

ANNUAL REPORT 2023

CONTENTS

| | |
|--|----|
| Message from the ASF Management - FOREWORD | 4 |
| 1. About ASF..... | 5 |
| 1.1. Brief presentation of ASF | 5 |
| 1.2. ASF Governance | 6 |
| 1.3. Activity milestones in 2023 | 7 |
| 1.4. Important projects carried out by ASF in 2023 | 11 |
| 2. Financial stability and macroprudential supervision of the non-bank financial system | 19 |
| 2.1. The National Committee for Macroprudential Supervision | 19 |
| 2.2. Identifying and monitoring risks, trends and vulnerabilities to financial stability | 20 |
| 2.3. Preventing and mitigating cyber risk in order to ensure the stability of the non-bank financial system | 22 |
| 2.4. Financial innovation | 23 |
| 2.5. Integrating sustainability risks | 24 |
| 2.6. Resolution mechanism for insurance and investment companies | 27 |
| 3. Micro-prudential supervision of the non-bank financial system..... | 32 |
| 3.1. Integrated monitoring..... | 32 |
| 3.2. Supervision of the financial instruments and investments sector | 33 |
| 3.2.1. Prudential capital market supervision | 34 |
| 3.2.2. Oversight of capital market conduct | 40 |
| 3.2.3. Capital market supervision | 45 |
| 3.2.4. Monitoring of the provision of investment services and activity referred to in Section A of Annex no. 1 to Law no. 126/2018 on markets in financial instruments, by entities that are not authorized for this purpose | 47 |
| 3.2.5. Issuer supervision | 48 |
| 3.2.6. Prevention and detection of market abuse | 50 |
| 3.3. Supervision of the insurance-reinsurance sector | 63 |
| 3.4. Private pension sector supervision | 79 |
| 3.5. Activity on preventing and combating money laundering | 84 |
| 4. Regulation of non-bank financial markets | 93 |
| 4.1. Transposition and implementation of EU legislation..... | 93 |

| | |
|---|-----|
| 4.2. Integrated regulatory activity | 96 |
| 4.3. Regulatory activity in the financial instruments and investments sector | 97 |
| 4.4. Regulatory activity in the insurance-reinsurance sector | 107 |
| 5. Authorization - approval activity | 129 |
| 5.1. Authorization / Approval in the financial instruments and investments sector | 129 |
| 5.2. Authorization/Approval in the insurance-reinsurance sector | 136 |
| 5.3. Authorization/Approval in the private pension sector | 138 |
| 6. Guarantee mechanisms | 141 |
| 7. International cooperation - International relations of ASF | 145 |
| 8. Institutional capacity building and strengthening ASF | 150 |
| 8.1. IT infrastructure development..... | 150 |
| 8.2. Human resources management..... | 156 |
| 8.3. ASF's legal activity | 157 |
| 8.4. ASF's administrative and financial activity..... | 167 |
| 9. Communication, decision-making transparency and financial education..... | 170 |
| 9.1. Communication and institutional transparency | 170 |
| 9.2. Relationship with the media and online environment | 171 |
| 9.3. Public relations..... | 172 |
| 9.4 Developing financial education..... | 174 |
| 9.5. SAL-FIN activity | 177 |
| ANNEX - Financial statements of the ASF for 2023 and audit report | 180 |
| List of abbreviations..... | 197 |

MESSAGE

FROM THE ASF MANAGEMENT -

FOREWORD



Alexandru PETRESCU
President
The Financial Supervisory Authority

Integrity, transparency and proper functioning of the non-banking financial markets, as well as the protection of the interests and rights of consumers of financial products and services, specific to the financial instruments and investment, insurance and private pension markets, are fundamental objectives within the short, medium and long-term strategy of the Financial Supervisory Authority, which aims to make an important contribution to the national economic development and social welfare.

In order to fulfill these aspects, it is necessary to take steps to attract new participants to the non-bank financial markets, to monitor and analyze market trends and risks and to prevent malfunctions in terms of prudential and conduct, as well as to correct any deficiencies identified by the application of the legal framework in force.

In the context of financial market innovation, the Financial Supervisory Authority is focusing on developing new analytical tools and strengthening the digitization of processes in order to be able to identify vulnerabilities in regulated and supervised companies. The Financial Supervisory Authority is also paying increased attention to cyber risks and threats in the supervision of financial market participants, which is of particular importance for the smooth functioning of the financial sector.

Taking into account the directions set at European level in terms of digital finance, the transition to a green economy, as well as the prevention and combating of money laundering and terrorist financing, the Financial Supervisory Authority is considering updating and

modernizing the national regulatory framework. At the same time, taking into account the OECD accession process, additions and amendments will be made to the regulatory acts in order to ensure compliance with OECD agreements and recommendations.

Further, the Financial Supervisory Authority will ensure representation at the level of international bodies with a role in developing standards and principles in the field of supervision of regulated entities by intensifying cooperation with the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), with the aim of achieving the strategic mission set at their level.

Thus, the Financial Supervisory Authority aims to strengthen confidence in non-bank financial markets, through constant communication with supervised entities and consumers of non-bank financial markets, pursuing firmness in law enforcement, proactivity and efficiency, characteristics designed to ensure the financial stability of the supervised markets.

1. About ASF

1.1. Brief presentation of ASF

With the establishment of the Financial Supervisory Authority in 2013, its activity was shaped around the objectives, tasks and prerogatives defined in the *Government Emergency Ordinance no. 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority, as subsequently amended and supplemented by Law no. 113/2013, as subsequently amended and supplemented*, aiming to strengthen an integrated framework for the functioning and supervision of non-bank financial markets.

ASF's **mission** is to protect the interests and rights of consumers of financial products specific to the non-banking markets, to develop these markets, to ensure their transparency and stability, and to increase the level of confidence and financial education of the population.

The values on which ASF bases its activity and which, as a whole, define its identity and ensure its specific character and uniqueness are: *independence, autonomy, performance, transparency, trust, stability, creativity and responsibility*.

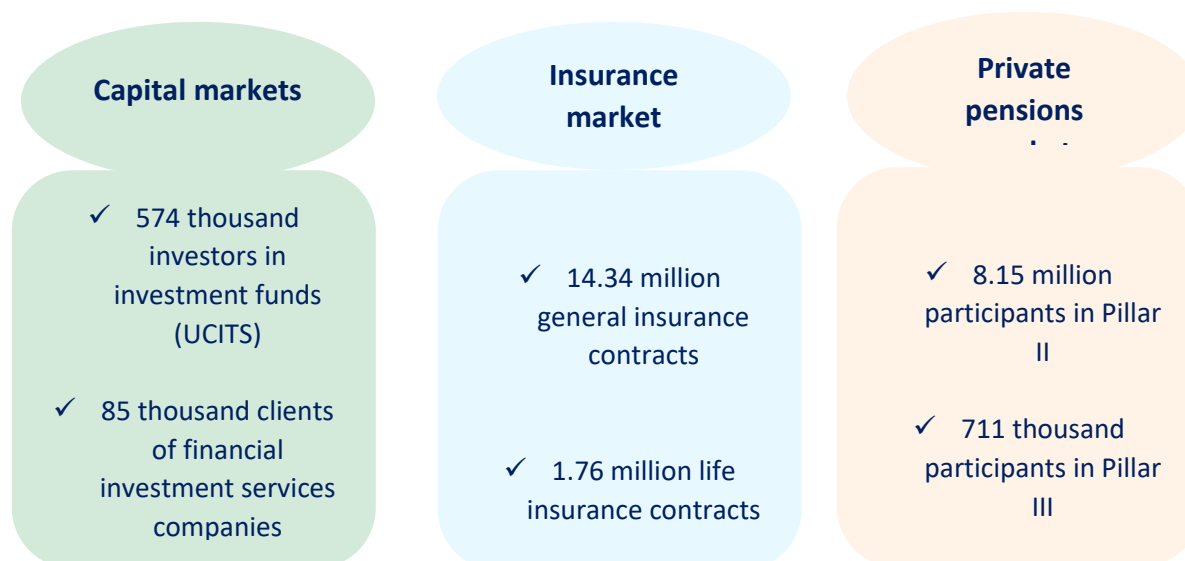
The tasks and prerogatives conferred to ASF are aimed at regulating, authorizing, supervising and controlling the entities, activities, services and specific operations carried out within the 3 non-banking financial markets, the legal objectives pursued being the following:

- ensuring the stability, competitiveness and smooth functioning of markets in financial instruments, promoting confidence in those markets and in investments in financial instruments, and ensuring the protection of operators and investors against unfair, abusive and fraudulent practices;
- promoting stability in the insurance and defense of insured persons' rights;
- ensuring the efficient functioning of the private pension system and protecting the interests of participants and beneficiaries;
- ensuring the regulatory framework in line with European standards and the application of best practices for the efficient functioning of the entities and markets supervised by ASF;
- the supervision of entities in the three sectors of activity by ensuring mechanisms to streamline their operations, ways to assess and prevent risks that may affect the areas of activity of ASF;
- ensuring financial discipline, conduct of business rules for supervised entities and markets and their transparency;
- strengthening macro-economic financial integrity and stability by establishing partnerships with other authorities and institutions to develop the national economy.

In terms of the size of the 3 non-bank financial markets supervised by the ASF, the following benchmarks are relevant:

- Total assets amounting to **199 billion lei** (40 billion EUR), representing **12.4%** of the **GDP**

Consumers of non-bank financial products in Romania in 2023:



1.2. ASF Governance

In accordance with its founding act, ASF is governed by a Council composed of **9 members** appointed by the Parliament, of which: **5 executive members** (the President, the First Vice-President and 3 Vice-Presidents with specific attributions corresponding to one of the 3 sectors of financial supervision) and **4 non-executive members**. Thus, according to the provisions of Article 8 of GEO no. 93/2012 and taking into account the *Decisions of the Romanian Parliament no. 37/14.11.2018, no. 44/17.12.2018 and no. 9/24.06.2020*, the composition of the Board of the Financial Supervisory Authority in 2023 was as follows: Nicu Marcu (President), Elena Doina Dasăscălu (First Vice President), Gabriel Grădinescu (Vice President), Cristian Rosu (Vice President), Ștefan Daniel Armeanu (Vice President), Jozsef Birtalan (Non-Executive Member), Ioan Gheorghe Țară (Non-Executive Member), Aura Gabriela Socol (Non-Executive Member), Ovidiu Răzvan Wlassopol (Non-Executive Member).

The new composition of the Council of the Financial Supervisory Authority, as of 19 December 2023, according to Decision no. 46 published in the Official Journal of Romania no. 1150/ 19.12.2023, is as follows:

The President represents ASF as an autonomous administrative authority, as a legal person governed by public law and in relations governed by ordinary law, and is the authorizing officer. If the President is temporarily unable to exercise his prerogatives, the first Vice-President shall represent ASF.

Extraordinary meetings of the Council shall be convened by the President and or the first Vice-President whenever necessary or at the request of at least four members of the Council and shall be announced at least one working day before the date of the meeting.

The ASF Council shall validly deliberate in the presence of at least half plus one of its members, including the Chairman or, in his absence, the First Vice-Chairman. Decisions are adopted by a 2/3 vote of the members present.

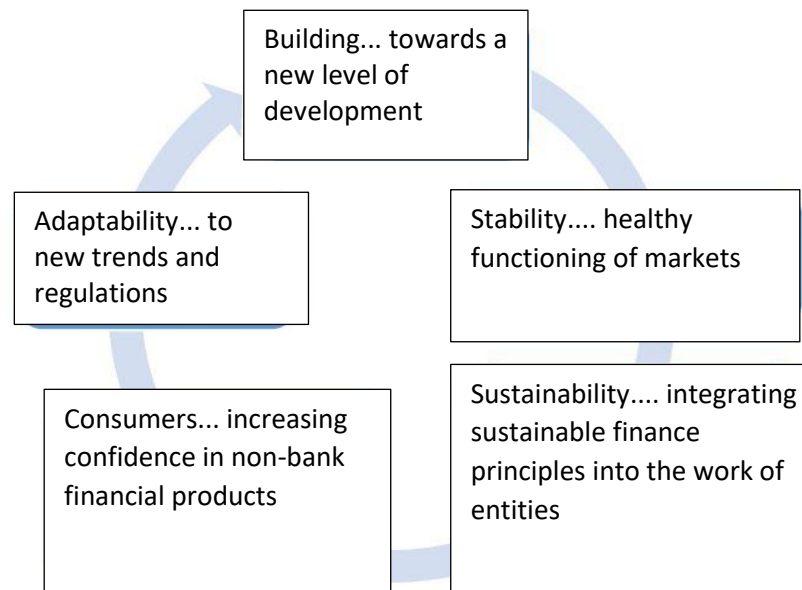
The decision adopted is binding for all members of the ASF Council, the separate opinion of the members who voted against or abstained from voting being recorded in the minutes of the meeting.

1.3. Activity milestones in 2023

Taking into account the need to structure and organize the annual objectives and activities, the activity carried out by ASF during 2023 was planned in the *ASF's Program of Activities for 2023*, a document approved by the ASF Council. The projects, actions and priorities envisaged in this program have been correlated with the legal requirements for the achievement of objectives of a permanent nature, as well as with the specific objectives set at European level related to the three financial markets supervised and regulated by ASF. Thus, the key priorities for the year 2023 on which ASF has focused its attention and resources have targeted activities on several lines of action, in line with the objectives and actions programmed in the national and European context, as follows:

- **Financial innovation and digital finance** - monitoring, analyzing and increasing understanding on the use of financial innovation in financial products and authority processes and activities (FinTech, InsurTech);
- **Sustainable finance** - integrating the principles of sustainable finance and monitoring the risks posed by regulated entities' exposure to issuers and counterparties that may be adversely affected by ESG factors;
- **Enhance the reporting framework for regulated and supervised entities** - develop new solutions and functionalities to improve supervision;
- **Harmonized regulatory framework** - preparing for the implementation of various new European regulatory frameworks in line with the priorities of the European Commission and the European Parliament;
- **Improving the supervisory framework on AML/CTF related issues** - developing new solutions and functionalities to improve AML/CTF supervision and CSR;
- **Support inter-institutional efforts on Romania's accession to the OECD;**

- ***Draft of the National Strategy on the development of the Romanian capital market for the period 2023 - 2026;***
- ***The Twinning project "Strengthening supervision, corporate governance and risk management in the financial sector"***, implemented in the Republic of Moldova with the support of the European Union", which involved the alignment of the legal framework on the supervision of the insurance market and motor liability insurance with the EU acquis;
- ***Strengthen institutional capacity and improve operational work***, with a focus on the following milestones to guide the organization, adaptation and planning of work from 2023.



