	Alpha Cosmos Stars USA Foreign Equities Fund of Fund						CSC06FDIMGRC0023
15.	Alpha Cosmos Stars Silk Route Asia Foreign Equities Fund Of Fund						CSC06FDIMGRC0024
16.	Alpha Global Conservative Foreign Balanced Fund						CSC06FDIMGRC0025
17.	OTP Central European Equity Fund		OTP Fund Management PTE, LTD 1134 Budapesta, Váci út, No. 33, Hungary	Hungarian Financial Supervisory Authority	Cristian Nae Tel:0040 21 307 5700 Fax:0040 21 307 5730	*OTP Bank România SA* Str. Buzeşti No. 66-68 Sector 1, Bucharest	CSC06FDIMHUN0026
18.	ESPA Stock Global Emerging Markets		ERSTE - SPARINVEST Kapitalanlagegesellschaft m.b.H., Austria Habsburgergasse 1A, A - 1010 Vienna, Austria	Austrian Financial Market Authority	Vasile Cristian Pascu Tel:0040 21 313 1030 Fax:0040 31 313 0077 Mihnea Bărbulescu Tel: 0040 372 269 920 Fax:0040 372 269 999	*Banca Comercială Română SA* Bd. Regina Elisabeta No. 5 Sector 3, Bucharest *SAI ERSTE Asset Management SA* Str. Uruguay No. 14, Sector 1, Bucharest	CSC06FDIMAUT0027
19.	ESPA Bond Europe						CSC06FDIMAUT0028
20.	ESPA Bond Dollar						CSC06FDIMAUT0029
21.	ESPA Bond Danubia						CSC06FDIMAUT0030
22.	ESPA Stock Global						CSC06FDIMAUT0031
23.	ESPA Stock Europe Emerging						CSC06FDIMAUT0032
24.	ESPA STOCK RISING MARKETS						CSC06FDIAAUT0034
25.	Pioneer Funds	1. Pioneer Funds - European Potential 2. Pioneer Funds - Euroland Equity 3. Pioneer Funds - North American Basic Value 4. Pioneer Funds - Emerging Markets Equity 5. Pioneer Funds - Emerging Europe and Mediterranean Equity 6. Pioneer Funds - Global Select 7. Pioneer Funds – U.S. Pioneer Fund 8. Pioneer Funds - Euro Corporate Bond 9. Pioneer Funds - Strategic Income	Pioneer Asset Management SA 4 rue Alphonse Weicker L 2721 Luxembourg	Luxembourg Financial Sector Supervisory Commission	David Glassey Tel:352 42120 2225 Fax: 352 42120 8260	*UniCredit Țiriac Bank SA* Str. Gheţarilor No. 23-25 sector 1 Bucharest *Citibank Europe PLC Dublin – Romanian Branch* Calea Victoriei No. 145, Sector 1, Bucharest	CSC06FDIMLUX0033

No	Name of UCITS	UCITS Sub-funds distributed in the Territory of Romania	UCITS Management Undertaking (SAI)	Competent Authority	Liaison Person	Distributor in Romania of Equity Securities -address	Registration No. with FSA Public Registry
		10. Pioneer Funds - Emerging Markets Bond 11. Pioneer Funds - Emerging Markets Corporate Bond 2016 12. Pioneer Funds - Commodity Alpha 13. Pioneer Funds - Euro Aggregate Bond 14. Pioneer Funds - Euro Bond 15. Pioneer Funds - Euro Strategic Bond 16. Pioneer Funds - Global Ecology 17. Pioneer Funds - Gold and Mining 18. Pioneer Funds - Multi Asset Real Return 19. Pioneer Funds – U.S. Dollar Aggregate Bond 20. Pioneer Funds – U.S. Fundamental Growth 21. Pioneer Funds - Europe Recovery Income 2017				*Piraeus Bank* Bucharest, Str. Dr. N. Staicovici No. 2, et. 1, Sector 5, Fax:021 402 8551	
26.	ING (L)	1. ING (L) Invest Asia ex Japan 2. ING (L) Invest Emerging Europe 3. ING (L) Invest Emerging Markets High Dividend 4. ING (L) Invest Euro High Dividend 5. ING (L) Invest Euro Income 6. ING (L) Invest European Real Estate 7. ING (L) Invest Global High Dividend 8. ING (L) Invest Global Opportunities 9. ING (L) Invest Greater China 10. ING (L) Invest Latin America 11. ING (L) Invest Materials 12. ING (L) Invest Sustainable Equity 13. ING (L) Invest US (Enhanced Core Concentrated) 14. ING (L) Invest US High Dividend 15. ING (L) Renta Fund Dollar 16. ING (L) Renta Fund Emerging Markets Debt (Hard Currency) 17. ING (L) Renta Fund Euro 18. ING (L) Renta Fund Euro Liquidity 19. ING (L) Renta Fund Eurocredit 20. ING (L) Renta Fund Global High Yield	ING Investment Management Luxemburg SA 3, rue Jean Piret, Luxembourg	Luxembourg Financial Sector Supervisory Commission	Horia Braun Erdei ING Asset Management B.V. The Netherlands, Bucharest Branch Bucharest, Opera Center, Str. Costache Negri No. 1-5 Sector 5	*ING Bank N,V, Amsterdam Bucharest Branch* Bd. Kiseleff No. 11-13 Sector 1, Bucharest Tel:021.222.1600 Fax:021.222.1401 Email:office@ingbank.ro *Millenium Bank* Piața Presei Libere No. 3-5, Clădirea City Gate, Turnul Sudic, parter, et. 13-17 Sector 1 *Citibank Europe PLC Dublin – Romanian Branch* Calea Victoriei No. 145 sector 1, Bucharest *Piraeus Bank* Bucharest, Str. Dr.N. Staicovici No. 2, et. 1, Sector 5, Fax:021 402 8551 *OTP Bank România SA* Str. Buzeşti No. 66-68 Sector 1, Bucharest	PJM07SISMLUX0002

