

RULE No. 21/2014
on the financial audit activity at the entities authorised, regulated and supervised by the
Financial Supervisory Authority

In accordance with the provisions of Art. 3 Para (1) Letter b), in conjunction with the provisions of Art. 6 and Art. 14 of Government Emergency Ordinance No. 93/2012 on the establishment, organisation and operation of the Financial Supervisory Authority, approved as amended and supplemented by Law No. 113/2013, as subsequently amended and supplemented;

Pursuant to the provisions of Art. 258 Para (1) of Capital Market Law No. 297/2004, as subsequently amended and supplemented;

Pursuant to the provisions of Art. 20 Para (3) Letter g) and 20¹ of Law No. 32/2000 on the insurance activity and supervision of insurance, as subsequently amended and supplemented;

Pursuant to the provisions of Art. 51 Paras (4)-(6) and of Arts. 105 - 110 of Law No. 411/2004 on privately managed pension funds, republished, as subsequently amended and supplemented;

Pursuant to the provisions of Art. 15 Paras (7) and (8), Art. 35, Art. 81, Paras (2) and (3) and Art. 83 Letter d) of Law No.204/2006 on voluntary pensions, as subsequently amended and supplemented;

Further to the deliberations held in the meeting of the Financial Supervisory Authority's Board of 29 October 2014,

the Financial Supervisory Authority hereby issues this rule:

CHAPTER I
General Provisions

Art. 1. - (1) This rule applies to all financial auditors pursuing a financial audit activity at the entities authorised, regulated and supervised by the Financial Supervisory Authority, hereinafter referred to as *ASF*, and lays down the conditions for the approval/licence of financial auditors and also the information and reporting requirements on financial audit of the mentioned entities operating in the Financial Investment and Instruments Sector, Insurance – Reinsurance Sector and Private Pension System Sector.

(2) The entities referred to in Para (1) falling within the scope of this rule are: investment firms; investment management companies; undertakings for collective investments; traders; investment advisers; Investor Compensation Fund; market/system

operators; central depositaries; clearing houses; central counterparties; insurance and/or reinsurance undertakings; privately managed pension funds and administrators thereof; voluntary pension funds and administrators thereof.

(3) The provisions hereof shall not apply to insurance and/or reinsurance brokers having the obligation to audit the annual financial statements in accordance with the size criteria set in accordance with specific accounting regulations, and to the marketing agent authorised/licensed to undertake activities in the Private Pension System Sector in accordance with applicable legal provisions.

Art. 2. – For the purposes of this rule, the terms and expressions below shall mean the following:

1. *actuary* – any natural person registered in the Registry of Actuaries, in accordance with the legal provisions;

2. *financial audit* – the activity carried out by financial auditors to express an opinion on financial statements or components thereof, exercise other insurance duties and professional services in accordance with the international audit standards and other regulations adopted by the Chamber of Financial Auditors of Romania. The financial audit shall also comprise the statutory audit, carried out according to law;

3. *statutory audit* – an audit of separate/consolidated annual financial statements;

4. *financial auditor* – any natural or legal person acquiring such capacity according to law;

5. *group auditor* – any natural or legal person statutory auditor, carrying out the statutory audit of the separate/consolidated annual financial statements;

6. *statutory auditor* – any natural person who is approved by the competent authority, *i.e.* the Chamber of Financial Auditors of Romania, to carry out statutory audits;

7. *Chamber of Financial Auditors of Romania*, hereinafter referred to as *CFAR*, – the autonomous legal person established according to law, operating as a non-profit professional organisation of public utility, being the competent authority which organises, coordinates and authorises the financial audit activity in Romania;

8. *Accounting Profession Public Interest Oversight Board*, hereinafter referred to as *APPIOB*, – the competent authority in the field of public interest supervision of statutory audit, an autonomous public institution, with legal personality, established in accordance with the legal provisions in force.

9. *public-interest entities* – legal persons so classified by the legislation in force;

10. *audit firm* – any legal person or any other entity, regardless of its legal form, that is approved by a competent authority, *i.e.* CFAR, to carry out statutory audits;

11. *key audit partner*:

a) the statutory auditor designated by an audit firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of the audit firm; or

b) in the case of a group audit, at least the statutory auditor designated by an audit firm as being primarily responsible for carrying out the statutory audit at the level of the

group and the statutory auditor(s) designated as being primarily responsible at the level of material subsidiaries; or

c) the statutory auditor who signs the audit report;

12. *financial supervisory sectors* – the Financial Investment and Instruments Sector, Insurance-Reinsurance Sector and Private Pension System Sector within ASF.