In order to achieve these objectives, taking into account the great volume, diversity and complexity of the activities carried out, as well as of the topics and documents submitted for the adoption of decisions, the meetings of the ASF Council in 2023 were convened and held weekly every Wednesday, preceded by first reading working sessions during which the topics were analyzed and discussed in detail with the representatives of the organizational structures.

Thus, during 2023, 63 ASF Council meetings were held (46 ordinary meetings and 17 extraordinary meetings) during which a total of 1206 Notes were debated and analyzed, including:

1. endorsing draft primary normative acts in the area of competence and forwarding them for legislative promotion and drafting draft primary normative acts for the transposition of European legislation;
2. updating secondary legislation by issuing rules, regulations and instructions to align with the latest developments in national primary legislation and European best practice;

3. analyses resulting from the approval-authorization processes, materialized by the issuance of individual administrative acts (decisions, authorizations, approvals, attestations) addressed to regulated and/or supervised entities, at their request;
4. regular reviews of compliance with legal requirements regarding the level of prudential and conduct of business indicators;
5. regular analysis of the financial stability and developments in the 3 non-bank financial markets under supervision;
6. analyzing the supervisory and control processes and capitalizing on the results by applying sanctions and action plans/recovery plans to prevent/remediate identified deficiencies and/or to properly manage specific risks.

Thus, in 2023, 61 normative acts (regulations, rules, instructions) were approved by the ASF Council, 76 decisions were issued containing internal provisions and measures, 895 individual acts (opinions, authorizations, certificates and decisions), 759 addresses issued as a result of the solutions established by the Decisions taken at the meetings of the ASF Council .

The implemented measures, projects and activities carried out by each organizational structure within the ASF, finalized through the resolutions, individual acts and normative acts adopted by the ASF Council, highlight the achievement of the objectives for 2023 defined in accordance with the legal objectives of a permanent nature, provided in the Emergency Ordinance no. 93/2012.

This activity report of the Financial Supervisory Authority for the year 2023 presents in detail the activities, provisions and measures adopted by ASF, which are focused around the functions of regulation, authorization, supervision and control and subsumed under the objectives of the authority of permanent nature set out in the applicable legislation and in the *Program of Activities for 2023*.

On the occasion of capitalizing on the results of supervision and control actions, during 2023, the following sanctions were imposed on entities performing activities and services with non-bank financial products in the financial instruments and investments market (capital market), insurance-reinsurance market and private pension market:

| Sanctions and administrative measures applied by ASF in 2023 | | | | | |
|---|--------------|--|--|---|-----------|
| Type of sanction/measure | | Entities in the Financial Instruments and Investments Sector | Entities in the Insurance - Reinsurance Sector | Entities in the Private Pension System Sector | TOTAL |
| Notice | | 5 | - | 9 | 14 |
| Written warning | | 66 | 25 | 6 | 97 |
| Administrative fine | number | 76 | 33 | 6 | 115 |
| | amount (lei) | 1.178.771 | 2.312.200 | 93.250 | 3.584.221 |
| Action plan ordered against companies | | 16 | 2 | 6 | 24 |
| Other types of measures (provisions to respect shareholders' rights, ensuring compliance of financial statements with IFRS, compliance with withdrawal procedure) | | 12 | - | - | 12 |
| Temporary disqualification from operating | | - | - | - | - |
| Suspension of operating authorization | | - | - | - | - |
| Withdrawal of operating authorization | | - | 3 | - | 3 |
| Total sanctions and administrative measures applied | | 175 | 63 | 27 | 265 |

1.4. Important projects carried out by ASF in 2023

1.4.1. Major projects in the area of financial instruments and investments (SIIF)

✓ **The national strategy for the development of the Romanian capital market**

The national strategy for the development of the Romanian capital market for the period 2023 - 2026, approved by Government Decision no. 506 published in the Official Journal on 30 May 2023, is a very important pillar for the development and consolidation of the Romanian capital market.

Through this document, the premises are created for increased financing through this market, with positive effects on the development of the business environment and the national economy.

The national strategy for the development of the Romanian capital market for the period 2023 - 2026 has been outlined around nine general objectives, which are divided into several specific objectives, namely:

I: Improve conditions for listing on the capital market;

II: Increase liquidity in the secondary market;

III: Promote, develop and grow an active SME market;

IV: Promote savings among individual investors and increase the participation of individual and business investors in the capital market;

V: Increase the role of institutional investors;

VI: Facilitate long-term financing through market-based mechanisms;

VII: Support digitization and financial innovation;

VIII: Support the development of the local private equity and venture capital market;

IX: Stimulate green investments.

The objectives contained in the National Capital Market Strategy cover important aspects for the development of the capital market, such as improving the conditions for listing on the capital market, increasing the participation of individual investors and the business environment in the capital market, increasing the role of institutional investors, facilitating long-term financing through market mechanisms, supporting digitalization and financial innovation, supporting the development of local private equity and venture capital market, stimulating green investments.

The National Capital Market Strategy project has been underway since October 2020, with the involvement of the Financial Supervisory Authority and the Ministry of Finance, with advice provided by the Organization for Economic Cooperation and Development (OECD).

The project, funded by the European Commission, was carried out in three phases. The first phase, finalized in February 2021, consisted in the preparation by the OECD of a report on the key characteristics of the corporate sector, access to finance and the current state of the Romanian capital market. In the second phase, a *diagnostic report on the structural problems and significant barriers to capital market development in Romania - "Developing a Capital Market Strategy for Growth in Romania"* - was prepared, including OECD recommendations aimed at supporting the development of the Romanian capital market

so that it plays a central role in promoting economic growth. The last stage of this project consisted in the elaboration of the draft Strategy, which was published on the website of the Ministry of Finance for public consultation, the final form of the Strategy being finalized after the analysis of the comments and proposals received from the market.

The implementation of the Strategy by achieving its general and specific objectives will increase the role and size of the domestic capital market in the national economy by attracting new categories of investors, as well as new issuers, by increasing the liquidity and attractiveness of traded instruments.

✓ **Continue efforts to support the process of strengthening the capital market infrastructure, i.e. to support the work to establish a central counterparty**

During 2023, the Financial Supervisory Authority continued its efforts to support the authorization of a Central Counterparty at national level. Thus, the actions carried out by the ASF in this regard focused on the analysis of the documentation submitted by CCP.RO Bucharest SA (CCP.RO) together with the application for formal authorization under Regulation (EU) no. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) and the submission of additional comments and requests necessary to declare the authorization file complete. Also, the College for CCP.RO Bucharest S.A. was established with representatives of the Financial Supervisory Authority, the National Bank of Romania and ESMA.

ASF has approved the authorization of a new regulated market - the derivatives market on financial and other underlying assets - which will become operational following the authorization of CCP.RO. The CCP authorization process has made significant progress during 2023, both in terms of the tests organized by CCP.RO for the clearing system and in terms of the documentation prepared by CCP.RO on organizational and prudential requirements.

✓ **The project "Sustainable Finance - Strengthening Supervisory Capacity", financed by the European Commission's Directorate General for Structural Reform Support (DG REFORM).**

The main objective of the Project, in which ASF is participating together with the authorities of Croatia, Malta and Poland, is to develop the capacity of the authorities and supervised entities to implement the sustainable finance framework, in particular in terms of transparency requirements for financial market participants.

At the level of the *Financial Instruments and Investments Sector*, the project aims to strengthen the implementation of the EU regulatory framework for sustainable finance, in particular by improving the methodologies and tools for the supervision of reporting and transparency requirements applicable to undertakings for collective investment in transferable securities (UCITS), alternative investment funds (AIFs) and their managers, financial investment companies and issuers. Thus, the project will strengthen the work of the ASF on several levels - firstly, by strengthening the supervisory measures on transparency requirements for supervised companies, the ASF will work to maintain investor confidence in ESG investments and reduce the phenomenon of greenwashing.

As a subsidiary, the integration of sustainable finance principles into ongoing supervisory activities is intended to facilitate the early identification of risks that are considered relevant from a sustainability

perspective and to enhance capital market resilience, while supporting supervised entities' efforts to implement their own sustainability risk management policies in line with the new requirements.

During 2023, the representatives of the specialized structures of ASF were actively involved in the project activities, participating in the analysis/review of specific documents (deliverables), participating in a high number of meetings in physical and online format and identifying solutions in the perspective of the implementation of the deliverables of this project.

The project started with the identification and mapping of all European regulatory acts that refer to sustainability issues for each of the 3 sectors. Following the legislative mapping, the types of analysis related to the monitoring activity were considered, as well as the tools that can be accessed by sector specialists in order to identify risks that may hinder the implementation of European sustainability legislation.

The second phase of the project focused on identifying the data and information needed to carry out sustainability monitoring. External consultants (Deloitte) analyzed the data and information currently used by practitioners in the 3 sectors and made recommendations to improve the methods for collecting and processing the data needed for the monitoring work.

The next stage of the project provided the ASF specialists with a report on best practices applicable to the supervision of sustainable finance drawn up by external consultants based on supervisory practices used by other European institutions such as the European Central Bank.

The fifth phase of the project, the current phase, has been dedicated to the identification of supervisory practices and tools specific to the Authority's supervisory activity and which can be implemented within each sector concerned. This phase involved the creation of a sustainable finance planning, the sustainable finance risk assessment, the collection of data and information necessary for the supervisory activity, the evaluation/analysis of the collected information, the results of the analysis and the subsequent monitoring.

Each stage of the project so far has involved receiving recommendations from the consultants, analyzing the recommendations received and submitting comments/comments from the specialists involved in the project in meetings in physical or online format.

✓ **Accelerating digitization and innovation in the financial sector - digital finance project - draft MiCA Regulation on the regulation of issuance and trading of cryptoassets - MiCA (*Markets in Crypto Assets Regulation*)**

During the reporting period, working meetings of the MiCA-DLT sub-group were held with the participation of representatives of ASF. The activities of the sub-group focused on analyzing the implications of the application of this Regulation, identifying possible measures necessary for its smooth implementation, including by proposing the adoption of rules at national level.

An important issue discussed during the working group meetings was to identify the areas of competence of the national authorities/institutions (ASF, NBR, MF, ADR, ICI) and to start discussions with them. Implications of the implementation of the European Regulation by ASF. To date, an *Information Note* has

been prepared *for the ASF Council on the implications of the implementation of the European Regulation by ASF.*

In addition to supporting the transition to a greener and more sustainable economy and addressing the impact of digitization and technology in the financial markets through high-impact projects, ASF has **taken steps at European and international level to promote and develop the Romanian capital market.**

In this respect, a number of **activities** have been carried out **in preparation for the OECD accession process, related to the area of competence of ASF.**

- ✓ **Romania's accession to the OECD - a national strategic objective of Romanian foreign policy, also included in the strategic objectives of ASF.**

The aim of the accession process is to converge the Romanian legal framework with OECD standards and best practices and policies.

Thus, during the year 2023, it was envisaged to continue the activities related to the assessment of the fulfillment of the *G20/OECD Principles on Corporate Governance*¹, depending on the requests that were addressed to ASF in the context of OECD requests for information or to organize meetings to discuss in more detail or to clarify issues regarding the way in which the Principles are being met.

A cross-sectoral working group has been set up at the level of ASF, consisting of experts from the authority, which ensures the fulfillment of the activities to be carried out by ASF in the context of the OECD accession process, which will include but not be limited to:

- analyzing the OECD legal instruments applicable in the area of responsibility of ASF and carrying out a self-assessment on the application of these instruments in Romania;
- activities arising for ASF from the project for accession to the OECD liberalization codes;
- activities analyzing the OECD self-assessment checklists (Recommendation 0377 - *Effective and Efficient Financial Regulation* and Recommendation 0394 - *Consumer Protection*).

During 2023, ASF was involved in the process of developing the Romanian Self Assessment for the *G20/OECD Principles of Corporate Governance* tool, based on the OECD methodology for these principles, a contribution that reflects the corporate governance regime with regard to the capital market (listed companies).

The self-assessment process was a highly complex one, requiring an extremely high human and intellectual effort from the specialists involved, covering all corporate governance principles and sub-principles, from the perspective of the existing legal framework and enforcement mechanisms, in total about 70 specific benchmarks were subject to assessment. Among the benchmarks that were considered were issues related to shareholders' rights and fair treatment, the role of institutional investors, stock

¹ The *G20/OECD Principles on Corporate Governance* aim to support market policy makers in assessing and improving the legal and institutional framework for corporate governance with a view to supporting economic efficiency, sustainable growth and financial stability.

exchanges, cooperation between companies and stakeholders, reporting and transparency of listed companies, accountability of companies' management bodies.

In the context of the self-assessment process, on 30 May 2023, ASF submitted to the General Secretariat of the Government (SGG) its contribution to this process ("Self-Assessment Report - Implementation of the OECD Principles of Corporate Governance in Romania").

Subsequently, in the context of the review and adoption of the G20/OECD Corporate Governance Principles at the June 2023 MCM, the OECD submitted an additional questionnaire covering the newly introduced chapters, which was completed, with the support of the relevant SIIF services, and submitted to SGG on 1 September 2023. In this respect we note that more than 70 specific benchmarks with a high degree of complexity were subject to self-assessment. In the end, the resulting document was assessed by the SGG representatives, as the focal point in the relationship with the OECD, as being of high quality. The assessment mission carried out by the OECD representatives in Romania between 4 December – 8 December, in the field of corporate governance, took place at the Government's headquarters on 4 December 2023. During the meeting, a number of issues related to the National Strategy on the development of the Romanian capital market for the period 2023-2026, the organization and functioning of ASF, the monitoring and supervision carried out by ASF with regard to corporate governance provisions, the educational role of ASF in relation to the application of corporate governance provisions, issues related to the BVB Code on Corporate Governance were discussed.

✓ **Joint monitoring exercise on sustainability risks and transparency requirements**

During the second semester of 2023, the Common Supervisory *Action* on sustainability risks and disclosures was initiated at ASF level.