No	Name of UCITS	UCITS Sub-funds distributed in the Territory of Romania	UCITS Management Undertaking (SAI)	Competent Authority	Liaison Person	Distributor in Romania of Equity Securities -address	Registration No. with FSA Public Registry
27.	ING International	1. ING International Converging Europe Equity 2. ING Romanian International Equity 3. ING Romanian International Bond	ING Investment Management Luxemburg SA 3, rue Jean Piret, Luxembourg	Luxembourg Financial Sector Supervisory Commission	Horia Braun Erdei ING Asset Management B.V. The Netherlands, Bucharest Branch Bucharest, Opera Center, Str. Costache Negri No. 1-5, Sector 5	*ING Bank N,V, Amsterdam Bucharest Branch* Bd. Kiseleff No. 11-13 Sector 1, Bucharest Tel:021.222.1600 Fax: 021.222.1401 e-mail: office@ingbank.ro *Millenium Bank* Piața Presei Libere, No. 3-5 City Gate Building, Southern Tower, ground floor, 13-17th floor, Sector 1 *Citibank Europe PLC Dublin – Romanian Branch* Calea Victoriei No. 145 Sector 1, Bucharest *OTP Bank România SA* Str. Buzeşti No. 66-68 Sector 1, Bucharest	PJM07SISMLUX0004
28.	Franklin Templeton Investment Funds	1. Franklin High Yield Fund 2. Franklin India Fund 3. Franklin Natural Resources Fund 4. Franklin Technology Fund 5. Franklin Templeton Global Fundamental Strategies Fund 6. Franklin US Total Return Fund 7. Templeton Asian Growth Fund 8. Templeton BRIC Fund 9. Templeton China Fund 10. Templeton Global Bond Fund 11. Templeton Global Total Return Fund	(self-managed)	Luxembourg Financial Sector Supervisory Commission	Marius Nechifor Franklin Templeton Investment Management LTD United Kingdom – Bucharest Branch	*BRD - Groupe Société Générale SA* Bd. Ion Mihalache No. 1-7 Sector 1, Bucharest *Citibank Europe PLC Dublin – Romanian Branch* Calea Victoriei No. 145 Sector 1, Bucharest *Millenium Bank* Piața Presei Libere No. 3-5 City Gate Building, Southern Tower, ground floor, 13-17th floor, Sector 1	PJM07SISALUX0005

Annex II. 19 FSA Organizational as at 31.12.2013



ABBREVIATIONS

ADR = American Depositary Receipt
AFA = Association of Fund Administrators of Romania
AIF = Alternative Investment Fund
AIFA = Alternative Investment Fund Administrator
ANNA = Association of National Numbering Agencies
APMPR = Association of Privately Managed Pensions of Romania
ATS = Alternative Trading System
ATF = Analysis TF, ESRB
BaFIN = Bundesanstalt für Finanzdienstleistungsaufsicht, Germany
BCH = Bucharest Clearing House
BoA = Board of Administration
BRR = Bank Recovery and Resolution Directive
BSE = Bucharest Stock Exchange
CASCO = Insurance for Land transportation means other than rail transport
CBRK = Vocational qualification executive leaders of insurance and/or reinsurance brokers
CCP = Countercyclical Premium
CCP = Central Counterparty
CCPFI = Committee for Consumer Protection and Financial Innovation, EIOPA
CD = Central Depository
CDS = Credit Default Swap
CEDAM = Database where RCA policies issued in Romania are entered
CeIF = Closed-End Investment Fund
CEMA = Committee for Economic and Markets Analysis, ESMA
CFAR = Chamber of Financial Auditors of Romania
CFD = Contract for Difference
CFI = Classification of Financial Instruments
CJEU = Court of Justice of the European Union
ComFrame = Common Framework
CRA = Credit Rating Agency
CRD IV = Capital Requirements Directive IV
CRR = Capital Requirements Regulation
CRS = Certificate for Registration of Securities
CVTNPI = Continuous Vocational Training Natural Person Intermediaries
DLRMVD = Driving License and Registration of Motor Vehicle Directorate
DoP = Delivery vs. Payment
DSGE = Dynamic Stochastic General Equilibrium
DSPSC = Market Stability, Supervision and Control Directorate
EBA = European Banking Authority
EBRD = European Bank for Reconstruction and Development
EC = European Commission
ECB = European Central Bank
EEA = European Economic Area
EIB = European Investment Bank
EIOPA = European Insurance and Occupational Pensions Authority
EIOPA BoS = EIOPA Board of Supervisors
EIOPC = European Insurance and Pensions Committee
EMIR = European Market Infrastructure Regulation
ERC = European Regional Committee
ESA = European System of Accounts
ESMA = European Securities and Markets Authority
ESMA BoS = ESMA Board of Supervisors
ESRB = European Systemic Risk Board
ETC = Exchange Traded Commodities
ETF = Exchange Traded Funds
EU = European Union