Art. 3. - The financial auditor which is the subject of the approval/licence by ASF to carry out audit engagements at the entities referred to in Art. 1 Para (2) shall meet the professional requirements provided by the applicable legislation.

Art. 4. - A financial auditor may carry out the financial audit activity at the entities referred to in Art.1 Para (2) only in accordance with the provisions of this rule.

CHAPTER II

Approval/Licence of Financial Auditor

SECTION 1

Requirements for the approval/licence of the financial auditor

Art. 5. - (1) To carry out the financial audit activity, the financial auditors who indicated their intention to carry out a financial audit activity at the entities referred to in Art. 1 Para (2) shall request the approval/licence from ASF in this respect.

(2) The request referred to in Para (1) shall be made through the submission of an application drawn up in accordance with Annexe No. 1, together with the documentation referred to in Art. 8, to ASF's Registry Office prior to the commencement of the financial audit engagement, no later than 31 October of the financial year for which the audit engagement is carried out.

Art. 6. – The financial audit activity at the entities referred to in Art. 1 Para (2) may be carried out provided that the natural or legal person financial auditors were approved/licensed by ASF.

Art. 7. – The natural or legal person financial auditor shall be approved/licensed by ASF provided that it cumulatively meets the common conditions applicable at the level of ASF and also the specific conditions applicable at the sectoral level due to the particularities of the activity carried out by the entities referred to in Art. 1 Para (2), as follows:

A. Common conditions applicable to ASF:

a) to be an active member of CFAR and to have a length of service of at least 3 years as member of CFAR;

b) to have obtained over the last 3 years the maximum rating A given by the competent professional body;

c) to hold the capacity as statutory auditor, according to the law, to audit separate and/or consolidated annual financial statements;

d) not to have been subject to a disciplinary penalty by a final decision over the last 3 years;

e) not to have been penalised by the Romanian or foreign authorities in the financial field with the prohibition of pursuing activities in the financial-banking system or with the temporary prohibition of pursuing such activities;

f) to have a clean criminal and tax record certificate;

g) to have a professional indemnity insurance contract, in accordance with the rules on occupational hazard insurance issued by CFAR;

h) to meet the legal and professional requirements concerning the audit activity and not to be the subject of a situation of incompatibility or conflict of interest as provided by the legislation in force;

i) not to have overdue debts to the State budget, State social insurance budget, local budgets and special fund budgets;

j) the conditions referred to in Letters a) - i) apply also to natural person financial auditors who may carry out the financial audit in the name of the legal person;

k) the legal person financial auditor must have at least 5 employees, active members of CFAR;

l) the legal person financial auditor must use the services of an expert in auditing information systems, holder of CISA certification "Certified Information Systems Auditor".

B. Specific conditions applicable at the sectoral level:

a) the financial auditors who indicated their intention to carry out financial audit engagements at the entities operating in the Financial Investment and Instruments Sector, shall have to meet, in addition to the conditions referred to in Letter A, the requirement of being graduates of capital market specialised and refresher training courses, organised on a regular basis by CFAR in collaboration with entities specialised in the specific professional training;

b) the financial auditors who indicated their intention to carry out financial audit engagements at the entities operating in the Insurance-Reinsurance Sector, shall have to meet, in addition to the conditions referred to in Letter A, the requirement of having at least an actuary within the team that shall carry out the financial audit, in order to analyse the insurance/reinsurance activity in line with the fundamental and generally accepted actuarial calculation principles;

c) the financial auditors who indicated their intention to carry out financial audit engagements at the entities operating in the Private Pension System Sector, shall have to meet, in addition to the conditions referred to in Letter A, the following specific requirements:

(i) to use the services of an actuary;

(ii) in the case of privately managed funds/voluntary pension funds, to have been operating for at least 4 years, except for the legal persons resulting from a merger or division, in which case such term shall also include the period of operation of the legal person(s) from which they resulted.