The exercise runs from Q3 2023-Q4 2024 and aims to assess how supervised entities (1) integrate sustainability risks into the risk management framework at the level of funds under management - as per Regulation 2021/1255 for AIFs and Directive 2021/1270 for UCITS, (2) deal with *greenwashing* and (3) comply with the transparency requirements imposed by Regulations 2019/2088 (SFDR) and 2020/852 (Taxonomy).

The main objective of the exercise is to achieve greater convergence at European level on the supervision of the integration of sustainability risks and compliance with sustainability-related transparency requirements at investment fund level, through coordinated action by National Competent Authorities (NCAs) on risks arising from incorrect or misleading reporting, non-compliance with the reporting templates set out in the SFDR (Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector), as well as any other type of issues at entity or financial product level that could lead to *greenwashing*.

According to the materiality thresholds set in the IMSC and IMSC OWG-ESMA, a relevant sample was selected and addresses and questionnaires were sent to the supervised entities. Based on the analysis of the responses received, a first report on the most important findings in the local market in relation to the integration of sustainability risks and compliance with sustainability-related transparency requirements at the level of investment funds was submitted to ESMA.

1.4.2. Major projects carried out in the field of insurance and reinsurance (SAR)

✓ **Technical assistance project for the National Commission for Financial Markets (NCFM) of the Republic of Moldova**

In 2023, the ASF continued to be involved, together with other authorities from Romania, the Netherlands and Lithuania, in the implementation of the project started at the end of 2021 - *Technical Assistance Project for the National Commission for Financial Markets (NCFM) of the Republic of Moldova*, within the framework of the European Commission's Twinning program *Strengthening supervision, corporate governance and risk management in the financial sector*. The overall objective of the twinning project was to support the Republic of Moldova in the implementation of reforms related to the Association Agreement between the EU and the neighboring country, with a focus on strengthening supervision, corporate governance and risk management in the financial sector.

ASF experts ensured and implemented the planned activities under the *Development and implementation of a new legal framework for the supervision of the insurance and MTPL sector (MTPL)* component of the project, by assisting the NCFM and, as of 1 July 2023, the National Bank of Moldova (NBM) which took over the regulatory and supervisory tasks in the insurance sector, in the elaboration of draft primary and secondary legislation for the full transposition of the Solvency II Directive², the Delegated Regulation³ and the implementing regulations issued by the European Commission for this Directive, as well as for the adoption of the recommendations in the relevant guidelines issued by the European Insurance and Occupational Pensions Authority, respectively for the transposition of the European legislation in the field of compulsory motor liability insurance.

Also, in 2023, the assistance provided included training sessions focusing on the practical application of European requirements in the field of solvency, MTPL insurance and supervisory practices.

In the course of the project, the NBM representatives were on two study visits to the ASF headquarters, which were a very good opportunity for the exchange of experience both in terms of licensing and supervision of insurance companies

Although the organization of the 27 missions, during which ASF advised colleagues from the Republic of Moldova, was a real challenge as time was relatively short, the result proved to be a success.

1.4.3. Major projects carried out in the field of private pension schemes (PPS)

✓ **Contributions to the review of the primary legislative framework for private pension provision**

² Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance

³ Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance

In 2023, in order to strengthen the legal framework applicable to the private pension system, ASF submitted contributions and views for all draft primary legislation and developed secondary regulations necessary for the optimal performance of the actions of all entities involved in the field.

At the level of secondary legislation, a number of 23 normative acts have been drafted, debated, adopted and submitted for publication in the Official Journal of Romania, issued on the basis of Law no. 411/2004 on privately managed pension funds and Law no. 204/2006 on voluntary pension funds.

ASF supported the dialog with representatives of the Association for Privately Managed Pensions in Romania (APAPR), which aimed to identify solutions to address the problems that have arisen in practice, with a view to amending the primary legislative framework in the field of private pensions, namely Law no. 411/2004 on privately managed pension funds, republished, as subsequently amended and supplemented, and Law no. 204/2006 on voluntary pensions, as subsequently amended and supplemented.

In the exercise of its duties, during 2023, ASF cooperated with Romanian authorities, namely the Ministry of Finance, the Ministry of Labor and Social Protection, the Ministry of Foreign Affairs, the Ministry of Justice, the Romanian Parliament, according to the law and/or agreements/protocols concluded with them, by exchanging information and technical opinions on draft legislation of interest for the private pension sector, with the aim of developing new forms of saving for retirement, strengthening the stability and integrity of the private pension system in Romania.

1.4.4. Digital finance and sustainable finance projects

The objective on digitization and implementation of green finance policies has been in the focus of the Authority's efforts also in 2023 and represents a firm commitment that requires the allocation of significant internal resources to achieve it.

ASF is participating in the EU *Supervisory Digital Finance Academy* (EU SDFA) project, following its selection as a participating competent authority, following the selection procedure under the European Commission's Technical Assistance Instrument 2022, through DG REFORM. ASF is participating together with more than 20 authorities from the Member States in a comprehensive training program in the field of digital finance on topics of interest to them, according to the calendar and curriculum established at EC/DG REFORM level. The project is funded by the European Commission, through DG REFORM, in collaboration with the three European Supervisory Authorities (ESMA, EIOPA, EBA), with a prestigious academic institution, the *Florence School of Banking and Finance*, through the European University Institute, as institutional partner.

ASF participates for 3 years in basic and advanced training sessions, online modules, seminars and workshops on various topics of interest, organized within the Academy, with the aim of increasing the level of expertise of employees in the field of digital finance.

The EU SDFA addresses the need for Member States' competent authorities to strengthen supervisory capacity in the area of digital finance and the innovative technologies used, taking into account the

objectives of the EU Digital Finance Strategy and encourages supervisory convergence across financial sector activities.

Through this project, a systematic training program will be provided, a common platform designed to enable financial supervisors to deepen their understanding of the complex world of FinTech and thus to implement innovative technologies and best practices in digital finance in their day-to-day work.

The project was launched in the fall of 2022 and involves the participation of the designated experts in face-to-face training sessions (basic and advanced), workshops and online modules on various topics in the field of digital finance (digital finance package - implementation of the new regulatory frameworks introduced by the MiCA and DORA Regulations, open finance, open insurance, AI and machine learning in finance, consumer protection and financial innovation, AI supervision, SupTech, data-driven business models, cyber risks).

ASF activity in 2023

2. Financial stability and macroprudential supervision of the non-bank financial system

2.1. The National Committee for Macroprudential Supervision

According to the legal operating framework⁴, the National Committee for Macroprudential Supervision (CNSM) is an inter-institutional cooperation structure, composed of representatives of the National Bank of Romania, the Financial Supervisory Authority and the Government, whose mission is to ensure coordination in the field of macroprudential supervision of the national financial system, by establishing the macroprudential policy and the appropriate instruments for its implementation.

CNSM issues recommendations and warnings addressed to the NBR, ASF and the Government in order to maintain financial stability, subject to the "*comply or explain*" regime.

CNSM is governed by a General Council composed of 9 members, including 3 representatives of the ASF: President, First Vice President and a Vice President appointed by the ASF Council.

The overarching objective of CNSM is to contribute to safeguarding financial stability, including by strengthening the resilience of the financial system to shocks and reducing the build-up of systemic risks, thereby ensuring a sustainable contribution of the financial system to economic growth.

In order to achieve the fundamental objective, CNSM has several tasks, in particular related to: identifying, collecting and analyzing the necessary information; identifying, monitoring and assessing systemic risks, systemically relevant financial system structures, developing the strategy on macroprudential policy; issuing recommendations and warnings to prevent or mitigate systemic risks to the stability of the national financial system (including to ensure the implementation of the recommendations of the European Systemic Risk Board), as well as monitoring the implementation of the recommendations issued by the Committee and the measures adopted at national level as a result thereof.

The members of CNSM are informed annually on the implementation of the recommendations issued, by their addressees, and the information is also published on the CNSM website, in a dedicated section⁵.

⁴ Law no. 12/2017 on macroprudential supervision of the national financial system

⁵ <https://www.cnsmro.ro/politica-macroprudentiala/modul-de-implementare-de-catre-destinatari-a-recomandarilor-emise-de-cnsm-2/>

During 2023, following the debates and resolutions adopted in the four quarterly meetings of the General Council of the CNSM, 5 recommendations were approved⁶, which are entirely addressed to the National Bank of Romania and refer to the level of capital buffers applicable to banks.

In the context of **CNSM Recommendation no. R/4/2018** of permanent nature, on the implementation of macroprudential instruments to fulfill the intermediate objectives contained in the National Committee for Macroprudential Supervision's Overall Framework on macroprudential policy strategy, ASF conducts regular analyses on the risks and vulnerabilities identified at the level of the 3 supervised non-bank financial markets, as well as the appropriateness of implementing existing macroprudential instruments. To date, the following macroprudential measures have been implemented:

- (i) at the level of Financial Investment Services Companies (FISCs): the capital conservation buffer (implemented in 4 equal annual tranches of 0.625% of the total value of risk-weighted exposures, over the period 1 January 2016 - 1 January 2019);
- (ii) in the case of insurance companies: the liquidity ratio of insurance companies; the recovery plan; the Policyholders Guarantee Fund;
- (iii) for the private pensions market: restrictions on significant exposures;
- (iv) in the case of private pension fund managers: limitation of exposure to an issuer to 5% of net assets; exposure to a group of issuers and their affiliated persons may not exceed 10% of the private pension fund's assets;
- (v) for all supervised entities ASF applies requirements on the security of IT systems.

2.2. Identifying and monitoring risks, trends and vulnerabilities to financial stability

In order to increase transparency and to provide relevant information to supervised entities, consumers of financial products and the interested public, ASF has produced numerous regular reports that have been published on its website, covering the evolution of trends and risks in the supervised markets.

Regular publications to increase the transparency of supervised markets

In 2023, 301 regular reports were produced, most of which were published on the ASF website and sent to other institutions. Through these reports, contributions were made to raising the awareness of consumers and/or other stakeholders, as well as to promoting supervised non-bank financial markets.

⁶ <https://www.cnsmro.ro/lista-recomandari-2023/>

- Daily reports - Morning Call;
- Weekly reports on risks and vulnerabilities in non-bank financial markets - ASF Weekly Journal;
- Monthly reports monitoring trends in non-bank financial markets (in Romanian and English) - ASF Monthly Market Report;
- Monthly reports on trends in non-bank financial markets - Spin-off;
- Quarterly reports on insurance market developments in Romania;
- Quarterly reports on capital market developments in Romania;
- Quarterly reports on private pension market developments in Romania;
- Half-yearly reports on the stability of non-bank financial markets;
- ASF annual report for 2022;
- Contributions from the perspective of the main developments and risks to the non-bank financial markets for the annual report of the National Committee for Macroprudential Supervision for 2023.

The realization of a financial stability report is in line with national practices in many EU Member States which have an institutional architecture for micro and macro-prudential supervision of the financial system similar to the one existing in Romania.

The report on the stability of the non-bank financial markets is a broad analysis of the local and international macroeconomic and financial context, in the perspective of the long-term evolution of the non-bank financial sector in Romania, the stability of the private pension market, the stability of the financial instruments and investments market, the stability of the insurance market, the interconnectedness of the non-bank financial markets and macro-prudential policies. It contributes to the ASF's institutional communication policy and to strengthening the image of the authority in the areas of macro-prudential policy, financial stability and the sustainable development of the markets it supervises. At the same time, the report capitalizes on the experience gained, the methodologies developed and the ASF's practice in recent years in the area of analysis of trends, risks and vulnerabilities.

The Non-Banking Financial Markets Developments Report in Romanian and English is published monthly by the authority with the aim of increasing the notoriety, visibility and transparency at the international level, while at the same time increasing the attractiveness of the financial markets in Romania. The reports contain a snapshot of developments in financial indicators, trends and risks on the financial markets during the week under review, as well as opinions on important events in the economic sector. The Morning Call **report** is a **daily report** of the institution, which contains information of interest in the financial sphere.

The Capital Market Developments Report presents the overall picture of this sector for the corresponding quarter: the primary market (primary market, issuers' statistics, new issues of financial instruments and other corporate events); the secondary market (BVB developments), intermediaries and collective investment undertakings.

The insurance market development report presents the main indicators of the insurance market: insurance companies (gross written premiums, insurance contracts, gross claims paid, claims and expense ratios, technical reserves, liquidity of insurance/reinsurance companies, Solvency II statistics, home

insurance, MTPL market, etc.), branches (gross written premiums, gross claims paid) and insurance/reinsurance brokerage firms (insurance intermediation activity, insurance intermediation income).

The report on the evolution of the private pension market captures statistics related to the private pension system in Romania, both for privately managed pension funds and voluntary pension funds: the value of net and total assets, the number of participants, contributions transferred to pension funds, the payment of net assets in case of retirement, disability or death, the investment structure and rates of return.

2.3. Preventing and mitigating cyber risk in order to ensure the stability of the non-bank financial system

By Rule no. 4/2018, a series of requirements have been established, which are addressed to the entities authorized/approved/registered, regulated and/or supervised by ASF, with the purpose of identifying, preventing and reducing the potential negative impact of the operational risks generated by the use of information and communication technology at the level of people, processes, systems and external environment, including for acts related to cybercrime.

It also regulates the activities and operations for the assessment, supervision and control of operational risks arising from the use of information systems, as well as the management of risks related to the security of information systems that are important for ensuring the information security of entities.

According to the provisions of this rule, the entities are categorized into four risk categories, each of which has established mandatory activities to assess the operational risks generated by IT systems, the periodicity of IT audit missions ranging from 1-4 years depending on the risk category in which the supervised entities fall according to the above-mentioned rule.

The distribution of entities supervised by the ASF in each risk category in 2023 was as follows:

1. Major risk category:

- 1 market operator;
- 1 central depository;
- 1 intermediary, administrator of an organized trading facility (OTF)/ multilateral trading facility (MTF);
- 3 entities carrying out the activity of storage of assets with a value of more than 250 million euros equivalent in lei;
- Romanian Bureau of Motor Insurers;
- 3 private pension fund managers and 1 voluntary pension fund manager.