EwS = Early Warning System
FATCA = The US Foreign Account Tax Compliance Act
FCA = Financial Conduct Authority, Great Britain
FD = Financial derivatives
FED = Federal Reserve Bank, USA
FIIS = Financial Investment and Instruments Sector, FSA
FinReq = Financial Requirements
FISC = Financial Innovation Standing Committee, ESMA
FMA = Financial Market Authority, Austria
FML/FTF = Fight against money laundering and fight against terrorist financing
FoP = Free of payment
FOREX = Foreign Exchange
FSA = Financial Supervisory Authority
FSB = Financial Stability Board, IAIS
FSC = Financial Stability Committee, EIOPA
FSSC = Luxembourg Financial Sector Supervisory Commission
GAS = General Assembly of Shareholders
GDBP = General Directorate of Bucharest Police
GDP = Gross Domestic Product
GDR = Global Depository Receipt
GEM = Growth and Emerging Markets, IOSCO
GEO = Government Emergency Ordinance
GCP = Gross Claims Paid
GIRP = General Inspectorate of Romanian Police
GWP = Gross written premiums
G-SIFIs = Global Systemically Important Financial Institutions
IAIS = International Association of Insurance Supervisors
ICAR = International Catastrophic Risks Forum
ICF = Investor Compensation Fund
IEB = Income and Expenditure Budget
IFIGS = International Forum of Insurance Guarantee Schemes
IFRS = International Financial Reporting Standards
PGA = Policyholders' Guarantee Fund
IGSC = Insurance Group Supervision Committee, EIOPA
IGSRR = Internal Governance, Supervisory Review and Reporting Committee, EIOPA
IM = Internal Models
IMA = Insurance Management Institute
IMD II = Insurance Mediation Directive II
IMF = International Monetary Fund
IMSC = Investment Management Standing Committee, ESMA
INFE = International Network on Financial Education, OECD
IOPS = International Organization of Pension Supervisors
IORP = Institution for Occupational Retirement Provision Directive
IORPs = Institutions for Occupational Retirement Provision
IOSCO = International Organization for Securities Commission
PHPD = Policyholders Protection Directorate, FSA
IPISC = Investor Protection and Intermediaries Standing Committee, ESMA
IRIF = Insurance-Reinsurance International Forum
IRS = Insurance-Reinsurance Sector, FSA
ISC = Insurance Supervisory Commission
ISIN = International Securities Identification Number
IT = Information Technology
ITF = Instruments Task Force , ESRB
KNF = Komisja Nadzoru Finansowego, Poland
LTG = Long Term Guarantees
LTGA = Long Term Guarantee Assessment
MA = Matching Adjustment, Omnibus II Directive
MAD = Market Abuse Directive

MAR = Market Abuse Regulation
MDRTF = Market Data Reporting Task Force, ESMA
MIA = Ministry of Internal Affairs
MiFID = Markets in Financial Instruments Directive
MiFID-CoB = MiFID Conduct of Business
MIFIR = Markets in Financial Instruments Regulation
MISC = Market Integrity Standing Committee, ESMA
MMOU = Multilateral Memorandum of Understanding, IOSCO
MPF = Ministry of Public Finance
NACP = National Authority for Consumer Protection
NAFA = National Agency for Fiscal Administration
NAV = Net asset value
NAVPS = Net asset value per share
NB = normally based
NBR = National Bank of Romania
NCFM = National Commission for Financial Markets, Republic of Moldavia
NCFS = National Committee for Financial Stability
NGARCH = Nonlinear Generalized AutoRegressive Conditional Heteroskedasticity
NGO = Non-governmental organization
NHPP = National House of Public Pensions
NIS = National Institute of Statistics
NON-UCITS = Non-Undertakings for Collective Investment in Transferable Securities
NOPFML = National Office for Prevention and Fight against Money Laundering
NPC = National Prognosis Commission
NSC = National Securities Commission
OECD = Organization for Economic Cooperation and Development
OeIF = Open-End Investment Fund
OJ = Official Journal
OMF = Order of Minister of Finance
OMT = Order of Minister of Tourism
OOR = Organization and Operation Regulation
OPC = Occupational Pension Committee, EIOPA
VPF = Voluntary Pension Fund
ORC = Office of the Register of Commerce
OTC = Over-The-Counter
PAD = Compulsory insurance policy against natural disasters
PAID = Insurance Pool against natural disasters
PBRK = Continuous vocational training executive leaders of insurance and/or reinsurance brokers
FP = Fondul Proprietatea
PHCCJ-DIOCT = Prosecutor's Office attached to the High Court of Cassation and Justice – Directorate for Investigating Organized Crime and Terrorism
PMPF = Privately Managed Pension Fund
PMPFMU = Privately Managed Pension Fund Management Undertaking
PPFMU = Private Pension Fund Management Undertaking
PPS = Purchasing Power Standard
PPSS = Private Pension System Sector, FSA
PPSSC = Private Pension System Supervisory Commission
PRA = Prudential Regulation Authority, Great Britain
PRIPs = Packaged Retail Investment Products
PTSC = Post-Trading Standing Committee, ESMA
PwC = PricewaterhouseCoopers
PTF-MIM = Permanent Task Force – Market Integrated Monitoring, FSA
QIS5 = Fifth Quantitative Impact Study, EIOPA
RASDAQ = Romanian Association of Securities Dealers Automated Quotation
MTPL = Compulsory motor vehicle liability insurance (Motor Third Party Liability Insurance)
RCH = Romanian Clearing House
REVER = Registry for Road Events Records
RGEMO = Romanian gas and electricity market operator

RIS = Reporting Information System
RMIB = Romanian Motor Insurers' Bureau
RV = Risk value
SAI = Investment Management Undertaking
SARIS = Suspension and Restoration Information System, ESMA
SD = SIBEX Depository
SIBEX = Sibex Sibiu Stock Exchange
SIF = Financial Investment Undertaking
SMEs = Small and Medium-Sized Enterprises
SOPHRD = Sectorial Operational Program for Human Resources Development
SSIF = Financial Investment Services Undertaking
SVPF = Street Victim Protection Fund
STFII = Solvency II Task Force, FSA
TAIEX = Technical Assistance and Information Exchange, *CE*
TFPP = Task Force on Personal Pensions, EIOPA
TREM = Transaction Reporting Exchange Mechanism, ESMA
UCI = Undertakings for Collective Investment
UCITS = Undertakings for Collective Investment in Transferable Securities
UCITS = Undertakings for Collective Investment in Transferable Securities
NAIRU = National Association of Insurance and Reinsurance Undertakings of Romania
NUIICUR = National Union of Insurance Intermediation and Consultancy Undertakings of Romania
VAT = Value Added Tax
VCNP = Vocational Qualification Natural Person Intermediaries
VIG = Vienna Insurance Group
WB = World Bank
XBRL = eXtensible Business Reporting Language
XL = excess of loss