SECTION 2

The documentation required for the approval/licence of the financial auditor

Art. 8. – The financial auditors requesting the approval/licence as financial auditors of the entities referred to in Art.1 Para (2) must provide evidence of the fulfilment of the conditions referred to in Art. 7 through the submission of the following documents to ASF's Registry office:

A. In the case of natural person financial auditors:

- a) identity document, copy;
- b) document issued by CFAR attesting the capacity as statutory auditor, valid for the current year;
- c) document issued by CFAR mentioning the rating given by the competent professional body;
- d) professional indemnity insurance contract, valid for the financial year concerned, copy;
- e) curriculum vitae, signed and dated, comprising at least information related to education attested by diploma, mentioning the education institution, type of courses and year of graduation, and a detailed presentation of the activity carried out, indicating the name and profile of the activity of the entity where such person operated, duration and type of activities, and also the responsibilities exercised, together with any other documents attesting to the fulfilment of the conditions for training and experience in the audited field;
- f) curriculum vitae, signed and dated, for the actuary referred to in Art. 7 Letter B Letter b) and Letter c) Item (i), comprising at least the information referred to in Letter e) in connection with the professional training and experience;
- g) criminal record certificate and tax offence record certificate, original;
- h) certificate attesting the graduation of the specialisation and refresher courses for the Financial Investment and Instruments Sector and the passing of the related legislation knowledge verification examination, notarized copy;
- i) affidavit, bearing the handwritten signature, in the form of Annexes Nos. 2, 3 and 4;
- j) questionnaire, filled out and signed, in the form of Annexe No. 5;

B. In the case of legal person financial auditors:

- a) registration certificate issued by the Office of the National Trade Registry, notarized copy;
- b) copy of the financial auditor's card, endorsed to date;
- c) company details certificate issued by the Office of the National Trade Registry, comprising up-to-date information of the legal person, original;
- d) list of financial auditors, employed natural persons, shareholders or administrators;
- e) curriculum vitae, signed and dated, for the key partner, comprising at least the information referred to in Letter A Letter e) in connection with the professional training and experience;

- f) professional indemnity insurance contract, valid for the financial year concerned, copy;
- g) criminal record certificate and tax offence record certificate, original;
- h) proof of payment of the endorsement fee for financial auditors submitting the documentation for the Private Pension System Sector;
- i) questionnaire, filled out and dated, in the form of Annexe No. 5;
- j) documentation referred to in Letter A for the natural person financial auditors who may carry out, in the name of the legal person, the financial audit at the entities referred to in Art. 1 Para (2), inclusively for the auditor in charge with the audit engagement.

Art. 9. - (1) The financial auditors approved/licensed by ASF shall be included on a list, for each sector of financial supervision separately.

(2) ASF shall publish on its website the list referred to in Para (1), update it at least quarterly or whenever necessary, and send it to CFAR and APPIOB.

Art. 10. - (1) The entities referred to in Art. 1 Para (2) shall appoint the financial auditor in the list referred to in Art. 9 and notify ASF in this respect.

(2) If the financial auditor is replaced, the entities referred to in Art.1 Para (2) shall notify ASF, within 30 days after the adoption of the decision, of the reasons based on which the financial auditor was replaced.

SECTION 3

Other Provisions related to the financial auditor

Art. 11. – The financial auditors carrying out financial audit engagements at the entities referred to in Art. 1 Para (2) shall comply with the common provisions established at the level of ASF, and with other specific provisions, as follows:

A. Common provisions:

a) the audited period of an entity by the same financial auditor shall be maximum 5 years;

b) any replacement over the period in which there is a contract concluded between the audited entity and the financial auditor shall be notified both to the audited entity and to ASF within 10 days following the replacement. The notification shall be accompanied by the documents referred to in Art. 8 Letter B Letter e).

B. Specific provisions for the Insurance-Reinsurance Sector:

a) the key audit partner shall not be allowed to take up a key management position in the audited entity before a period of at least two years has elapsed since he or she resigned as an auditor or key audit partner from that entity;

b) as key audit partner, he or she may participate in maximum 5 audit engagements of the annual/consolidated financial statements prepared for that year;

c) any person having a contractual relationship with an insurance/reinsurance undertaking authorised in Romania, or with an entity, irrespective of its scope of business, which is part of the same group as the company the annual/consolidated financial statements of which are audited, may not be a member of the audit team;

d) the actuary appointed to the audit team may annually participate in the audit engagements at maximum 4 insurance and/or reinsurance undertakings;

e) if any financial auditor who intends to carry out an audit engagement at an insurance and/or reinsurance undertaking is also a financial auditor at another insurance and/or reinsurance undertaking and, therefore, was approved for that purpose, the documentation referred to in Art. 8 shall be replaced with the Questionnaire for the financial auditor provided in Annexe No. 5, and also with the affidavits provided in Annexes Nos. 2, 3 and 4, together with the supporting documents for the situation in which changes were made.