2. Important risk category:

- 13 intermediaries using internet trading facilities (ADP/AS) - platforms for taking and transmitting client orders;
- 2 intermediaries acting as market maker and/or liquidity provider;
- an entity carrying out the activity of warehousing assets with a value of less than 250 million euros equivalent in lei;
- 26 insurance and reinsurance companies;
- 4 private pension fund managers and 1 voluntary pension fund manager.

3. Medium risk category:

- 10 investment management companies (IMCs), alternative investment fund administrators (AIFMs) holding net assets under portfolio/managed total assets, cumulated for all funds under management, of more than 250 million euros, equivalent in lei;
- 1 intermediary providing related services of safe custody and administration of financial instruments on behalf of clients, including custody and related services such as fund or collateral administration;
- Investor Compensation Fund;
- Policyholders Guarantee Fund;
- Private Pension System Rights Guarantee Fund;
- 1 voluntary pension fund administrator.

4. Low-risk category:

- 14 investment management companies (IMCs), alternative investment fund administrators (AIFMs) - holding net assets under portfolio/managed total assets, cumulated for all funds under management, up to 250 million euros, equivalent in lei;
- 269 intermediaries distributing insurance and reinsurance products.

2.4. Financial innovation

Financial innovation is the basis for the development of new types of products and services in the financial sector that complement, but also compete with, the "traditional" variants of products and services in the three markets regulated and supervised by ASF. The new methods used in the underwriting of insurance premiums or in the claims settlement process, as well as in the mobilization and placement of funds are in fact the results of financial innovation and represent more efficient alternatives in terms of time and resources used. Financial innovation brings with it the prerequisite for development, but also the possibility of risks materializing, which the competent authorities and entities must manage and mitigate.

In order to encourage innovation, development and implementation of new solutions and products in the three markets regulated and supervised by ASF, the FinTech Hub and the InsurTech Hub have been set up at the level of the authority. These two projects of the Authority contribute to providing the necessary

institutional framework for collaboration and lay the foundations for a dialog between the different actors in the financial markets in Romania, with the aim of supporting the development of technological innovations and Fintech.

Within the FinTech Hub, the activity focused on organizing meetings and applied discussions with the entities/persons that submitted requests through the platform available in the Fintech Hub section and concerning topics with impact on the Authority's activity. The InsurTech Hub aimed to organize meetings to which members of the academic community, representative industry associations, as well as representatives of firms interested in developing Fintech were invited and covered various topics of interest to the financial markets. The aim was to create an environment that encouraged open communication with presentations from both the Authority and partners, covering the latest developments in European legislation and on Fintech solutions identified in practice or academic material of interest to financial markets.

At the same time, ASF keeps communication channels open in order to stimulate development in the financial sector and provides guidance to those who request it, in order to find a common denominator in relation to the current regulatory framework, in order to support technological development.

2.5. Integrating sustainability risks

During 2023, ASF has been considering the integration of sustainability risks in the risk supervision process of supervised entities. The integration of sustainability risks into the supervised entities' risk oversight process is an important step towards strengthening converged, risk-based and outcome-oriented supervision. Sustainability risks can be a distinct risk at the level of supervised entities, but they can also be a potentially reinforcing factor on other types of risks, such as, but not limited to, market risks, operational risks, liquidity risks or counterparty risks.

The obligation to integrate sustainability risks into the procedures and processes developed for the purpose of risk management at the level of managed funds, as well as those considered within the overall governance structure, as laid down in Regulation (EU) 2021/1255 (amending Delegated Regulation (EU) No. 231/2013 as regards sustainability risks and sustainability factors to be taken into account by alternative investment fund managers) and Directive (EU) 2021/1270 (amending Directive 2010/43/EU as regards sustainability risks and sustainability factors to be taken into account for undertakings for collective investment in transferable securities), entered into force on 1 August 2022.

In addition, Directive (EU) 2022/2464⁷ on corporate sustainability reporting, known as "CSRD"⁸ has emerged in the context of the need for increased emphasis on corporate social responsibility, also highlighted in European Commission reports. These have provided detailed evidence that many companies are not disclosing meaningful information on all major sustainability topics, including information on climate, greenhouse gas emissions and factors affecting biodiversity.

⁷ of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) no. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU

⁸ eng. "Corporate Sustainability Reporting Directive"

The CSRD Directive builds on the "non-financial" reporting obligations already existing in legislation under Directive 2014/95/EU ("NFRD" - "Non-Financial Reporting Directive"). Thus, the main objective of the CSRD Directive is to revise the European requirements on non-financial reporting, following shortcomings identified by the EC services in the area of non-financial reporting, in particular in terms of comparability/standardization, quantity, quality and relevance of the information reported by companies.

As a time horizon, Member States must ensure that the laws, regulations and administrative provisions necessary to comply with the new provisions enter into force by 6 July 2024.

The CSRD Directive brings a number of changes and developments to contribute to improved sustainability reporting. The main novelties are the following:

- Gradual extension of the scope of reporting entities so that, from 1 January 2026, listed SMEs will also be covered;
- the introduction of the "dual materiality" approach, in the sense that reporting will refer not only to information "insofar as it is necessary for an understanding of the development, performance and position of the enterprise", but also to information necessary for an understanding of the impact of companies' activities on environmental, social and personnel issues, respect for human rights, anti-corruption and anti-bribery;
- Increased standardization of reporting, with a positive impact on comparability and analysis of the information presented, which will be achieved through the use of mandatory reporting standards adopted in the form of European regulations;
- Increasing confidence in the sustainability information reported by companies, by introducing an obligation to provide assurance on sustainability reporting (to be carried out by statutory auditors).

At the national level, the CSRD Directive has been transposed into national law by Order of the Ministry of Finance no. 85/2024.

First of all, the Directive applies to *all companies listed on regulated markets in the EU, with the exception of listed micro-enterprises*. Listed small and medium-sized enterprises (SMEs) have until 1 January 2026 to comply with the reporting requirements, even if there is an opt-out clause until 2028.

Secondly, it applies to a '*large enterprise*' which is either an EU company or an EU subsidiary of a non-EU company. A 'large enterprise' is a term defined in the Accounting Directive and means an entity that exceeds at least two of the following criteria:

- net turnover of more than 40 million euros;
- total assets greater than 20 million euros;
- 250 employees on average during the financial year.

As a third category, CSRD applies to *insurance companies and credit institutions*, regardless of their legal form.

Companies will use the new sustainability reporting standards to disclose information in the directors' report, thereby providing users of the report with an integrated picture of their impact and performance on environmental, social, human rights and governance (ESG) factors.

In this context, ASF is intensifying the necessary steps to develop processes to identify, assess and monitor ESG risk factors that may affect the activity and performance of supervised entities, in order to enhance risk-based supervision and promote investor protection.

On the **capital market**, following the checks carried out by ASF, all investment funds operating on the local market have included the transparency requirements set out in art. 6 of the SFDR in the pre-contractual documents and have submitted the revised prospectus to ASF, either for authorization (in the case of UCITS) or for notification (in the case of AIFs). The process of assessing sustainability issues is carried out on an ongoing basis to ensure that investors are properly informed of any changes, including new data that impact the initial analysis of the entities concerned. To this end, a mix of quantitative and qualitative criteria is used, which also take into account aspects of the compatibility of the remuneration policy with the business strategy, the objectives, values and interests of the company and the interests of the investors of the CIUs under management.

In the **insurance market**, most companies and intermediaries do not treat climate risk as a separate risk, but as a factor influencing the risks already identified and managed (market risk, credit risk, underwriting risk, business risk, operational risk, reputational risk, liquidity risk, strategic risk). Most insurance companies are considering reviewing internal policies and have already included sustainability aspects in their business plans, as well as sustainability risks in the risk policies they have created. At the same time, five insurance companies are covered by the NFRD, having more than 500 employees, and are required to prepare the non-financial statement according to the NFRD.

In the **private pension market**, all administrators ensure transparency and public communication on sustainability factors by publishing on their own websites information on policies developed internally or at group level on integrating sustainability risks into their investment decision-making processes. The majority of managers have also implemented climate governance policies and have embedded sustainability risks in internal processes and policies.

ASF pays particular attention to the role of sustainable finance in the financial services sector, both through actions related to the integration of sustainability risks in the risk supervision process of the supervised entities and through the implementation of legal requirements that create the necessary framework for sustainable finance.

The ASF participates, through designated experts, both in the *ESMA Sustainability Standing Committee* (ESMA SSC) and in the NGFS (*Network for Greening the Financial System*).

2.6. Resolution mechanism for insurance and investment companies

The Financial Supervisory Authority (ASF) fulfills the role of resolution authority according to the provisions of Law no. 246/2015 on the recovery and resolution of insurers, Law no. 312/2015 on the recovery and resolution of credit institutions and investment companies, as well as for the amendment and completion of some normative acts in the financial sector, and Law no. 181/ 2023 on the resolution of Central Counterparties. The following categories of entities are subject to the applicable legislative provisions of the resolution mechanism in which ASF, as resolution authority, plays a central role:

- a) Insurers that have a significant share in the national insurance system, according to the provisions of Law no. 246/2015, insurance-reinsurance companies, Romanian legal entities, authorized by ASF according to Law no. 237/2015 on the authorization and supervision of insurance and reinsurance activity;
- b) Investment companies, Romanian legal entities (financial investment services companies that are subject to an initial capital requirement representing the equivalent in lei of at least 730,000 euros);
- c) Romanian branches of third-country investment companies;
- d) Subsidiaries of an investment company or a financial holding company/mixed financial holding company which do not include a credit institution and which are part of a group subject to supervision on a consolidated basis (Art. 1 para. (1) letters b), c) or d) of Law 312/2015);
- e) Central Counterparties, authorized in Romania under Regulation (EU) no. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (EMIR - *European Market Infrastructure Regulation*).

The activities carried out by ASF in 2023 focused on the identification of companies that meet the legal requirements for recovery and resolution planning, as well as on the updating of resolution plans for insurers that had a significant weight in the national insurance system.

As of 2023, no investment companies have been identified as having a significant weight in the national system and no CCPs have been authorized by the end of 2023.

Insurance undertakings subject to the recovery and resolution planning regime

Insurance companies that have a significant weight in the national insurance system and, as such, are subject to the provisions of recovery and resolution planning, are identified on the basis of Article 3 of Law no. 246/2015, based on the following criteria:

- a) the amount of gross technical reserves of the insurer exceeds 5% of the total gross technical reserves at market level;
- b) have a market share of at least 5%, as follows:
 - for life insurance, as the ratio of the amount of the undertaking's gross technical reserves to the total gross technical reserves of all life underwriters;

- for non-life insurance, by the ratio of the value of the gross direct and reinsurance acceptance premiums written by the company to the total gross direct and reinsurance acceptance premiums written by all companies writing non-life insurance.

In 2023, the insurance companies were analyzed, in the context of the provisions of Law no. 246/2015, based on the financial results of the financial year of the previous year. Thus, nine insurance companies with significant weight in the national insurance system were identified. For the nine companies, resolution plans have been updated/drafted in accordance with the legal provisions in force.

We also note that following the assessments carried out by ASF, it was found that for all insurance companies that had a portfolio consisting mainly of MTPL insurance, and most of the insurance policies had a validity period of less than six months, it is not feasible and credible to apply any resolution tool provided for by Law no. 246/2015, in the event that the Company would get into major difficulties.

The preventive resolution plans are drawn up and updated in order to substantiate the resolution measures that ASF could undertake in the hypothetical situation in which a company with a significant weight in the national insurance system would come to fulfill the conditions for triggering the resolution procedure provided for by Law no. 246/2015. These resolution plans represent complex analyses that include, among other things, elements such as the identification and description of critical functions from a resolution perspective, a detailed description of the different resolution strategies, the analysis of the possibilities for implementing the plan, the feasibility of using resolution tools and many other technical elements specific to the resolution mechanism and required by the applicable legislation.

At the same time, in 2023, ASF analyzed the recovery plans drawn up by insurers that were required to prepare them in accordance with the applicable legal provisions and submitted to ASF. Thus, in most cases, the authority formulated proposals for substantial amendments and additions to them, in order to adapt them to the legal requirements in this area, applicable last year. It should be noted that, in January 2024, the requirements for insurers to draw up preventive recovery plans were abolished by the entry into force of Law no. 17/2024, which also introduced other specific elements for the supervision of these companies by ASF as competent authority.

Financial investment companies subject to the recovery and resolution planning regime

Investment companies (financial investment services companies) that have a significant weight in the national system and, as such, are subject to the provisions of recovery and resolution planning provided for in Law no. 312/2015, are identified in accordance with the provisions of Article 9 para. (2) on the basis of the fulfillment of any of the following criteria:

- its total assets exceed 30 billion euro;
- the share of total assets in Romania's gross domestic product exceeds 20%, unless the value of total assets is below 5 billion euros.

With regard to the types of entities for which ASF acts as resolution authority, as at 31 December 2023, the situation is as follows:

- nine financial investment services companies have been registered, in the category of financial investment services companies authorized to provide financial investment services

and activities, which are subject to an initial capital requirement representing the equivalent in lei of 730,000 euro;

- there have been no branches in Romania of third-country investment companies and no groups subject to supervision on a consolidated basis, the parent undertaking of which is an investment company or which, if the parent undertaking is a financial holding company or a mixed financial holding company, do not include a credit institution.

As a result of the analysis carried out at ASF level, it was found that no financial investment services company has a significant weight in the national financial system given the low level of assets managed by them and their insignificant share in Romania's gross domestic product.

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a framework for the recovery and resolution of insurance and reinsurance undertakings (IRRD - Insurance Recovery and Resolution Directive)

Currently, recovery and resolution mechanisms in the insurance sector are only decided at national level, with only three Member States having them in place.

The proposal for a Directive seeks to harmonize national laws in the field of recovery and resolution of insurers or to introduce, where this does not yet exist, a legislative framework in this field to the minimum extent necessary to ensure that Member States have the same tools and procedures in place to deal with situations of insurers getting into difficulties.

The proposed Directive has been drafted in full coherence with the Solvency II framework, in particular with the principles for intervention of insurers in the event of deteriorating financial conditions and with the recovery measures already available.

The proposed Directive also gives supervisory authorities the power to impose preventive measures on insurers in the event of deterioration of financial positions or breaches of regulatory requirements, in order to avoid problems escalating at an early stage of deterioration.