LIST OF TABLES

PART I

Table I 1 Economic growth in EU 18
Table I 2 GDP *per capita* expressed in PPS (% of EU average - 28) 18
Table I 3 Evolution of government debt in EU 21
Table I 4 Population and number of employees 23
Table I 5 Evolution of inflation and exchange rate 24
Table I 6 Insurance penetration degree in GDP (%) 26
Table I 7 Insurance density (EUR/*per capita*) 27
Table I 8 Total assets as share of GDP 29
Table I 9 Contribution of the entities supervised by FSA upon financing the government debt (ESA95 Methodology) in 2013 30
Table I 10 List of purchases and sales of shares made by non-residents in 2013 37
Table I 11 Areas of interest for non-resident investors in 2013 38
Table I 12 Evolution of share capital subscribed between 2009 and 2013 41
Table I 13 Dynamics of gross written premiums for non-life and life insurance between 2009 and 2013 44
Table I 14 Evolution of penetration degree and density of insurance between 2009 and 2013 45
Table I 15 Structure of gross written premiums between 2009 and 2013 46
Table I 16 Undertakings with largest volumes of gross written premiums and their total share on the market (non-life and life insurance) 47
Table I 17 Dynamics of gross written premiums for non-life insurance between 2009 and 2013 48
Table I 18 Undertakings with largest underwriting for non-life insurance in 2013 48
Table I 19 Dynamics of gross written premiums for life insurance between 2009 and 2013 50
Table I 20 Undertakings with largest volume of underwriting for life insurance 52
Table I 21 Dynamics of gross Claims paid for non-life and life insurance between 2009 and 2013 52
Table I 22 Structure of gross Claims paid for the two classes of insurance between 2009 and 2013 53
Table I 23 Dynamics of gross Claims paid for non-life insurance between 2009 and 2013 54
Table I 24 Insurance undertakings with largest volume of gross Claims paid for non-life insurance 54
Table I 25 Dynamics of gross Claims paid for life insurance between 2009 and 2013 57
Table I 26 Insurance undertakings with largest volume of Claims paid for life insurance 58
Table I 27 Evolution of gross written premiums and gross Claims paid for compulsory and voluntary home insurance 59
Table I 28 Evolution of key indicators for voluntary home insurance (2011-2013) 59
Table I 29 List of indicators for compulsory home insurance (2011-2013) 59
Table I 30 Evolution of gross technical reserves for non-life insurance between 2009 and 2013 61
Table I 31 Evolution of gross technical reserves for life insurance between 2009 and 2013 62
Table I 32 Balance sheet assets of insurance undertakings between 31.12.2009 and 31.12.2013 63
Table I 33 Key reinsurance indicators in 2013 71
Table I 34 Structure of acquisition and administrative costs by insurance classes 77
Table I 35 Loss rating of main classes of non-life insurance between 2011 and 2013 80
Table I 36 Evolution of available solvency margin (lei) for non-life and life insurance between 31.12.2009 and 31.12.2013: 80
Table I 37 continued Table I 36 81
Table I 38 Net financial result between 2009 and 2013 82
Table I 39 Technical result for non-life insurance between 2009 and 2013 82
Table I 40 Technical result for life insurance between 2009 and 2013 82

Table I 41 List of insurance brokers with the largest volume of intermediated premiums and their total share on the market in 2013 84
Table I 42 Insurance brokers reporting revenues over 3,300,000 lei in 2013 86
Table I 43 Statement of revenues obtained in 2013 by brokers writing voluntary pensions 90
Table I 44 Comparative evolution of BSE and regional stock exchanges 93
Table I 45 Key market indexes of stock exchanges of EEC (2013) 93
Table I 46 Dynamics of BSE indexes in the last 5 years 94
Table I 47 Total value traded on BSE in 2013 95
Table I 48 Comparative evolution of transactions made on BSE and RASDAQ segment 95
Table I 49 Value traded on BSE segment in 2013 95
Table I 50 New issues of bonds through BSE 96
Table I 51 Evolution of share offers on regulated market 97
Table I 52 Trading activity in 2013 by the regulated stock market segments administered by BSE 99
Table I 53 Bond issuing undertakings in 2013 100
Table I 54 Evolution of bond transactions on BSE (including the initial public offering) between 2008 and 2013 101
Table I 55 Futures contracts by class of underlying asset 103
Table I 56 Statistics by underlying asset of futures contract 103
Table I 57 Number of contracts traded and notional value by delivery month 104
Table I 58 2013 Synthetic presentation from RASDAQ perspective 104
Table I 59 Structure of capitalization and number of issuers by RASDAQ market classes 104
Table I 60 Structure of capitalization and number of issuers by RASDAQ market classes 105
Table I 61 Evolution of share offers on RASDAQ market 105
Table I 62 List of undertakings traded on RASDAQ 105
Table I 63 Dynamics of RASDAQ market share indicators in the last 5 years 106
Table I 64 List of transactions on ATS administered by BSE 107
Table I 65 Synthetic presentation of 2013 from ATS perspective 107
Table I 66 Transactions made on ATS in 2013 108
Table I 67 Capitalization of ATS segment 108
Table I 68 Statement of admission to trading on BSE in 2013 109
Table I 69 List of intermediaries on BSE in 2013 109
Table I 70 Participants in the BSE trading system 110
Table I 71 List of instruments traded on SIBEX as at 31.12.2013 111
Table I 72 Evolution of stock transactions on regulated spot market between 2010 and 2013 112
Table I 73 Evolution of monthly stock transactions on regulated spot market in 2013 113
Table I 74 Evolution of annual stock transactions on ATS between 2010 and 2013 113
Table I 75 Evolution of monthly stock transactions on ATS in 2013 113
Table I 76 List of intermediaries on SIBEX spot market in 2013 114
Table I 77 Futures and options contracts traded in 2013 114
Table I 78 Futures contracts traded on SIBEX in 2013 115
Table I 79 Options contracts traded on SIBEX in 2013 116
Table I 80 List of intermediaries on SIBEX futures market in 2013 117
Table I 81 List of entities involved in UCI market as at 31.12.2013 122
Table I 82 Classification of top five investment management undertakings by net asset managed as at 31.12.2013 122
Table I 83 Number of investors distributed by classes of open-end funds 123
Table I 84 Orientation of investment capital of open-end funds by investment policy 123
Table I 85 Classification in CeF by investment policy 124