SECTION 4

Issuance of the approval decision or licence by ASF

Art. 12. –ASF’s approval decision/licence for the financial auditors shall be issued within 30 days from the registration of their complete file.

Art. 13. - (1) Any request for information or amendment of the documents initially submitted shall interrupt the term referred to in Art. 12. The documents cannot be submitted later than 30 days after ASF’s request.

(2) If the documents submitted are incomplete, illegible and in case of missing documents, ASF shall request their supplementation or replacement, as the case may be.

Art. 14. - ASF may request additional information from CFAR or APPIOB regarding the financial auditors requesting ASF approval/licensing.

Art. 15. - (1) Failure to fulfil the conditions provided in this rule shall incur the rejection of the application for approval/licensing as financial auditor of the entities referred to in Art. 1 Para (2).

(2) ASF’s rejection decision, justified and in writing, shall be communicated within 10 days from its adoption and may be challenged within maximum 30 days from its communication, in accordance with the administrative dispute legislation.

Art. 16. – A new request for approval/licensing may be addressed to ASF only if the deficiencies based on which the initial application was rejected are remedied.

Art. 17. – Any amendment of the information and/or documents based on which the approval/licence of the financial auditor was issued shall be communicated to ASF within 5 days from its occurrence.

Art. 18. - ASF shall withdraw the approval decision/licence granted to the financial auditor that carries out audit engagements at the entities referred to in Art. 1 Para (2), in the following conditions:

a) if it was obtained based on false, erroneous or misleading information or documents;

b) if the capacity as auditor of the financial auditor was withdrawn by CFAR after having obtained the approval/licence;

c) at the request of the financial auditor;

d) if the conditions taken into account upon the approval/licensing of the financial auditor are no longer met;

- e) if it is found that the provisions of this rule are not fulfilled;
- f) if the financial auditor did not notify ASF of the reason(s) that lead to the initiation of the special administration proceedings with regard to the audited entity.

CHAPTER III

Obligations of the financial auditor

Art. 19. - (1) The financial auditor auditing the annual/consolidated financial statements of the entities referred to in Art. 1 Para (2), has the obligation to prepare an audit report including its opinion and revealing whether the financial statements subject to audit render a true and fair view of the financial standing, financial performance, cash flows, and other information regarding the activity conducted, in accordance with the relevant financial reporting framework.

(2) The audit reports prepared by the financial auditors for the entities operating in the financial supervisory sectors shall be prepared in accordance with the International Standards on Auditing adopted by CFAR and shall include both common elements and elements specific to the activity of the abovementioned entities, as follows:

A. Common elements of the audit reports:

a) an introduction identifying at least the annual/consolidated financial statements subject to audit together with the financial reporting framework applied upon their preparation;

b) a description of the scope of application of the financial audit, identifying at least the auditing standards in accordance with which the audit was performed;

c) an audit opinion which may be unqualified, qualified or contrary and which clearly expresses the standpoint of the statutory auditor regarding the following:

(i) whether the annual and/or consolidated financial statements render a true and fair view, in accordance with the relevant financial reporting framework, and

(ii) as applicable, whether the annual and/or consolidated financial statements are compliant with the applicable legal requirements.

If the statutory auditor is unable to issue an audit opinion, the report shall mention the impossibility to issue such an opinion.

d) reference to the matters identified by the statutory auditor, without issuing a qualified audit opinion;

e) a standpoint regarding:

(i) the consistency between the administrators' report and the annual/consolidated financial statements for the same fiscal year; and

(ii) the compliance of the administrators' report with the applicable legal requirements;

f) the statement of the financial auditor whereby it declares that, based on the knowledge and understanding acquired during the audit prepared for the entity at issue and its environment, it identified significant erroneous information presented in the administrators' report, indicating the nature of such erroneous information;

B. Specific elements of the audit report:

a) for the audited entities operating in the Insurance Reinsurance Sector, the financial auditor has the obligation to prepare an audit report which, in addition to the information referred to in Letter A, shall include at least the following information:

(i) reference to the compliance with the legal provisions regarding the calculation and registration methodology of the technical reserves, the categories of assets admitted to cover the technical reserves and the application of the investment spread rules;

(ii) reference to the compliance with the legal provisions regarding the solvency margin and the liquidity ratio;

(iii) reference to the compliance with the internal regulations regarding the reinsurance programme, the fulfilment of the obligations specified in the concluded reinsurance contracts, regardless of their type, and how all the reinsurance elements were reflected, in accordance with the legal requirements, in the calculation of the solvency margin;

(iv) reference to the organisation and annual inventory of the assets, liabilities, equity, and of the transactions regarding the insurance and/or reinsurance activities, in accordance with law;

b) for the entities operating in the Private Pension System Sector, the financial auditor has the obligation to prepare an audit report which, in addition to the information referred to in Letter A, shall include at least the following information:

(i) in case of auditing the annual financial statements of an administrator:

1. reference to the compliance of the provisions regarding the calculation and registration methodology of the technical provisions established by the administrator;

2. the categories of assets admitted to cover the administrator's technical provisions;

3. the diversification rules for the assets admitted to cover the technical provisions;

4. the calculation and registration of the commissions related to the marketing activity, the calculation and registration of the administrator's income;

(ii) in case of auditing the annual financial statements of a privately managed pension fund/voluntary pension fund:

1. reference to the compliance with the legal provisions regarding the calculation, conversion and registration of the individual contributions of the participants in the privately managed pension funds/voluntary pension funds;

2. calculation and registration of the commission established in the case of privately managed pension funds/voluntary pension funds;

3. calculation and registration of the assets of the privately managed pension funds/voluntary pension funds, including the dividends to be collected;

4. calculation and registration of the collection and payment operations carried out through the accounts of the privately managed pension fund/voluntary pension fund;

5. calculation and registration of the participation transfers between the privately managed pension funds/voluntary pension funds;

6. calculation and registration of the use of the net personal asset of the participant in a privately managed pension fund/voluntary pension fund, in case of invalidity and in case of death;

7. calculation and registration of the technical provisions of the privately managed pension fund/voluntary pension fund, the categories of assets admitted to cover the technical provisions, the diversification/investment rules for the assets admitted to cover the technical provisions;

8. calculation and registration of the minimum guarantee for each participant in the privately managed pension fund;

9. observance of the legal provisions regarding the solvency of the voluntary pension fund;

10. an annual audit of the net asset value and of the fund unit value, the financial auditor having the obligation to express its opinion with regard to the compliance with the calculation methodology of the financial ratios specific to privately managed pension funds/voluntary pension funds;

c) in the case of Financial Investment and Instruments Sector, the audit report shall be prepared and, in case of auditing other components of the financial statements/documents, as provided in the sectoral regulations, other than the separate annual/consolidated financial statements.

Art. 20. – (1) The financial auditors carrying out audit engagements at the entities referred to in Art. 1 Para (2) shall comply with the following provisions regarding the conclusion of the audit contract and audit fees:

a) the audit contract shall be concluded prior to 31 October of the current year, so that it enters into force starting from 1 January of the following year;

b) the price of the audit contract shall be established in lei;

c) if the audit contract is extended, without amending the price clause, ASF shall be notified within 15 days from the contract extension;

d) the amendment of the price clause during a calendar year is prohibited.

(2) The financial auditors carrying out audit engagements with the entities operating in the Private Pension System Sector in addition to the obligations referred to in Para (1), shall also submit to ASF for approval, within 15 days from the conclusion of the audit contract or from its amendment, the amendments to the private pension scheme prospectus regarding the audit contract.

Art. 21. - The audit report shall be dated and mention clearly the name of the person preparing it, as well as the individual registration number in the Public Registry.

Art. 22. – The financial auditors carrying out audit engagements for the entities referred to in Art. 1 Para (2) have at least the following obligations:

a) to confirm annually in writing to the audit committee their independence from the audited public-interest entity;

b) to disclose annually to the audit committee any additional services provided to the audited entity;

c) to discuss with the audit committee the threats to their independence and the safeguards applied to mitigate those threats.