The transposition of this Directive also entails amendments to the primary and secondary legislation on the recovery and resolution of insurance and reinsurance undertakings. Thus, Law No. 246/2015 on the recovery and resolution of insurers will be amended and, implicitly, all secondary legislation issued by ASF in its application. Although the draft IRRD Directive, currently in the trilogue stage at EC - EP - EU CONS level, brings changes to the concepts and methodological principles on the recovery and resolution of insurance and reinsurance undertakings, the proposed Directive aims to harmonize across all Member States the legislation on the recovery and resolution of insurers or introduce, where it does not yet exist, a legislative framework in this respect, in order to ensure that Member States have the same tools and procedures to address situations of insurers' distress. After the adoption of the Directive establishing a framework for the recovery and resolution of insurance and reinsurance undertakings (IRRD), it will be ensured at the technical level to identify the provisions of Law no. 246/2015 that require amendments and to structure the draft legislative act to transpose the future Directive. The transposition deadline is 24 months after publication in the Official Journal of the European Union.

A working group has been set up at EIOPA level to develop technical standards and guidelines to implement the IRRD Directive. Thus the new instruments to be developed for the implementation of the IRRD Directive will comprise 6 guidelines, 11 regulatory technical standards (RTS) and one implementing technical standard (ITS).

ASF actively participates in the work of this working group, monitors the evolution of this legislative package and will initiate the necessary steps for transposition/implementation into national legislation, in accordance with the planning proposed at European level.

Central Counterparty Resolution

Central Counterparties (CCPs) are key components of global financial markets, playing a central role in processing transactions in financial instruments and managing exposures to the various risks inherent in

these transactions. With a view to improving the functioning of the single European market for financial services, it is important to have rules in place to address the effects of the various difficulties that financial market sectors may face and to ensure that potentially systemic events do not destabilize the entire financial market and affect growth throughout the economy.

The recovery and resolution framework for CCPs consists of Regulation (EU) 2021/23 of the European Parliament and of the Council on a framework for the recovery and resolution of central counterparties and amending certain EU Regulations (the CCP Recovery and Resolution Regulation), as well as the delegated regulations and technical standards issued in application of it, and is necessary to prevent reliance on taxpayers' money in the event of disorderly distress of CCPs. Such a framework includes the possibility for CCPs to enter resolution for reasons other than the default of one or more of their clearing members.

In order to fulfill its duties as resolution authority, ASF may apply the following tools:

- (a) loss and position allocation instruments;
- (b) the write-down and conversion tool;
- (c) the instrument of sale of the business;
- (d) the CPC-point tool.

The resolution authority of the CCP shall establish, manage and chair a resolution college to carry out the tasks and ensure cooperation and coordination with the authorities that are members of the resolution college and, where appropriate, cooperation with competent authorities and resolution authorities of third countries.

The objective of a credible recovery and resolution framework is to ensure that CCPs have measures in place to ensure recovery in the event of financial distress, to maintain the critical functions of a CCP that is in distress or is likely to become distressed while the remaining activities are wound down through normal insolvency proceedings, and to maintain financial stability and avoid significant adverse effects on the financial system and its ability to serve the real economy.

3. Micro-prudential supervision of the non-bank financial system

3.1. Integrated monitoring

Through integrated supervision, the Financial Supervisory Authority strengthens the unified framework for monitoring regulated and supervised markets. This process involves the use of internally developed specialized mechanisms to identify issues that go beyond the boundaries of specific areas of supervision. These issues may result from an integrated analysis of the activities carried out by the various subsidiaries of the same financial group. The aim is to ensure that the interests of consumers and beneficiaries of non-bank financial products are protected.

To this end, detailed analyses are carried out for:

- Identification of the entities authorized and supervised by the Financial Supervisory Authority which carry out, directly or through a subsidiary, activities in more than one financial supervision sector

In 2023, ASF continued its integrated supervision activity, complementary to the sectoral supervision activity, by using methodologies and working tools aimed at analyzing the established indicators from the point of view of the risk of contagion and concentration that may arise at the level of cross-sectoral groups. A new group with cross-sectoral activity was also identified in 2023, so that as of the last quarter of 2023, a total of 7 groups with cross-sectoral activity and one entity with cross-sectoral activity were monitored.

- Identification of entities regulated by the Financial Supervisory Authority that might belong to a financial conglomerate

According to the Emergency Ordinance no. 98/2006 on the supplementary supervision of credit institutions, insurance and/or reinsurance undertakings, financial investment services companies and investment management companies in a financial conglomerate, the Financial Supervisory Authority shall carry out an annual analysis with the purpose of identifying, on the basis of certain criteria defined by law, any entity regulated by ASF that might be part of a group or sub-group belonging to a financial conglomerate.

As a result of the analysis carried out, the supplementary supervision of a financial conglomerate with an EU financial entity as a parent is carried out by the competent authority that has authorized that entity (the parent), which will apply a set of requirements for the supplementary supervision of the conglomerate, with the other supervisors of the financial entities in the conglomerate providing input to this process.

The conclusions of the annual mapping process for the year 2023 indicate that the entities authorized and regulated by ASF are not parent companies for financial entities that could belong to a financial conglomerate, thus excluding the possible role of ASF as a coordinating authority for the purposes of supervision of a financial conglomerate.

3.2. Supervision of the financial instruments and investments sector

Supervisory activity in the capital market has taken place in a context of some uncertainties, in particular due to the persistence of high inflation and increased volatility in financial markets, which have arisen as a result of macroeconomic developments. Although the macroeconomic backdrop improved in the first half of 2023, the persistence of core inflation emerged as a key risk in the first three quarters, as it restricts households' purchasing power and may force a stronger monetary policy response with broad macro-financial ramifications. At the same time, central bank monetary policy has an impact on supervised markets as it influences both fixed income instruments and equities.

In this context, given the extremely fragile environment, based on pre-existing volatile conditions exacerbated by geopolitical risk, ASF has carefully monitored risks, also taking into account the ramifications of major events that may occur in the markets and affect the supervised entities. Thus, to strengthen the supervisory activity, during 2023, actions were taken both from a prudential perspective as well as from a conduct review perspective, in both cases the approach was risk-oriented.

In addition to on-going supervision / permanent control activities (off-site), the entities regulated by ASF are subject to periodic control (on-site), according to an integrated annual plan, or to unannounced controls, in situations where risks are identified that require prompt action.

According to the Register of entities in the financial instruments and investments sector, a total of 204 entities were under supervision during 2023, as follows:

- 19 financial investment services companies;
- 7 branches of investment companies from EU Member States;
- 3 branches of credit institutions from EU Member States;
- 10 investment advisors, of which 7 individuals and 3 legal entities;
- 30 IMC/AIFM investment managers, of which:
 - 9 entities have dual status as an IMC and authorized AIFM or registered AIFM;
 - 6 are only IMC;
 - 9 are only AIFM;
 - 6 have only the status of registered AIFM and do not have, at the date of this report, alternative funds authorized by the ASF;
- 128 collective placement undertakings of which:
 - 92 contractual UCITS (open-ended investment funds - OIF);
 - 36 OCIU /AIF of contractual type or (investment) companies, of which:
 - 29 OCIUs/AIFs are established as investment funds (on a contractual basis). Of these, the fund units issued by FOA, STK EMERGENT and BET FI INDEX are traded on the main market or SMT Aero, managed by BVB;

- 7 OCIOs/AIFs are established as investment companies (by instrument of incorporation), the shares issued by six of which are admitted to trading on the main market of BVB;
- 4 credit institutions acting as depositary of investment funds authorized by ASF;
- 3 market institutions: the Bucharest Stock Exchange, Depozitarul Central, Investor Compensation Fund.

3.2.1. Prudential capital market supervision

Prudential supervision of financial investment companies

The inherent vulnerabilities and risks of investment companies have led to the need for appropriate and proportionate prudential arrangements at EU level. Thus, the risks faced by investment companies and the risks they pose to their clients and the markets in which they operate depend on the nature and volume of their business. Thus, the challenges of this period have been to identify all vulnerabilities generated by the new prudential regime, to implement the recommendations issued by international supervisory bodies and to adapt supervisory arrangements to the changes brought about by the new prudential regime and to the instability of financial markets.

The primary objectives in the supervisory process are to prevent and manage the risks to which these entities are exposed in the financial markets, and to maintain an up-to-date perspective on each entity's profile and new challenges.

The implementation of the new prudential requirements, but also the business model adopted in the global economic context, have led some companies to register financial imbalances and implicitly difficulties in maintaining capital requirements or operating conditions as authorized by ASF.

The actions taken lead to prompt and effective interventions in situations where deterioration of prudential indicators is observed. To achieve these objectives, monthly and quarterly reporting data are verified and analyzed, preventive measures are requested when prudential indicators are found to reach warning levels, and more frequent reporting is requested to monitor the situation.

Therefore, prudential supervision of financial investment services companies in 2023 was based on the following activities:

- ➔ categorization of financial investment companies into risk classes and types of supervision by drawing up an annual supervision plan;
- ➔ monitoring the risks identified as a result of legislative changes in the area of prudential supervision of investment companies and monitoring compliance with solvency requirements under IFR/IFD;
- ➔ Clarification of some aspects of the capital requirements under IFR/IFD in view of the problems encountered in implementing the new non-euro area specific prudential regime;

- ➔ the analysis performed at FISC level regarding the subscriptions within the public offering initiated by Fondul Proprietatea S.A. for the sale of Hidroelectrica shares, carried out between 23 June – 4 July 2023;
- ➔ taking preventive measures based on identified vulnerabilities.

Prudential supervision of collective investment undertakings

The supervisory activity of the CIU segment entities during 2023 focused on:

- ✓ **processing, centralizing and analyzing reports submitted by regulated entities;**
- ✓ **Conducting monthly general reviews of risks and vulnerabilities at the level of the CIUs**, thus being kept under review:
 - *liquidity risk*, i.e. monitoring the subscription and redemption operations of investment funds;
 - *market risk*, materialized through VUAN volatility;
 - *contagion risk* or *systemic risk*, given the complex interlinkages in the financial markets to which collective investment undertakings are party;
- ✓ **carrying out ad hoc risk management reviews of investment funds** under supervision;
- ✓ **monitoring ongoing compliance with the legal provisions** applicable to investment limits for supervised investment funds;
- ✓ **Closer monitoring of the impact of developments in managed portfolios on the activity and financial stability** of investment fund managers;
- ✓ **analysis of the capital adequacy of** investment management companies and development of the risk matrix for the activity of investment management companies;
- ✓ **alerting certain companies on issues related to their business ;**
- ✓ **maintaining a consistent dialog with the market to identify areas of risk.**

Risk monitoring activities in the CIU segment

The second half of 2023 marked an improvement in local asset management market conditions - the annual inflation rate continued its downward slope that started in the first part of 2023. Inflation dynamics in the course of 2023 led to a moderation of monetary policy interest rate hikes, both foreign and local - subsequent to January 2023, it was decided to keep the monetary policy interest rate at 7% throughout the year.

In this context, the pressure on the liquidity of local investment funds was lower, with managers managing, on the one hand, to honor all redemption requests smoothly and, on the other hand, to keep their portfolio structure balanced, making portfolio adjustments in line with market developments and opportunities.

Although macro-economic developments and evolutions have provided a more stable context in the local investment fund market, ASF considered it appropriate to continue to monitor the liquidity of the CIU market and the interest rate risk in bond funds. This approach was a proactive one (early warning system),

based on early identification of potential liquidity difficulties at the level of each investment fund. Thus, ASF undertook analysis on several levels, namely:

- ✓ **analyzing, on a weekly basis, the situation of subscription and redemption requests received by CIUs**, in correlation with the liquidity of the managed portfolios and the diversity of the investor base;
- ✓ **monitoring, on a monthly basis, market risk** through the *modified duration* indicator, in correlation with the structure of the bond funds' portfolios;
- ✓ **monitoring, on a daily basis, the impact of the situation created by the international environment on investment funds** in the form of their use of liquidity management tools and the activation of mechanisms to limit or suspend the redemption of fund units for the managed funds (receipt of notifications from the managers);
- ✓ **analysis of the mechanisms for liquidity management in extreme situations, set out in this respect in the prospectuses of investment funds**, in order to assess their prudence and effectiveness in managing liquidity risk.

With regard to the daily monitoring of the impact of the situation created by the international environment on investment funds, in the form of their use of liquidity management tools and the activation of mechanisms to limit or suspend the redemption of fund units for the managed funds, **we note that, as of the date of this report, none of the supervised funds has activated any mechanism to limit or suspend the redemption of fund units.**

Integrating sustainability risks in the supervision of CIUs

ASF continued in 2023 both the actions related to the integration of sustainability risks in the risk oversight process of the supervised entities, as well as the actions to monitor and oversee the transparency of sustainability-related disclosures in pre-contractual disclosures, on websites and in periodic reports.

The implementation of the SFDR (Regulation (EU) no. 2019/2088 on sustainability reporting in the financial services sector) and the Taxonomy (Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088) has created challenges for both financial market participants and ASF as investors start to consider financial products that incorporate environmental, social and governance (ESG) factors.

In addition, the obligation to integrate sustainability risks into the procedures and processes developed for the purpose of risk management at the level of the managed funds, as well as those considered within the overall governance structure, laid down in Regulation (EU) 2021/1255 (amending Delegated Regulation (EU) No. 231/2013 as regards sustainability risks and sustainability factors to be taken into account by alternative investment fund managers) and Directive (EU) 2021/1270 (amending Directive 2010/43/EU as regards sustainability risks and sustainability factors to be taken into account for undertakings for collective investment in transferable securities (UCITS)), entered into force on August 1, 2022.

With the development of the EU legal framework on sustainability and the entry into force of the Transparency for Financial Market Participants Regulation (EU) 2019/2088 (SFDR) and the Taxonomy Regulation (EU) 2020/852 (TR), the specialized structures within ASF have stepped up their oversight of

compliance with the transparency requirements imposed on financial market participants. For Undertakings for Collective Investment in Transferable Securities (UCITS), Alternative Investment Funds (AIFs) and their managers, the SFDR aims to increase transparency on ESG impacts and risks by establishing transparency requirements both in pre-contractual disclosures (prospectuses) and in regular reporting.

The results of the supervision activities carried out in 2023 reveal that all investment funds operating on the local market have the transparency requirements set out in Art. 6 of the SFDR included in their pre-contractual documents.