Table I 86 Net asset value of closed-end investment funds as at 31.12.2013 124
Table I 87 Dividends related to profits between 2008 and 2013 125
Table I 88 Shareholding of Fondul Proprietatea as at 31.12.2013 125
Table I 89 Net asset of FP 126
Table I 90 Structure of FP portfolio 126
Table I 91 Evolution of net asset value of SIF 127
Table I 92 Monthly evolution of SIF profit in 2013 128
Table I 93 Turnover obtained in 2012 by SIFs portfolio undertakings 129
Table I 94 Share of SIFs aggregated portfolio undertakings as total per economy in 2012 130
Table I 95 Strategic allocation of SIFs portfolios as at 31.12.2013 131
Table I 96 Exposure of depositories in Romania as at 31.12.2013 (calculated as total assets minus cash and deposits for all funds with the depository) 132
Table I 97 Deposit and registry activity of the Central Depository 133
Table I 98 Clearing-settlement activity of the Central Depository in 2013 133
Table I 99 Registry activity of Sibex Depository 135
Table I 100 Clearing-settlement activity of Sibex Depository 135
Table I 101 BCH clearing members 137
Table I 102 Statistics by classes of underlying assets BCH 138
Table I 103 Statistics by futures contracts BCH 138
Table I 104 Number of contracts and monthly notional value in the system administered by BCH 138
Table I 105 Average income and expenses of households of Romania 141
Table I 106 Private pension funds – Degree of coverage by hedging as at 31.12.2013 144
Table I 107 Private pension funds – Holdings in the share capital of the top issuers of BSE as at 31.12.2013 146
Table I 108 Private pension funds – Structure of deposits by maturity and interest rate 147
Table I 109 Pillar II Number of participants (mil. pers.) 148
Table I 110 Pillar II Share of participants with monthly contributions as total participants 2012 - 2013 149
Table I 111 Pillar II Net assets (billion lei) 153
Table I 112 Pillar II Evolution of average book value between December 2012 and December 2013 154
Table I 113 Pillar II Structure of Investments as at 31.12.2013 154
Table I 114 Pillar II Structure of Investments - total (billion lei) 154
Table I 115 Pillar II Government Securities as at 31.12.2013 156
Table I 116 Pillar II Corporate bonds as at 31.12.2013 156
Table I 117 Pillar II Municipal bonds as at 31.12.2013 157
Table I 118 Evolution of structure by countries of investment in municipal bonds 158
Table I 119 Pillar II Bonds of foreign non-governmental bodies as at 31.12.2013 159
Table I 120 Pillar II Value of stock portfolio as at 31.12.2013 159
Table I 121 Pillar II Shares top 10 issuers in 2013 160
Table I 122 Pillar II Bank deposits as at 31.12.2013 161
Table I 123 Pillar II Structure by currencies of deposits as at 31.12.2013 161
Table I 124 Pillar II Detailed structure of banks where deposits are established as at 31.12.2013 by reference to 31.12.2012 161
Table I 125 Pillar II Equity securities as at 31.12.2013 162
Table I 126 Pillar II Other assets as at 31.12.2013 162
Table I 127 Pillar II Evolution of NAVPS December 2013 – December 2012 163
Table I 128 Pillar III Number of participants (persons) 164
Table I 129 Pillar III Net assets (mil. lei) 167
Table I 130 Value of voluntary pension accounts 167
Table I 131 Pillar III Structure of Investments as at 31.12.2013 168
Table I 132 Pillar III Structure of Investments - total (mil. lei) 168

Table I 133 Pillar III Government Securities 31.12.2013 169
Table I 134 Pillar III Corporate bonds as at 31.12.2013 170
Table I 135 Pillar III Municipal bonds as at 31.12.2013 171
Table I 136 Pillar III Bonds of foreign non-governmental bodies as at 31.12.2013 172
Table I 137 Pillar III Shares as at 31.12.2013 173
Table I 138 Pillar III Shares, top 10 issuers in 2013 174
Table I 139 Pillar III Bank deposits as at 31.12.2013 175
Table I 140 Pillar III Structure by currencies of deposits as at 31.12.2013 175
Table I 141 Pillar III Detailed structure of banks where deposits are established as at 31.12.2013 by reference to 31.12.2012 175
Table I 142 Pillar III Equity securities - UCITS as at 31.12.2013 176
Table I 143 Pillar III Other assets as at 31.12.2013 176
Table I 144 Pillar III Evolution of NAVPS 2012 - 2013 177
Table I 145 List of marketing agents in 2013 178
Table I 146 Evolution of revenues of legal person marketing agents in 2013 by reference to 2012 178
Table I 147 Pillar II Financial results pension funds in 2013 178
Table I 148 Pillar III Financial results pension funds in 2013 179
Table I 149 Private pension funds' administrators – Financial results in 2013 179
Table I 150 Private pension funds' administrators – Structure financial results in 2013 180

PART II

Table II 1 Number of complaints registered and settled in 2013 203
Table II 2 Structure of complaints registered with ISC, by insurance class 204
Table II 3 Top ten insurance undertakings with the largest number of complaints sent by the policyholder/prejudiced parties between January and April 2013 204
Table II 4 Structure of complaints registered with FSA, by insurance class 206
Table II 5 Top ten insurance undertakings with the largest number of complaints sent by service units 206
Table II 6 IMI classes in 2013 207
Table II 7 Examination sessions organized by IMI at a national level in 2013 208
Table II 8 Certificates granted by IMI in 2013 208
Table II 9 List of classes organized within the project in 2013 209
Table II 10 Sanctions applied within the monitoring activity of SSIF between January and April 2013 211
Table II 11 Sanctions applied within the monitoring activity of SSIF between May and December 2013 212
Table II 12 Notifications/requests received from State authorities and other institutions 213
Table II 13 SSIF notifying their intention to provide investment services and activities 229
Table II 14 Number of investment firms from other EU Members State registered with the FSA Public registry 235
Table II 15 Credit institutions of other Member States which were registered with the FSA Public registry 235
Table II 16 Decisions/approvals issued by FSA (PPSSC) in 2013 for administrators, funds, depositories 247
Table II 17 Decisions/approvals issued by FSA (PPSSC) in 2013 for marketing agents 249
Table II 18 Complaints sent and settled in 2013 (cumulated by mail, telephone, e-mail or visit at the headquarters) 252
Table II 19 List of control actions performed until 29.04.2013 270
Table II 20 List of control actions performed after 29.04.2013 271
Table II 21 Sanctions applied by NSC in 2013 within the control activity in the capital market sector 274
Table II 22 Sanctions applied by FSA in 2013 within the control activity in the capital market sector 274
Table II 23 Control actions in the private pension system between January and April 2013 277
Table II 24 Control actions in the private pension system between May and December 2013 278
Table II 25 Number of positions taken over upon establishment of FSA 289
Table II 26 Balance Sheet of PGF 302