Art. 23. – The financial auditors carrying out the financial audit of the entities referred to in Art. 1 Para (2) shall immediately inform ASF when, during the exercise of their duties, they become aware of any act or fact in connection with the audited entity or with the entities included in the consolidated financial statements, which:

a) is a breach of law and/or of the regulations or acts issued for the application thereof, establishing the conditions for the authorisation and for carrying out the activity of the audited entity;

b) may affect the patrimony of the entity or its proper operation;

c) may lead to a refusal to express an opinion on the financial statements of the entity or to the issuance of a qualified opinion.

Art. 24. - (1) The financial auditors carrying out audit engagements with the entities referred to in Art. 1 Para (2), have the obligation to submit to ASF, within 30 days from the completion of the audit report, the letter addressed to the audited entity's management, named *letter to the management*, containing the findings having a financial impact, the findings regarding the results of the internal control and management systems evaluation, and the recommendations for the remedy of the deficiencies found.

(2) If no such letter to the management was issued, the financial auditor shall submit to ASF a written notification in this respect, specifying the reasons for which it was not issued.

(3) The audited entity, by its legal representative, has the obligation to inform ASF on the measures plan adopted, which shall include concrete modalities and terms for fulfilling the recommendations proposed by the financial auditor in its letter to the management referred to in Para (1), within two months from the issuance of the recommendations.

Art. 25. – The financial auditors shall supply, at ASF's request, any details, clarifications, explanations, including reports regarding the audit activity carried out for the entities referred to in Art. 1 Para (2).

Art. 26. - (1) ASF shall have access to any documents prepared by the financial auditors during the financial audit engagement.

(2) ASF shall ensure the confidentiality of the information comprised in the audit report and that of any other information received during the audit engagement, other than criminal law-related information.

(3) The submission to ASF of the information referred to in Para (2) shall not be construed as a breach of professional secrecy, obligation incumbent upon the financial auditor, according to law/the ethics code/the contractual clauses and the person at issue shall not incur any liability.

CHAPTER IV Audit Committee

Art. 27. - (1) The entities referred to in Art. 1 Para (2) forming part of the public-interest category have the obligation to establish an audit committee formed of non-executive members of the board of administration and/or supervisory board and/or of members appointed by the general assembly of shareholders, in observance of the legal provisions in force.

(2) The membership of the audit committee, and any modification occurred shall be submitted to ASF within 5 days from the establishment of the audit committee or from the modification of its membership.

Art. 28. – The financial auditor has the obligation to report to the audit committee with regard to the essential matters resulting further to the audit engagement and, particularly, with regard to the significant deficiencies of the internal control with regard to the financial reporting process.

Art. 29. – The audit committee shall convene whenever necessary but at least twice per year, to analyse the audit report and/or the financial auditor’s opinion regarding the essential matters resulting from the financial audit, as well as with regard to the financial reporting process and shall recommend the necessary measures.

Art. 30. – The entities referred to in Art. 27 Para (1) shall ensure the access of the audit committee members to any information or records necessary to fulfil their duties.

Art. 31. - (1) The duties and operation rules applicable to the audit committee are provided by this rule and by the national legislation in force.

(2) For the purpose of the provisions of Para (1) and without prejudice to the responsibilities of the members of the boards of administration, management or supervisory boards or of any other members appointed by the general assembly of shareholders within the audited entity, the audit committee shall have, among others, the following duties:

a) to approve the internal audit plan and the necessary resources related to this activity;

b) to receive the internal audit report and analyse the findings and recommendations of the financial auditor on the significant internal control deficiencies with regard to the financial reporting process;

c) to ensure the observance of the legal framework provisions, of the constitutive act and of the rules approved by the board of administration/supervisory board;

d) to monitor the financial reporting process;

e) to monitor the effectiveness of the company's internal control, internal audit where applicable, and risk management systems;

f) to monitor the audit of the individual annual/consolidated financial statements;

g) to review and monitor the independence of the financial auditor in particular the provision of additional services to the audited entity;

h) to verify that at the level of the board of administration/supervisory board, all the remedy measures necessary to settle the deficiencies found by the financial auditors were taken.

Art. 32. - (1) The audit committee of the audited entity shall prepare an annual report regarding the activity carried out according to the duties provided herein and by its own regulations, which shall also include the recommendations submitted and addressed to the board of administration/supervisory board with regard to internal control, internal audit and financial audit.

(2) The annual report of the audit committee, signed by its members, shall be submitted to ASF within 6 months from the end of the financial year.