As of 30.12.2023, there were four investment funds on the Romanian capital market that promote ESG (Environment, Social and Governance) characteristics and are constituted in compliance with the provisions of Article 8 of Regulation (EU) 2019/2088 - the OTP Innovation open-ended investment fund, managed by OTP Asset Management Romania S.A.I. S.A, the BRD Global open-ended investment fund, managed by SAI BRD Asset Management S.A.I. S.A, and two funds managed by SAI Raiffeisen Asset Management S.A. (Raiffeisen Sustainable Equity and Raiffeisen Sustainable Mix). The BRD Global open-ended investment fund was authorized as a fund promoting environmental characteristics in July 2023, by Authorization no. 89/03.07.2023, while the OTP Innovation open-ended investment fund is the first SFDR Art. 8 fund authorized on the Romanian capital market at the beginning of 2022, by Authorization no. 31/11.02.2022. In the second half of 2022, ASF authorized the change of the two funds managed by SAI Raiffeisen Asset Management S.A. (Raiffeisen Sustainable Equity and Raiffeisen Sustainable Mix) into Feeder funds, which invest at least 85% of their assets in Master funds managed by Raiffeisen KapitalanlageGesellschaft m.b.H.

Prudential supervision of capital market institutions

The Bucharest Stock Exchange

At the end of 2023, Bursa de Valori București SA (BVB), as the parent company of the BVB Group, held the following stakes in affiliated companies: Depozitarul Central (DC) - 69.04% and CCP.RO Bucharest - 52.38%, slightly decreasing after the increase of the company's share capital from 86.80 million lei to 90.67 million lei.

During 2023, ASF carried out a series of analyses of operational and economic and financial indicators of significant risk management, aimed at establishing and maintaining an effective risk management framework.

BVB's operating revenues realized in 2023 exceeded 50 million lei (10 million euros), an increase of 55%, or 17.85 million lei compared to the previous period (2022 - 32.70 million lei) generated by the 73% increase in trading revenues, as an impact of the listing of Hidroelectrica (trading symbol H2O). BVB operating revenues exceeded the budgeted amount by 9%.

BVB's operating revenues are mainly realized from the trading of listed instruments, from fees charged to issuers for admission and maintenance of trading and from the sale of stock exchange data to various users.

The operational expenses of BVB in 2023 recorded an increase of 22% compared to 2022 to the amount of 27.97 million lei, mainly influenced by: the increase in personnel expenses by 18% compared to 2022 due to the implementation of the Staff Remuneration Policy and the implementation of the Management and Employees Stock Award Plan approved by the General Meeting of Shareholders and the increase by 42% in other operational expenses, the effect of the significant increase in the prices of services and goods necessary for the authorized activity to operate at its parameters. The operating expenses realized in 2023 are 3% below the budgeted level.

BVB ended 2023 with a net profit up by 21.99 million lei, double the previous period (2022: 11.04 million lei), with a net margin of 44%, directly influenced by the evolution of the operating result, i.e. the level of realized trading income. The BVB share price reached an *intraday* high of 73 lei.

Market operators are not subject to uniform European prudential and capital requirements. However, the *Markets in Financial Instruments Markets Directive 2014/65/EU (MiFID II)* provides that a market operator must have, at the time of authorization and at all times thereafter, sufficient financial resources to facilitate its orderly functioning, having regard to the nature and scale of the transactions concluded on the market and the range and level of risks to which it is exposed.

BVB's liquidity and solvency indicators are at optimal levels, with the company's liquid assets being able to cover its current liabilities, while debts remain at a marginal level (BVB has no long-term debts).

At the BVB level, the risk management function is ensured by a risk department and a set of procedures that establishes the necessary framework for identifying, assessing, monitoring, managing and reporting the risks faced by the market operator in a controlled and efficient manner, in order to achieve BVB's specific objectives. To achieve the proposed purpose, the risk management procedures establish risk

tolerance limits, critical functions and processes, the activities necessary to identify and assess risks, as well as the specific type of risk response.

As a result of the analysis conducted by ASF, it was concluded that the BVB market operator benefits from an efficient risk management system, documented by internal policies and procedures, drawn up in accordance with the provisions of the applicable legal framework and duly updated, which ensures the availability and reliability of operations, which are carried out in optimal conditions of safety.

At the same time, the ASF followed the status of joint projects with capital market infrastructures, Depozitarul Central and CCP.RO.

Depozitarul Central

The prudential supervision activity of Depozitarul Central consisted mainly in the analysis of operational and economic-financial indicators, capital requirements, the general risk management framework and the business continuity and disaster recovery plan.

Depozitarul Central's operating revenues in 2023 increased by 32% or 7.92 million lei compared to the previous year, amounting to 32.58 million lei, mainly due to the revenues from services associated with the H2O IPO and the increase in some tariffs as of 01.02.2023. The revenues recorded relate to the post-trading segment (68%) and the registry segment (32%).

Operating expenses in 2023 amounted to 24.21 million lei, an increase of 17% compared to the previous year, an increase generated by the increase in other operating expenses due to the increase in inflation with impact in administrative expenses and depreciation of fixed assets and rights of use, as well as additional one-off expenses from the relocation of the registered office, expenses for services rendered by third parties and personnel expenses due to the application of the Staff Remuneration Policy.

The net profit recorded by Depozitarul Central in 2023 is 8.77 million lei, which is double the previous year's level, i.e. 4.31 million lei higher than the previous period, with a net margin of 27%, directly influenced by the evolution of the operating result, i.e. the level of income realized on the post-trading segment.

ASF has continuously monitored the performance and efficiency of the post-trading processes by analyzing and assessing the infrastructure regulations, the agreements with other central depositories, the functions and mechanisms implemented in order to mitigate the risks to which Depozitarul Central is exposed. Following the annual assessment carried out, it was found that the company successfully settled transactions in financial instruments denominated in lei and euro and ensured the integrity of issues throughout the year.

During the annual review and assessment period, there were no substantial changes affecting Depozitarul Central's compliance with the conditions of its authorization as a central depository. There have been some enhancements to the operational and risk management framework, the most relevant of which are changes to the rules and procedures for the insolvency of a settlement system participant and improvements to Depozitarul Central's Risk Management Manual. None of these changes are considered to affect Depozitarul Central's compliance with the requirements of the CSDR and the regulations issued

in application of it. No issues have been identified that could reveal the existence of potential major risks affecting the smooth functioning of the Securities Settlement System - RoClear and its participants.

Sanctions applied following prudential and conduct of capital market supervision

As regards the collective investment undertaking segment, during 2023, ASF sanctioned the legal representatives/responsible persons of two investment management companies as a result of their activities, with **four decisions to fine them following prudential supervision**. Two action plans were also imposed.

In the financial investment services companies segment, prudential supervision resulted in four sanctioning decisions with fines and the imposition of a remedial action plan.

ASF has not ordered any action plans or remedial measures as a result of the prudential supervision of the Bucharest Stock Exchange and Depozitarul Central.

3.2.2. Oversight of capital market conduct

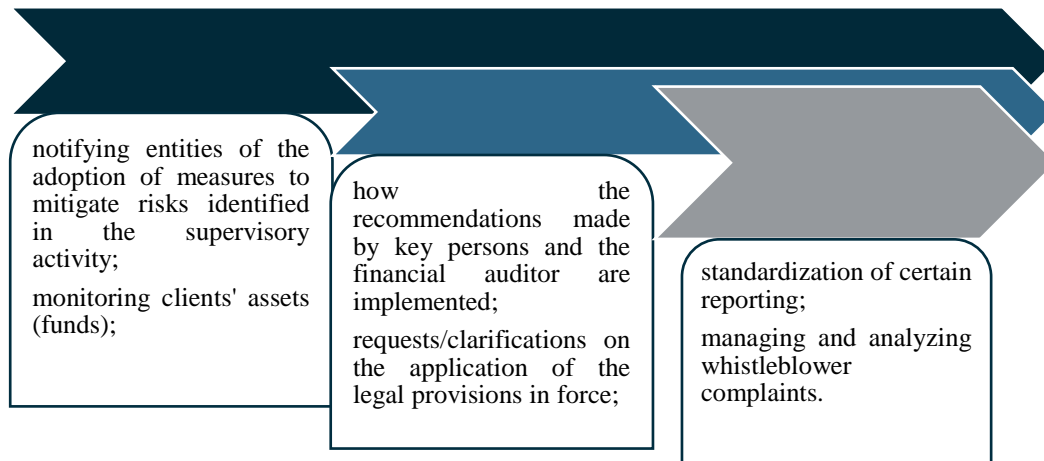
Supervision of the conduct of financial investment services intermediaries ⁹

In supervising the conduct of financial investment services intermediaries, compliance with the rules imposed by MiFID has been monitored, taking into account the complexity of the business of each firm and the risks associated with the business, including:

- ➔ customer relationship management;
- ➔ conflicts of interest;
- ➔ internal organization and governance;
- ➔ the value of client assets in the custody of the FISC.

⁹ Financial investment companies, credit institutions providing financial investment services, branches in other Member States.

At the same time, vulnerabilities and their impact on the company's business were assessed and identified. Through its conduct of business, ASF has undertaken a series of supervisory activities, which consisted in:



In addition, during 2023, following proposals from ESMA's Investor Protection and Standing Committee (ESMA IPSC) working group, ASF carried out a thematic exercise on how investment companies comply with the legal requirements in force regarding advertising/marketing. The results of this exercise were forwarded to the European Supervisory Authority (ESMA) with a view to standardizing and implementing uniform supervision at European level by all competent authorities.

As regards the supervision of the conduct of branches of investment companies/credit institutions from other Member States, they shall submit to ASF half-yearly reports on the activity carried out, including information on the compliance with the legal provisions applicable to the branch.

Following the analysis carried out, the main aspects requested by ASF with regard to the activity carried out by the above-mentioned branches mainly concerned:

- ➔ clarification on the services and activities actually provided at branch level;
- ➔ the trading platforms used / made available to clients in Romania;
- ➔ the type of financial instruments offered to customers and the markets on which they are traded;
- ➔ complaints received regarding the activity carried out on Romanian territory, etc.

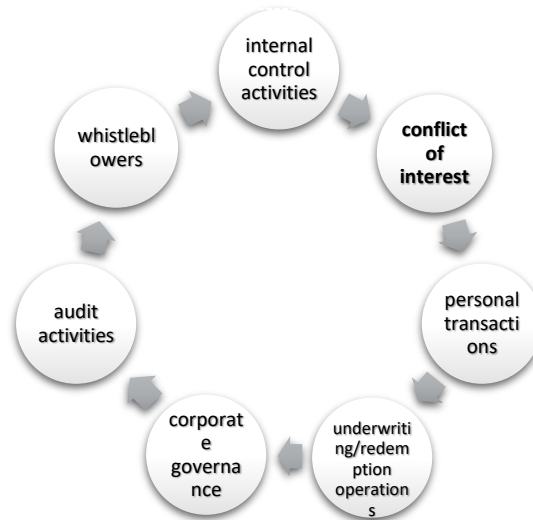
Given the limited competences of ASF as a host Member State, the Authority has cooperated with both ESMA and other EU Member State authorities in their capacity as competent authorities in the home Member States of branches of investment companies/credit institutions.

Supervision of the conduct of the IMC/UCITS/AIFM/AIF

The primary objectives in the supervisory process are to prevent and manage the risks to which these entities are exposed in the financial markets, and to maintain an up-to-date perspective on each entity's profile and new challenges.

The supervisory activity is based on the analysis of all reports/information received in accordance with the legal provisions, and depending on the complexity of the analyzed segment and the volume of data and information to be processed, the supervised entity is classified according to impact and risk. The assessment mode underlying the conduct supervision activity is aimed at qualitative assessment of risks including the compliance component.

The main objectives in the supervision of IAS/AIFM conduct are:



In line with the rapid pace of regulatory and technological development, a number of concrete supervisory actions have been envisaged, of which we list below:

- ✓ Maintaining a dialog with the market to identify areas of risk (e.g. reactions to the testing of business continuity plans, reactions and discussions with industry associations);
- ✓ deepening/understanding the entity's business and establishing the risk profile;
- ✓ making the entities' management accountable for their stewardship conduct and aware of the impact of inappropriate actions/decisions and possible failures;
- ✓ further deepening the focus on key issues in supervision, in parallel with proactive action, by:
 - development of uniform benchmarks for the preparation and submission to ASF of reports on key functions provided for by the primary legislation and regulations applicable in the matter: reporting templates that require the existence of a self-assessment at the level of supervised entities that determine the level of awareness of the areas exposed to risk and vulnerabilities that allow the implementation of preventive/pro-active measures to eliminate or minimize their impact;
 - identifying emerging trends, risks and vulnerabilities that may have a high impact on investor protection and/or financial stability;
 - supporting convergence of supervisory practices and encouraging cross-border supervisory cooperation with other EU competent authorities;

- making the entities' management accountable and aware of the impact of inadequate actions/decisions as well as possible failures.

All steps taken are likely to fulfill supervisory tasks in the most efficient and beneficial way for the regulated and supervised entities, the objectives being in a permanent process of adaptation and updating by identifying and starting the necessary activities to provide the entities with clear lines to follow and a healthy environment for carrying out their activities, by streamlining the flow of documents/information, limiting as much as possible the paper circuit of information and replacing it with electronic and increasing the degree of operability in the relationship with the market.

The supervision process is composed of several steps, which envisage analysis at a certain frequency (monthly, quarterly, semi-annually, annually or on an ongoing basis for events of ad-hoc type), establishing a prioritized list, including but not limited to the following:

- a) the entities with the most risks identified during the period under review;
- b) tools/activities provided/risks confirmed from both qualitative and quantitative analysis;
- c) the risk tolerance, impact and likelihood of risk materializing within a supervised entity or within the system/market of which it forms part;
- d) actions undertaken/adopted, together with the resources available, etc., with supervision actions being differentiated in terms of the type of actions carried out and the granularity of the analysis to be performed.

As part of the process of supervision of the conduct of CIUs, ASF has monitored the entities' compliance with the compliance and conduct of business rules, assessed and identified vulnerabilities/risks, impacts and actual and material circumstances of the entity's conduct, the role of the compliance and conduct of business rules being to ensure that companies conduct their business in full compliance with national and European legislation and internal procedures, thus creating a reliable and efficient framework for investment management activity. The establishment and use of appropriate internal control mechanisms contribute to the protection of investors' interests by ensuring internal oversight of the company's business.