Table II 27 Evolution of number of ICF members 307
Table II 28 Evolution of annual contributions of ICF members 307
Table II 29 Evolution of initial contributions of ICF members 307
Table II 30 Annual contribution owed by each administrator based on the technical reserve 309

PART III

Table III 1 Income implementation of FSA as at 31.12.2013 (lei) 314
Table III 2 Envisaged expenses and incurred expenses between 01.01 and 31.12.2013 (lei) 316
Table III 3 IEB implementation of FSA 30.04-31.12.2013 (lei) 317
Table III 4 Structure of envisaged income and collections received by the income budget, as at 29.04.2013 (thousands lei) 319
Table III 5 Budgeted expenses and incurred expenses between 01.01.2013 – 29.04.2013 (thousands lei) 322
Table III 6 Structure of envisaged income and collections received by the income budget, as at 29.04.2013 (thousands lei) 323
Table III 7 Envisaged expenses and incurred expenses between 01.01.2013 – 29.04.2013 (thousands lei) 324
Table III 8 Structure of envisaged income and collections received by the income budget, as at 29.04.2013 (thousands lei) 326
Table III 9 Envisaged expenses and incurred expenses between 01.01.2013 – 29.04.2013 (thousands lei) 327
Table III 10 FSA Balance sheet as at 31.12.2013 (lei) 329
Table III 11 Economic outturn accounts of FSA as at 31.12.2013 332
Table III 12 Statement of treasury flows as at 31.12.2013 333
Table III 13 statement of treasury flows at commercial banks as at 31.12.2013 333
Table III 14 FSA Income and expenditure budget for 2013 (lei) 333
Table III 15 FSA Balance sheet items (lei) 335
Table III 16 Economic outturn accounts items (lei) 336
Table III 17 Statement of cash and cash equivalents – Treasury account (lei) 337
Table III 18 Statement of cash and cash equivalents with commercial banks (lei) 337
Table III 19 Statement of FSA income without the Insurers' Guarantee Fund (lei) 338
Table III 20 Statement of FSA expenses without the Insurers' Guarantee Fund (lei) 340

LIST OF FIGURES

PART I

Figure I 1 Economic evolution under the influence of agriculture 17
Figure I 2 Contribution of classes of resources and utilizations to GDP growth 19
Figure I 3 Evolution of current account deficit and budget deficit 20
Figure I 4 Non-residents' net capital inflows 21
Figure I 5 Evolution of government debt 22
Figure I 6 Evolution of external debt 22
Figure I 7 Dynamics of productivity, occupation and actual earnings 23
Figure I 8 Evolution of total capitalization of local undertakings traded on the Bucharest Stock Exchange 28
Figure I 9 Evolution of market capitalization/GDP for Romania and neighboring countries 29
Figure I 10 Evolution of key international stock market indexes between 2009 and 2013 31
Figure I 11 Long term evolution of key regional stock market indexes (Central and Eastern Europe) 32
Figure I 12 Regimes of volatility of BET index between 2012 and 2013 33
Figure I 13 Dynamics of contagion indexes in yields and volatility 33
Figure I 14 Dynamics of contagion indexes in yields and volatility (by countries) 34
Figure I 15 Evolution of Credit Default Swaps quotations between 2009 and 2013 35
Figure I 16 Evolution of government bond yield index for 5 years 35
Figure I 17 Net foreign investments on the Romanian capital market 36
Figure I 18 Dynamics of foreign capital inflows (left) and outflows (right) 37
Figure I 19 Private pension funds – strategic allocation of assets in 2013 39
Figure I 20 Private pension funds - strategic allocation of assets in 2012 39
Figure I 21 Dynamics of the share capital subscribed between 2009 and 2013 42
Figure I 22 Structure by countries of the participation in the share capital of insurance undertakings of Romania (%) 43
Figure I 23 Dynamics of gross written premiums between 2009 and 2013 44
Figure I 24 Evolution of penetration degree and density of insurance between 2009 and 2013 45
Figure I 25 Dynamics of gross written premiums, by total and classes of insurance between 2009 and 2013 46
Figure I 26 Dynamics of the structure of gross written premiums by class of insurance between 2009 and 2013 46
Figure I 27 Evolution of gross written premiums for non-life insurance between 2009 and 2013 48
Figure I 28 Structure by classes of gross written premiums from non-life insurance 49
Figure I 29 Gross written premiums for life insurance 51
Figure I 30 Distribution of gross written premiums by classes of life insurance 51
Figure I 31 Dynamics of gross claims paid by total and classes of insurance between 2009 and 2013 53
Figure I 32 Dynamics of the structure of gross claims paid by class of insurance between 2009 and 2013 53
Figure I 33 Evolution of gross claims paid for non-life insurance between 2009 and 2013 (million lei) 54
Figure I 34 Structure by classes of gross claims paid for non-life insurance (%) 55
Figure I 35 Evolution of gross claims paid for life insurance between 2009 and 2013 (million lei) 57
Figure I 36 Structure by classes of gross claims paid for life insurance (%) 57
Figure I 37 Dynamics of gross technical reserves for non-life insurance between 2009 and 2013 61
Figure I 38 Dynamics of gross technical reserves for life insurance between 2009 and 2013 62
Figure I 39 Evolution of total assets and financial investments between 31.12.2009 and 31.12.2013 63
Figure I 40 Structure of insurance undertakings' assets as at 31.12.2013 64
Figure I 41 Evolution of the structure of assets admitted to cover gross technical reserves for non-life insurance between 31.12.2009 and 31.12.2013 67
Figure I 42 Evolution of the structure of assets admitted to cover gross technical reserves for life insurance between 31.12.2009 and 31.12.2013 69
Figure I 43 Dynamics of gross written premiums and reinsurance ceded gross written premiums between 2010 and 2013 (mil. lei) 72
Figure I 44 Dynamics of revenues obtained from reinsurers from recovered claims between 2010 and 2013 (mil. lei) 72
Figure I 45 Dynamics of gross written premiums and reinsurance ceded gross written premiums for the class of non-life insurance between 2010 and 2013 (mil. lei) 73