CHAPTER V

Transitional and final provisions

Art. 33. – The provisions regarding the approval/licence of financial auditors to carry out financial audit at the entities referred to in Article 1 Para (2) shall not apply to financial auditors already approved/licensed upon the entry into force hereof.

Art. 34. – For the purpose of monitoring the activity carried out by financial auditors at the entities referred to in Article 1 Para (2) ASF shall collaborate with CFAR and APPIOB to set a general framework based on information sharing.

Art. 35. - (1) ASF shall withdraw the approval/licence granted to a legal or natural person financial auditor, if it establishes that the provisions of this rule have been breached or at the express request of the competent professional body, namely CFAR or APPIOB, as applicable.

(2) If it establishes that the provisions of this rule have been breached by the financial auditors, ASF shall inform CFAR or APPIOB as applicable, requesting them to enforce the measures required to remedy such breaches.

Art. 36. – The dispositions or sanctions enforced in case the entities referred to in Article 1 Para (2) fail to observe the provisions hereof shall comply with the specific legislation in the field.

Art. 37. – Annexes Nos. 1 to 5 shall form an integral part hereof.

Art. 38. - (1) This rule shall be published in the Official Journal of Romania, Part I, in ASF's Bulletin and on ASF's website and shall enter into force as of 1 January 2015.

(2) The provisions regarding the audit report shall apply as of the financial statements of 2015.

(3) Upon the entry into force hereof, the following shall be abrogated:

- a) Executive Order No. 15/2009 of the National Securities Commission¹;
- b) Order No. 22 of the President of the National Securities Commission of 18 December 2008 approving the Rules on the information and reporting requirements regarding the statutory audit of the financial statements of insurance/reinsurance undertakings, published in the Official Journal of Romania, Part I, No. 894 of 30 December 2008, as subsequently amended and supplemented;
- c) Resolution No. 32/2007 of the Private Pension System Supervisory Commission approving Rule No. 11/2007 on the financial auditor for privately managed pension funds and administrators thereof, published in the Official Journal of Romania, Part I No. 288 of 2 May 2007, as subsequently amended and supplemented;
- d) Resolution No. 20/2006 of the Private Pension System Supervisory Commission approving Rule No. 8/2006 on the financial auditor for voluntary pensions funds, published in the Official Journal of Romania, Part I No. 784 of 15 September 2006, as subsequently amended and supplemented.

President of the Financial Supervisory Authority

Mișu NEGRÎTOIU

Bucharest, 30 October 2014

No. 21

¹ Executive Order No. 15/2009 of the National Securities Commission has not been published in the *Official Journal of Romania*, Part I.

APPLICATION

for approval/licence of the financial auditor

Legal/natural person financial auditor, with headquarters/domicile in, hereby requests approval/licence in order to carry out the financial audit activity at entities authorised, regulated and supervised by the Financial Supervisory Authority in the Sector, namely at:

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1. Identification details of the financial auditor:

Name of legal person financial auditor/Surname and first name of natural person financial auditor:

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Legal form:

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Address of registered office/domicile

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Fiscal registration code:

Number of certificate/operation authorisation issued by the Chamber of Financial Auditors of Romania:

Contact data (telephone, fax, email):

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2. Data regarding the legal representative of the financial auditor

Surname and first name:

.....

Position:

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Contact data (telephone, fax, email):

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3. Data regarding the actuary (employee or collaborator based on services supply contract with the legal person financial auditor):

Surname and first name:

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Position:

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4. Additional information that may be deemed relevant for the activity of the legal/natural person financial auditor:

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The undersigned, in awareness of the provisions regarding false statements of the Criminal Code, hereby declare on my own responsibility, subject to penalty by law, that all answers are complete and true and there are no other relevant facts of which the Financial Supervisory Authority must be informed. In addition, on behalf of the company I represent/in my own name, I hereby undertake to communicate any changes regarding the information provided to the Financial Supervisory Authority.

Legal representative of the legal/natural person financial auditor

.....
(surname and first name)

.....
(signature and stamp)

AFFIDAVIT^{*)}

The undersigned

(surname and first name)

legal representative of, proposed to carry out the financial

(name of financial auditor)

audit at.....

(entity's name)

I hereby declare that the financial auditor mentioned is not in any of the situations of incompatibility or conflict of interest provided by the legislation in force.