Impact categorization and risk categorization are the activities related to the stage at which the supervised entity is positioned and related to other similar entities. The positioning and the comparative peer review shall be performed using the following criteria:

- ➔ the impact of the IMC/ AIFM on the market in the event of the occurrence of a major event for its activity (bankruptcy, cessation of activity, etc.);
- ➔ IMC/AIFM risk profile.

The map of risks identified in the process of monitoring the rules of conduct and the sources of risk derive from:

- ➔ business model integrity/management of conflicts of interest;
- ➔ protecting investors' interests;

- ➔ corporate governance;
- ➔ fraud prevention systems in place;
- ➔ evaluation of complaint registers and reports;
- ➔ updating the internal procedural legal framework with the regulations in force, etc.

The analyses carried out in the framework of the supervisory activity shall cover the objectives of the planned supervisory activity, the scope, the actions taken and the results, materialized by appropriate recommendations and/or proposals for action/measures to be taken by the supervised entity.

Risk has a component of uncertainty, which is why, in the situation where the risk has materialized or the event has crystallized, the supervisory activity carried out entails the adoption of remedial/risk mitigation supervisory measures in addition to the preventive ones adopted so far.

In order to ensure the effectiveness of the supervisory process, all measures and actions put in place/taken in the act of supervision were intended to be proportionate to the nature, size and complexity of the risks inherent to the business of an IMC/AIFM.

As a result of the issues raised in the conduct supervision activity, in the case of two IMCs/AIFMs, ASF proceeded with the application of administrative sanctions and monitoring with increased frequency, in order to remedy the issues raised in the prudential and conduct supervision reviews, both to protect the interests of investors and to prevent the deterioration of the company's financial situation.

Supervision of the conduct of market institutions (BVB and Depozitarul Central)

In order to supervise the compliance by market institutions with the provisions of the legal regulations in force, in terms of conduct, the following checks were carried out, which mainly concerned:

- ✓ the work performed by persons responsible for the compliance function;
- ✓ the conduct of market institutions on the basis of shortcomings identified at the level of the entities from the control activity or from the complaints received;
- ✓ verification of incidents occurring in the clearing-settlement activity carried out by Depozitarul Central;
- ✓ compliance by shareholders with the shareholding thresholds imposed by the legal provisions in force;
- ✓ the compliance of the reports submitted by market institutions, required by the legislation in force, respectively the identification of the deficiencies signaled by them, from the perspective of compliance and conduct of the entities;
- ✓ the referrals received, their subject matter and how they are dealt with;
- ✓ BVB self-assessment report submitted on the basis of Article 66 of ASF Regulation no. 13/2018;
- ✓ monitoring the implementation, by Depozitarul Central and BVB, of the measures/recommendations/requests ordered following the periodic on-site controls carried out by ASF.

As the competent authority, ASF has carried out the annual review and assessment of Depozitarul Central and the settlement system it manages, in accordance with the provisions of Art. 22 para. (1) of the *Regulation (EU) no. 909/2014 on improving securities settlement in the European Union and on central securities depositories (CSDR)*. The annual assessment, carried out by ASF, was conducted with the involvement of the relevant authorities, namely the National Bank of Romania and the European Central Bank, authorities consulted in accordance with the provisions of Art. 22 para. (6) of the CSDR.

Supervision of the conduct of investment advisors authorized by ASF

In 2023, the main checks carried out in the framework of the supervision of investment advisors authorized by ASF focused on the activity carried out by them in this capacity and the compliance of the reports submitted by them.

3.2.3. Capital market supervision

In 2023, the **objectives of the control activity (periodic and unannounced control)** were aligned with ASF's strategic objectives of strengthening the supervision and control function. In this regard, in order to make control activity at the SIIF level more efficient, the aim was to strengthen the risk-based approach by prioritizing control actions to entities with higher risk profiles. Moreover, the principles of the risk-based approach are taken into account at all stages of the control activity (from the planning of the action to the monitoring of the measures taken).

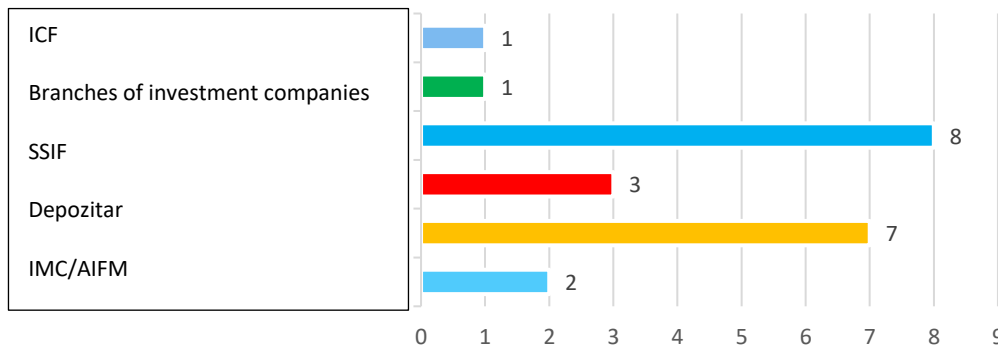
Control topics were addressed from both a prudential and a conduct of business perspective, including control objectives aligned with the strategic European supervisory priorities identified in the annual risk mapping exercises. Particular attention has been paid to governance and internal controls, business model, financial stability of entities, risk management, integrity and asset valuation, application of know-your-customer rules and implementation of the international sanctions regime.

The planning of controls carried out on capital market entities is based on the identification, prevention and management of market and entity risks, by specifically determining risk areas for each entity controlled.

The monitoring of the results of the controls is carried out through specific analysis to assess the implementation of the measures ordered by the ASF following the findings of the control teams.

During 2023, ASF carried out controls on 22 entities (21 regular and one unannounced), as follows:

Types of controlled entities in 2023

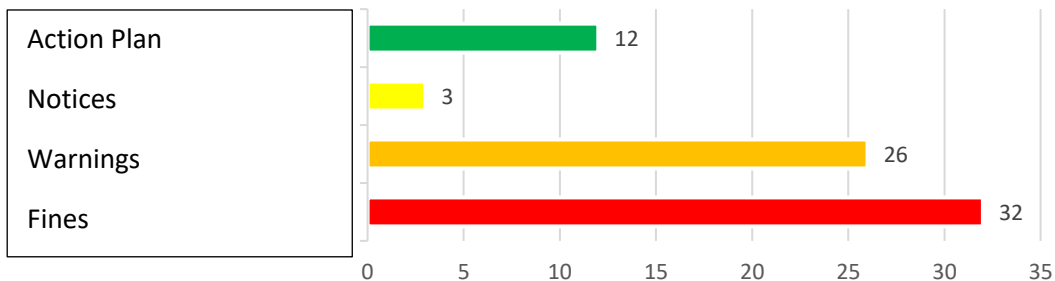


Modern working methods ensuring a fast and efficient flow of data and information in relation to auditees were continued in 2023, with the collection of relevant documents and information being carried out through an electronic platform made available to auditees.

Results of control activity

During 2023, 73 sanctioning/administrative measures were applied as a result of control notes approved by the Authority Board, as follows:

Measures/sanctions adopted in 2023 as a result of on site controls

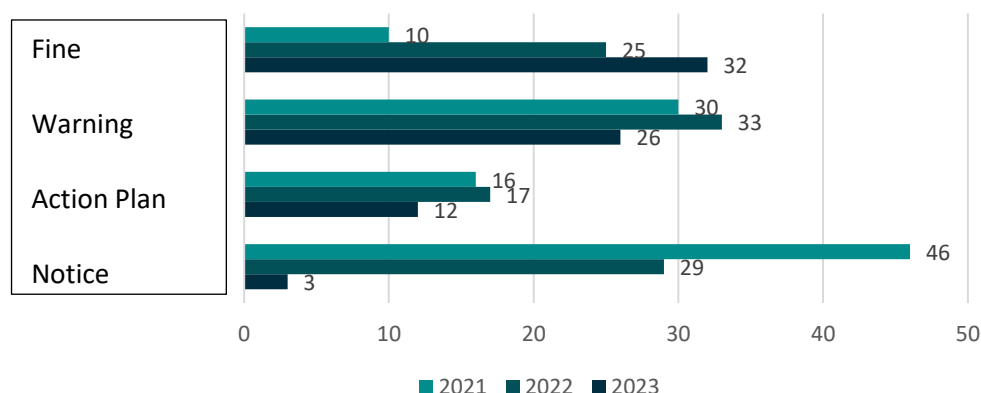


Structured by type of entity, they are presented as follows:

- ➔ 39 measures/sanctions for intermediaries and market institutions:
 - 5 action plans to be imposed on FISCs and 2 action plans on market institutions;
 - sanctioning with a warning 2 FISCs, 7 individuals within the FISCs and one individual within a market institution;
 - fining 3 FISCs and 19 individuals within FISCs.
- ➔ 34 measures/sanctions for IMCs/AIFMs and depositaries:

- warning for 3 individuals within the AIFM;
- 5 action plans to be implemented by the IMC/AFIA;
- sanctioning with a warning 5 IMCs/AIFMs , one depositary, 9 individuals within the IMCs/AIFMs and one individual within a depositary;
- fining one IMC/AIFM and 9 individuals within the IMC/AIFM.

For the last 3 years, the centralized situation of sanctions/measures ordered following on-site control activity is as follows:



3.2.4. Monitoring of the provision of investment services and activity referred to in Section A of Annex no. 1 to Law no. 126/2018 on markets in financial instruments, by entities that are not authorized for this purpose

In order to achieve the objective set out in Article 5, letter a) of the Emergency Ordinance no. 93/2012 on the establishment, organization and functioning of ASF, to ensure the stability, competitiveness and smooth functioning of the markets in financial instruments, to promote confidence in these markets and in investments in financial instruments, as well as to ensure the protection of operators and investors against unfair, abusive and fraudulent practices, a specialized organizational structure operates within ASF, whose activity is to monitor the provision on the Romanian territory of investment services and activities referred to in Section A of Annex no. 1 of Law no. 126/2018 on the markets in financial instruments, as amended and supplemented, by entities that are not authorized to provide such services and activities, under the conditions expressly stipulated by Law no. 126/2018.

Following the verifications carried out by this structure, ASF published on its own website, in 2023, **30 alerts** on such unauthorized entities providing or purporting to provide the aforementioned investment services/activities, with investors being warned on **68 websites** belonging to such entities. A total of 22 of these alerts were also reported, on a voluntary basis, to the International Organization of Securities Commissions (IOSCO), as they concerned entities not licensed in a particular jurisdiction.

In cases where, as a result of the analysis of the petitions received or of the monitoring activity, there were suspicions regarding the unauthorized provision of investment services and activities, as provided

for in Law no. 126/2018, ASF referred the matter to the competent criminal investigation bodies for further specific criminal investigations.

At the same time, in order to protect investors and increase the confidence of potential investors in the markets for financial instruments and investments in financial instruments, ASF published warnings on its website and on social networks, drawing attention to the increasingly frequent appearance in cyberspace of pages that fraudulently contain visual identifiers belonging to entities authorized by ASF. The number of disclosures published in 2023 regarding the practices of unauthorized entities increased by approximately 75% compared to the number of disclosures published in 2022. Among the disclosures published in 2023 we mention:

- ASF warns consumers about the existence of actions by unauthorized individuals claiming to provide investment services and activities, as provided for by Law 126/2018;
- ASF draws attention to the fact that in cyberspace, especially on social networks, pages have appeared more and more frequently that fraudulently contain visual identity elements belonging to entities authorized by ASF;
- ASF warns citizens not to follow "investment recommendations" made on behalf of the authority;
- ASF warns about the rise of fraudulent and dangerous online practices.

With regard to the information published on social networks about the practices of unauthorized entities, we note that in 2023, there were 750 posts on Facebook, 187 posts on LinkedIn and 220 posts on Instagram.

3.2.5. Issuer supervision

In the field of issuers of securities, during 2023, specific activities were carried out aimed at ensuring compliance with the legal requirements regarding the transparency obligations of issuers, corporate operations, securities record keeping, public offerings and supervision of transactions with financial instruments, as well as the investigation of market abuse.

Supervision area (end of period)

| Issuers in ROMANIA | BVB regulated market | INT regulated market | MTF | INT MTF | Total |
|--------------------|----------------------|----------------------------|------------|-----------|------------|
| Shares | 77 | 2 | 264 | 17 | 360 |
| Shares/Bonds | 5 | 0 | 5 | 0 | 10 |
| Bonds | 9 | 3 | 23 | 1 | 36 |
| Fund units | 4 | 0 | 1 | 0 | 5 |
| Total | 95 | 5 | 293 | 18 | 411 |

Specific activities on transparency obligations, reporting and shareholders' rights

Throughout 2023 there has been constant activity in monitoring compliance with the relevant legal provisions on transparency and shareholders' rights as well as in verifying the compliance of financial information published by issuers admitted to trading on the regulated market with the IFRS reporting framework.

The specific activities carried out during 2023 focused mainly on the following:

- monitoring the activity and operations carried out by issuers of securities in terms of reporting obligations, in order to ensure complete, accurate and timely information to shareholders and potential investors;
- monitoring the activity and operations carried out by issuers of securities from the perspective of respecting shareholders' rights;
- verifying and analyzing the current reports submitted by issuers in order to identify possible non-compliances with legal/regulatory obligations and to request, where appropriate, to complete or amend their content in case they do not comply with the legal provisions in force;
- analyzing corporate events from the perspective of the need to suspend/introduce the trading of financial instruments in order to correctly inform investors and take appropriate measures, if the market operator has not taken the necessary measures or in exceptional cases;
- conducting investigations on the activities and operations carried out by issuers of securities, proposing the adoption of the necessary measures, within the limits of competence established by the ROF;
- monitoring the compliance of issuers' financial statements with applicable accounting regulations;
- monitoring non-financial and taxonomy reporting.

The main issues identified during 2023 were related to the manner in which OGMS/ EGMS were conducted, failure to comply with reporting deadlines, errors in setting the record date, registration date, postal voting procedure, requests to convene OGMS/ agenda, issues concerning the transparency of contracts entered into by the company, issues relating to the completeness of the remuneration report with the legal provisions, periodic reporting (annual, half-yearly and/or quarterly reports), compliance of the information contained in the annual reports with the IFRS reporting framework and with the requirements on non-financial reporting and taxonomy and the European Single Electronic Format (ESEF).