Figure I 46 Dynamics of gross written premiums and reinsurance ceded premiums related to the class of non-life insurance VIII – Insurance against fire and other natural disasters between 2010 and 2013 (mil. lei) 74
Figure I 47 Dynamics of gross written premiums and reinsurance ceded premiums related to the class of non-life insurance X – Compulsory motor vehicle liability insurance between 2010 and 2013 (mil. lei) 74
Figure I 48 Dynamics of gross written premiums and reinsurance ceded premiums related to the class of non-life insurance III – Insurance for Land transportation means other than rail transport, between 2010 and 2013 (mil. lei) 75
Figure I 49 Dynamics of gross written premiums and reinsurance ceded gross written premiums for the class of life insurance between 2010 and 2013 (mil. lei) 76
Figure I 50 Evolution of acquisition and administrative costs for non-life insurance 78
Figure I 51 Structure of acquisition and administrative costs by classes of non-life insurance (%) as at 31.12.2013 78
Figure I 52 Evolution of acquisition and administrative costs for life insurance 79
Figure I 53 Structure of acquisition and administrative costs by classes of life insurance (%) as at 31.12.2013 79
Figure I 54 Evolution of balance sheet assets and share capital subscribed between 2011 and 2013 83
Figure I 55 Evolution of premiums generated from business written by insurance and/or reinsurance brokers and claims adjustment between 2011 and 2013 85
Figure I 56 Structure of brokerage revenues as at 31.12.2013 88
Figure I 57 Evolution of brokerage revenues obtained by insurance brokers between 2011 and 2013 88
Figure I 58 Evolution of financial results obtained by insurance brokers between 2011 and 2013 89
Figure I 59 Evolution of BSE indexes between 2009 and 2013 92
Figure I 60 Evolution of BET index and key international indexes in 2013 92
Figure I 61 Evolution of capitalization and BSE average daily trading value between 2009 and 2013 94
Figure I 62 Structure of BSE transactions 95
Figure I 63 Evolution of trading value by types of financial instruments at BSE in 2013 97
Figure I 64 Evolution of BSE liquidity ratios in 2013 97
Figure I 65 Evolution of BSE bond transactions 100
Figure I 66 Evolution of BSE structured products transactions between 2010 and 2013 101
Figure I 67 Regression of total revenues of stock exchanges by reference to the traded value 102
Figure I 68 Regression of total revenues of stock exchanges by reference to the number of transactions 102
Figure I 69 Evolution of liquidity ratios of RASDAQ market segment between 2009 and 2013 106
Figure I 70 Evolution of capitalization and average daily trading value on RASDAQ market segment between 2009 and 2013 107
Figure I 71 Distribution of transactions made by intermediaries in 2013 110
Figure I 72 Evolution of traded value of derivatives contracts 115
Figure I 73 Volume and value of futures contracts between 2006 and 2013 116
Figure I 74 Volume and value of options contracts between 2006 and 2013 117
Figure I 75 Evolution of the value of total assets administered by local UCI 118
Figure I 76 Dynamics of the value of total assets administered by Romanian UCI between January and December 2013 (%) 118
Figure I 77 Dynamics of the value of total assets administered by Romanian UCI between January and December 2013 (thousands lei) 119
Figure I 78 Dynamics of the structure of Romanian OPCs aggregated investments 119
Figure I 79 Structure of Romanian OeIF by types of funds depending on the volume of assets as at 31.12.2013 119
Figure I 80 NAVPS monthly average yield by types of OeIF between January and December 2013 120
Figure I 81 Volatility of NAVPS monthly yield by types of OeIF between January and December 2013 120
Figure I 82 Sharpe index by types of OeIF 120
Figure I 83 Structure of investment in OeIF and CeIF by types of investors 121
Figure I 84 Net underwriting on local OeIF 121
Figure I 85 List of SAI market shares in 2013 122
Figure I 86 Evolution of the number of investors in OeIF 123
Figure I 87 Structure of closed-end investment funds by net asset as at 31.12.2013 124
Figure I 88 Evolution of net asset of closed-end investment funds between January and December 2013 125
Figure I 89 Evolution of the price and discount by reference to NAV for FP between 2011 and 2013 126