Date

Surname and first name.....

Registered with the Chamber of Financial

Auditors of Romania under No.....

*) This affidavit shall be filled out and signed by the legal representative of the financial auditor. Statements signed by representation shall not be accepted.

AFFIDAVIT

The undersigned.....

(surname and first name)

key partner of

(name of financial auditor)

proposed to carry out the financial audit at

(entity's name)

hereby declare that I am not in any situation of incompatibility or conflict of interest as provided by the legislation in force.

I hereby declare that I no longer hold the capacity of key partner/I hold the capacity of key partner for the following entities

.....
.....
.....

Date

Surname and first name.....

Registered with the Chamber of Financial Auditors of Romania under No.....

AFFIDAVIT

The undersigned.....

(surname and first name)

actuary (employee/collaborator under services supply contract) of:

.....

(name of financial auditor)

proposed to carry out the financial audit at:

.....

(entity's name)

I hereby declare that I am not part of any audit team/am part of the audit teams for the following teams

.....

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.....

Date

Surname and first name

Registered with the Registry of Actuaries under No.....

QUESTIONNAIRE^{*)} for financial auditor

1. Identity of the financial auditor (indicate: surname/first name, name, legal form, domicile/address of registered office, sole registration code and No. of operation certificate/authorisation issued by the Chamber of Financial Auditors of Romania).

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2. Identity of the legal representative of the financial auditor (indicate: surname, first name, position, contact details - address, telephone, email).

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3. Identity of the financial auditor – legal person, key audit partner who will coordinate the financial audit of the entity (indicate: surname, first name, position, contact details - address, telephone, email).

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4. Identity of the actuary(ies) part of the audit team in charge of the financial audit of the entity (indicate: surname, first name, position, contact details - address, telephone, email).

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5. Please indicate the entity where the legal or natural person financial auditor has coordinated, or participated in, audit engagements in auditing the separate and/or consolidated annual financial statements, with an indication of the financial years for which they were prepared.

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6. Please indicate whether in the last 10 years, any of the entities where the legal or natural person financial auditor has delivered financial audit services has been subject to judicial reorganisation/bankruptcy/liquidation/special administration/financial recovery. If yes, please detail.

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7. Please indicate whether in the last 10 years, the legal or natural person financial auditor, the actuary, or the shareholders of the legal person auditor have been subject, in Romania or abroad, to any professional, disciplinary, administrative or judicial investigation or proceedings in which sanctions were enforced, or is/are subject at present to any such investigations or proceedings.

If yes, please give full details, regardless of whether in the meantime they were rehabilitated.

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Indicate: the authority that ordered the sanction, the deed sanctioned, the sanction and the date of its enforcement.

8. Please indicate whether the legal/natural person financial auditor/actuary/legal representative or shareholders of the statutory auditor have been convicted for crimes of corruption, money laundering, crimes against patrimony, malfeasance in office, bribe giving or taking, forgery and use of forgery, embezzlement, fraud, accepting undue benefits, influence peddling, false statement, crimes provided by the special legislation regarding business entities, insolvency or consumer protection or for any other relevant deeds.

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9. Please indicate the entities where the financial auditor mentioned under item 1 has held in the last 5 years or holds at present the position of financial auditor.

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10. Please indicate the entities where the coordinator of the audit team mentioned under item 3 has carried out audit engagements in the last 5 years, with the indication of the cases in which he/she has coordinated the teams that completed the said engagements.

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11. Please give any additional information that may be deemed relevant for the activity of the financial auditor mentioned under item 1.

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The undersigned, in awareness of the provisions regarding false statements of the Criminal Code, hereby declare on my own responsibility, subject to penalty by law, that all the answers are complete and true and there are no other relevant facts of which the Financial Supervisory Authority must be informed. In addition, on behalf of the company I represent/in my own name, I hereby undertake to communicate to the Financial Supervisory Authority any changes regarding the information provided.

Legal representative of the legal/natural person financial auditor

Date

Surname and first name.....

Registered with the Chamber of Financial Auditors of Romania under No.....

Signature and stamp.....

^{*)} The Financial Supervisory Authority shall keep the confidentiality of the answers in this questionnaire, except as provided by law.

The questionnaire shall be drafted using this template, in printed form; all questions must be answered. Questionnaires signed by representation shall not be accepted.