Figure I 90 Evolution of the price and discount by reference to NAV for SIFs between 2011 and 2013 127
Figure I 91 Monthly evolution of SIF profit in 2013 128
Figure I 92 SIFs influence in portfolio undertakings 129
Figure I 93 Market share of the depositories of investment funds by reference to total assets 131
Figure I 94 Annual evolution of the number of contracts traded between 2009 and 2013 136
Figure I 95 Evolution of the number of open positions on FD at the end of the month between 2009 and 2013 136
Figure I 96 Evolution of monthly average of daily values of Open Interest 137
Figure I 97 Structure of the private pension system of Romania 140
Figure I 98 Private pension funds – Allocation of assets by countries as at 31 December 2013 142
Figure I 99 Private pension funds – Evolution of total assets and monthly increases December 2012 – December 2013 142
Figure I 100 Private pension funds – Strategic allocation of assets as at 31.12.2013 143
Figure I 101 Private pension funds – Evolution of currency exposure 143
Figure I 102 Private pension funds – Distribution of investments in government securities by reference to the related coupon rate as at 31.12.2013 144
Figure I 103 Private pension funds - Structure by currency of investment in government securities 144
Figure I 104 Private pension funds - Structure by maturity dates of investment in government securities in 2013 144
Figure I 105 Private pension funds - Structure of corporate bonds by countries in 2013 145
Figure I 106 Private pension funds - Structure of investment in municipal and supranational bonds in 2013 145
Figure I 107 Private pension funds - Structure of Romanian/foreign shares in 2013 146
Figure I 108 Private pension funds - Structure of Romanian shares by issuers in 2013 146
Figure I 109 Private pension funds - Structure of investments in UCITS 2013 147
Figure I 110 Private pension funds - Structure of bank deposits in 2013 147
Figure I 111 Evolution of average rate of return in the private pension system 148
Figure I 112 Pillar II Evolution o the number of newly entered participants between December 2012 and December 2013 149
Figure I 113 Pillar II Evolution of participants with monthly contributions in 2013 150
Figure I 114 Pillar II Evolution of the number of employees in the economy in 2013 150
Figure I 115 Pillar II Evolution of the structure by age groups 2008 - 2013 150
Figure I 116 Pillar II Age and distribution by gender of participants 150
Figure I 117 Pillar II Participants – distribution by economic activities – December 2013 151
Figure I 118 Pillar II Participants – distribution by development areas – December 2013 151
Figure I 119 Pillar II Participants with contributions in the current month and average contribution December 2012 – December 2013 152
Figure I 120 Pillar II Average contribution/participant with contribution in the current month December 2012 - December 2013 152
Figure I 121 Pillar II Evolution of monthly increase average contribution/participant and gross average earnings in 2013 152
Figure I 122 Pillar II Market share by reference to participants and net assets – December 2013 153
Figure I 123 Pillar II Evolution of strategic allocation of assets between 2008 and 2013 155
Figure I 124 Pillar II Investment structure – December 2013 155
Figure I 125 Pillar II Government securities December 2012 – December 2013 155
Figure I 126 Pillar II Corporate bonds December 2012 – December 2013 156
Figure I 127 Pillar II Investment structure in corporate bonds 157
Figure I 128 Pillar II Municipal bonds December 2012 – December 2013 157
Figure I 129 Pillar II Structure of Romanian municipal bonds as at 31.12.2013 158
Figure I 130 Pillar II Bonds foreign non-governmental bodies December 2012 – December 2013 158
Figure I 131 Pillar II Structure by issuers of supranational bonds as at 31.12.2013 159
Figure I 132 Pillar II Shares December 2012 – December 2013 159
Figure I 133 Pillar II Structure of investments in shares by issuer's country 160
Figure I 134 Pillar II Bank deposits December 2012 – December 2013 160
Figure I 135 Pillar II Equity securities December 2012 – December 2013 162
Figure I 136 Pillar II NAVPS evolution in 2013 163
Figure I 137 Pillar II Weighted average rate of return December 2012 – December 2013 163
Figure I 138 Pillar II Annualized rates of return December 2013 163

Figure I 139 Pillar III Evolution of the structure of participants by age groups 2007 - 2013 164
Figure I 140 Pillar III Age and distribution of participants by genders 164
Figure I 141 Pillar III Structure of employees by reference to economic activities – December 2013 165
Figure I 142 Pillar III Structure of participants by development areas – December 2013 165
Figure I 143 Pillar III Evolution of the number of newly entered participants in December 2012 – December 2013 165
Figure I 144 Pillar III Evolution of gross contributions and average contribution in December 2010 – December 2013 166
Figure I 145 Pillar III Total gross contributions in 2013 166
Figure I 146 Pillar III Market share by reference to participants and net assets – December 2013 167
Figure I 147 Pillar III Evolution of strategic allocation of assets 168
Figure I 148 Pillar III Structure of portfolios as at 31.12.2013 169
Figure I 149 Pillar III Government securities December 2012 – December 2013 169
Figure I 150 Pillar III Corporate bonds December 2012 – December 2013 170
Figure I 151 Pillar III Structure of corporate bonds 170
Figure I 152 Pillar III Municipal bonds December 2012 – December 2013 171
Figure I 153 Pillar III Structure of municipal bonds as at 31.12.2013 171
Figure I 154 Pillar III Bonds of foreign non-governmental bodies December 2012 – December 2013 172
Figure I 155 Pillar III Structure of supranational bonds as at 31.12.2013 172
Figure I 156 Pillar III Shares December 2012 – December 2013 173
Figure I 157 Pillar III Structure of investments in shares by issuer's country 173
Figure I 158 Pillar III Bank deposits December 2012 – December 2013 174
Figure I 159 Pillar III Equity securities - UCITS December 2012 – December 2013 176
Figure I 160 Pillar III NAVPS evolution in 2013 177
Figure I 161 Pillar III Average rates of return between December 2012 – December 2013 177
Figure I 162 Pillar III Annualized rates of return December 2013 177
Figure I 163 Private pension funds administrators - Profit/loss in 2012-2013 financial year 180
Figure I 164 Private pension funds administrators – Structure of Revenues in 2013 181
Figure I 165 Private pension funds administrators – Structure of Expenses in 2013 181

PART II

Figure II 1 Evolution of the number of complaints sent by policyholder/prejudiced 202
Figure II 2 Number of complaints sent by policyholder/prejudiced to ISC 203
Figure II 3 Number of complaints sent by policyholder/prejudiced to FSA 205
Figure II 4 List of top ten insurance undertakings which recorded de largest number of complaints with FSA 207
Figure II 5 Complaints sent and settled in 2013 251
Figure II 6 Structure of the complaints sent and settled in 2013 251
Figure II 7 Structure of PGF investment as at 31 December 2013 303
Figure II 8 Evolution of financial cash and cash equivalents of PGF 303
Figure II 9 Number of persons prejudiced by bodily injuries/material damages 303
Figure II 10 Value of compensation granted by type of prejudice 304
Figure II 11 Average compensation paid 304

FINANCIAL SUPERVISORY AUTHORITY
15 Splaiul Independenței, Bucharest 5, Postal code: 050092, Romania
E-mail: office@asfromania.ro, Web: www.asfromania.ro