At the same time, ASF actively participated in the regular meetings of the ESMA working groups, as well as those with representatives of the Association for Relations with Investors in the Romanian Stock Exchange, professional organizations such as the Authority for Public Oversight of Statutory Audit Activity, the Chamber of Financial Auditors of Romania, the Ministry of Finance, the National Bank of Romania, as well as with financial auditors/consultants.

Specific activities were also carried out on the implementation of the ESEF project.

In addition to ongoing activities, significant resources and effort have been put into the OECD accession process.

In this regard, during the year a whole series of specific activities associated with this country project were carried out, namely the completion of self-assessment questionnaires on corporate governance principles, the preparation and participation in a high number of internal and external meetings specific to the accession process (internal meetings at the level of ASF, meetings with representatives of other authorities/institutions/ministries as well as meetings with OECD representatives).

Sanctions/measures

As regards the supervision of issuers of financial instruments, ASF issued 169 individual acts between 2020 and 2023, through which sanctioning and authoritative measures were ordered in order to ensure compliance with the obligations arising from the issuer's status as issuer. The authoritative measures concern decisions imposing obligations to do (convocations of OGMS, additions to EGMS agendas, IFRS compliance assurance, audit of financial statements, etc.).

Out of the total individual acts issued between 2020 and 2023, 61 were issued in 2023, as follows.

- **warning:** 30 decisions;
- **fines:** 19 decisions (amounting to 334,000 lei);
- **decisions to impose obligations:** 12 decisions.

At the same time, in 2023, another referral was issued to ASPAAS regarding the work performed by a financial auditor.

The individual acts issued in 2023 concerned:

- regular reporting obligations;
- the adoption of precautionary measures;
- compliance of financial statements with the IFRS framework;
- reporting transactions with related parties;
- reporting in ESEF format;
- how to carry out obligations imposed by decisions of the Authority.

At the same time, in terms of verifying the compliance with International Financial Reporting Standards of the financial statements contained in prospectuses for companies traded on a regulated market, the financial statements of 3 issuers were audited.

3.2.6. Prevention and detection of market abuse

In accordance with its own objectives and the tasks established by the relevant national rules, in 2023 ASF carried out specific activities in the field of prevention, detection and investigation of market abuse in

order to ensure the integrity of the financial instruments market and to promote confidence in this market and in investments in financial instruments.

The specific activities in the field of market abuse were carried out based on the provisions of Regulation (EU) no. 596/2014 on Market Abuse (MAR) and the Delegated Regulations issued in its application, Law no. 24/2017 on issuers of financial instruments and market operations, the law transposing at national level the Market Abuse Directive (Directive 2014/57/EU) and ASF Regulation no. 5/2018 on issuers of financial instruments and market operations.

Thus, during 2023, at the level of ASF, specialized analyses were carried out, which involved the performance, in relation to the specificity of the analyzed case, of some activities of processing and verification of transaction data, request for documents and information, analysis of actions/inactions from the perspective of the legal framework incident to market abuse, etc., of which:

- 13 possible suspicions of disclosure/use of inside information;
- 9 possible suspicions of market manipulation;
- 14 actions aimed to identify the degree of compliance of regulated subjects with the obligations and prohibitions established by the legal framework.

The specialized analyses carried out aimed both at examining orders, transactions or behaviors capable of influencing the demand, supply or price of financial instruments and at identifying the persons who disclosed or used inside information.

Also, during 2023, ASF carried out monitoring activities on the degree of compliance, by the subjects concerned, with the conduct and reporting requirements set out in the relevant legislation on market abuse, including, but not limited to, the publication or deferred publication of inside information, the preparation and updating of lists of persons having access to inside information, the reporting of transactions carried out by management persons, the establishment of closed periods and restrictions on trading during these periods or the modalities for the implementation of buy-back programs and stabilization measures.

In cases in which ASF found non-compliance by the subjects concerned with the conduct and reporting requirements set out in the relevant legislation on market abuse, sanctioning measures were ordered, in 2023 sanctions were ordered mainly for non-compliance by persons with managerial responsibilities and persons close to them with the specific trading prohibitions and transaction notification obligations.

The assistance provided to issuers, as a result of the monitoring activity, regarding the possible incidence of the obligation to disclose inside information, represented a constant exercise of ASF during 2023, with the main purpose of assisting issuers to correctly assess the information/events in terms of the criteria defining inside information and, finally, to correctly and fully inform investors about the events that were the subject of the news/press articles.

Also in 2023, ASF contributed to clarifying the manner of application of the legal framework on market abuse, by providing expert views to issuers of securities and capital market intermediaries on topics such as buy-back operations, closed periods or reporting and conduct obligations, both through written addresses and by organizing thematic meetings.

ASF participation in market abuse working groups

ASF actively participated in the regular meetings of ESMA working groups, as well as in those with representatives of the Bucharest Stock Exchange, the National Bank of Romania, Depozitarul Central, consultancy firms, which aimed to discuss issues related to ensuring market integrity, innovations in financial instruments and inter-institutional cooperation on market abuse.

3.2.7. Public offerings

According to the documents approved by ASF, the primary public offerings approved during 2023 totaled approximately 157 million lei. Public tender offers conducted during the same period totaled 1.6 billion lei. In 2023, one company listed its shares on the MTF market on BVB, without an initial offer, the listing being technical, and the shares of SOCIETATE DE PRODUCERE A ENERGIEI ELECTRICE ÎN HIDROCENTENTRALE "HIDROELECTRICA" S.A. were admitted to trading on the main market, following the conduct of the initial secondary public offering for the sale of shares held by FONDUL PROPRIETATEA S.A. The offer, worth over 8 billion LEI, was the largest IPO in the history of the stock exchange.

| Issuer | Volume (shares sold) | Value (lei) | Equity market/ Segment |
|---------------------------------------|----------------------|---------------|---------------------------|
| Oil Terminal S.A. Constanța | 131,746,597 | 13,174,659.7 | Main |
| Vitimas S.A. Tecuci | 705,386 | 2,116,158 | MTF |
| BITTNET SYSTEMS S.A. Bucharest | 60,825,301 | 18,855,843.31 | Main |
| 2Performant Network S.A. Bucharest | 170,530 | 289,901 | MTF |
| Bucovina S.A. Șcheia | 9,157,029 | 915,702.9 | MTF |
| Metalica S.A. Oradea | 407,310 | 1,018,275 | MTF |
| Chromosome Dynamics S.A. Bucharest | 99,813 | 1,827,576.03 | MTF |
| Perseus Fintech S.A. | 1,937,512 | 193,751.2 | MTF |
| IOR S.A. | 175,150,179 | 17,515,017.9 | MTF |
| Vrancart S.A. | 487,831,139 | 48,894,047.03 | Main |
| Severnav S.A. | 3,926,862 | 9,817,155 | MTF |
| INOX S.A. | 0 | 0 | MTF |

| | | | |
|---------------------------------|-------------|----------------|------|
| SOCEP S.A. | 293,504,746 | 29,350,474 | Main |
| Holde Agri Invest S.A. | 3,019,208 | 3,019,208 | MTF |
| Roca Industry Holdingrock1 S.A. | 926,872 | 9,268,720 | MTF |
| Firebyte Games S.A. | 3,148,154 | 629,630.8 | MTF |
| TOTAL | - | 156,886,119.87 | - |

| Issuer/Offeror | Volume (shares bought) | Value (lei) |
|---|------------------------|---------------|
| PRIMCOM S.A./PRIMCOM S.A. | 114,000 | 3,306,000 |
| FARMACEUTICA REMEDIA S.A./FARMACEUTICA REMEDIA S.A. | 2,864,425 | 2,148,318.75 |
| FONDUL PROPRIETATEA S.A. Bucharest/FONDUL PROPRIETATEA S.A. Bucharest | 225,000,000 | 492,750,000 |
| GASTRONOM S.A./DDN GLOBAL SRL | 1,542 | 131,070 |
| SIF Banat - Crişana S.A./SIF Banat - Crişana S.A. | 1,870,000 | 4,712,400 |
| MARTENS S.A./Bockhold NV | 176,668 | 287,968.84 |
| CEMACON S.A./PAVĂL HOLDING SRL | 22,111,193 | 10,613,372.64 |
| COMCM S.A./COMCM S.A. | 135,134,374 | 46,729,466.53 |
| CONTACTOARE S.A./IASITEX S.A. | 0 | 0 |
| TRANSILVANIA INVESTMENTS ALLIANCE S.A./TRANSILVANIA INVESTMENTS ALLIANCE S.A. | 2,237,161 | 715,891.52 |
| SELCA S.A./SELCA ASSETS INVEST S.R.L. | 15,656 | 10,959.2 |
| FONDUL PROPRIETATEA S.A. Bucharest/FONDUL PROPRIETATEA S.A. Bucuresti | 1,670,000,000 | 1,055,273,000 |
| EVERGENT INVESTMENTS S.A./EVERGENT INVESTMENTS S.A. | 10,000,000 | 14,500,000 |

| | | |
|-------|---|------------------|
| TOTAL | - | 1,631,178,447.48 |
|-------|---|------------------|

At the same time, during the year, two documents related to the mandatory public takeover bids of the issuer Societatea de Construcții Napoca S.A., whose value was 258,713.01 lei, and of the issuer Electromagnetica S.A., whose value was 34,704,074.28 lei, were approved.

Other special operations/Other corporate events

The following actions on other corporate events were approved:

- two prospectuses for admission on the main market for the shares issued by Safetech Innovations S.A. and AROBS Transilvania Software S.A.;
- a prospectus for admission on the main market of bonds issued by Bittnet Systems S.A., the amount of the loan being 2,059,600 euro;
- two public offering prospectuses for the sale of bonds issued by Bittnet Systems S.A., the first with a loan amount of 5,000,000 lei and the second with a loan amount of 10,000,000 lei;
- the base prospectus related to the structured products issuance program of FISC BRK FINANCIAL GROUP S.A.;
- a prospectus for the initial offer for sale of shares issued by Agricover Holding S.A., carried out with a view to admission to trading on the regulated market of the issued shares, which was unsuccessfully concluded;
- a notice related to the initiation of the squeeze-out procedure of the shareholders of Martens S.A.;
- four withdrawals from trading, COS Târgoviște S.A. and Clujana S.A. Cluj-Napoca - due to the initiation of bankruptcy proceedings, Mecanica '94 S.A. Drobeta Turnu Severin - due to the shareholders' decision adopted at the extraordinary general meeting and Martens S.A. following the completion of the squeeze-out procedure.

For corporate operations conducted by issuers and new issues of securities, 80 certificates were issued as follows:

| Type of operation | Number of Registration Certificates for Financial Instruments |
|------------------------|---|
| Share capital increase | 28 |
| Share capital decrease | 13 |
| Bonds | 12 |
| Government securities | 20 |

| | |
|---|-----------|
| Companies (shares) newly admitted to trading on MTF/BVB | 2 |
| Pre-emption rights | 3 |
| Other | 2 |
| Total | 80 |

Cross-border operations

In accordance with the legal provisions, harmonized with the European directives/regulations, ASF, as host state, receives from the similar authorities in the EU, the prospectuses approved by them, the certificate and the summary in Romanian of the prospectuses, this notification being made through the ESMA platform.

In these cases, ASF does not initiate any procedure for the approval of the prospectus, but ensures its publication on the Authority's website, as required by Regulation (EU) 2017/1129.

ASF has been notified about the approval of 46 such prospectuses (single document or separate documents) and 114 supplements (amendments) to already approved prospectuses, CSSF - Commission de Surveillance du Secteur Financier (Luxembourg) being the authority that has filed the most documents and ASF, in its turn, notified three authorities from Member States (Austria, Hungary and Poland) about the approval of the base prospectus prepared by FISC BRK FINANCIAL GROUP S.A. Cluj Napoca.

For structured products, on the basis of the prospectuses notified by the home Member State authority - FMA Austria and the final terms communicated, have been issued:

I. 39 registration certificates for structured products issued by Erste Group Bank AG Austria for trading on BVB.

Certificates issued by Erste Group Bank AG are Turbo, Long and Short, with underlying assets such as commodities (gold, silver, oil), stock indices (e.g. DAX), equities (e.g. ADIDAS), exchange rates (EUR/USD), futures, etc.

II. 46 registration certificates for structured products issued by Raiffeisen Bank International AG Vienna.

Certificates issued by Raiffeisen Bank International AG Vienna are Factor and Turbo Long certificates with underlying assets equities (e.g. Sphera Franchise Group S.A., OMV Petrom S.A., Banca Transilvania S.A., One United Properties S.A., Evergent Investments S.A., Fondul Proprietatea S.A.)

New issuers listed/admitted for trading on the Regulated Market or on the MTF Segment of BVB

Share issuers

The admission of securities to trading on an MTF shall be made in accordance with the market operator's own regulations managing the MTF, approved by ASF.

During the year, the authority issued a registration certificate for admission to trading on the multilateral trading facility for only one company, namely Millenium Insurance Broker (MIB) Broker de Asigurare-Reasigurare S.A. București - symbol MIB, activity: activities of insurance agents and brokers, the

admission being a technical one. 2023 was also marked by the admission to trading of the shares issued by Societatea de Producere a Energia Electrice în Hidrocentrale "Hidroelectrica" S.A. București, following the success of the initial offer carried out on the basis of the prospectus for the initial secondary public offering for the sale of shares held by FONDUL PROPRIETATEA S.A., approved by ASF.

Fixed income issuers

During the year, on the main market managed by BVB, the following fixed income instruments were issued:

| Issuer | Value in euro*) | Currency | Interest | Due on | Segment |
|----------------------------|-----------------|----------|---|------------|---------|
| CEC BANK SA | 35,785,714 | LEI | 9% | 30.12.2025 | Main |
| CEC BANK SA | 97,300,000 | EURO | 7,5% | 30.12.2025 | Main |
| CEC BANK SA | 119,300,000 | EURO | 7.5% (fixed for the first 4 years, with annual payment) and EURIBOR3M+4.485 % (variable, for the last year, with quarterly payment) | 07.02.2028 | Main |
| Bittnet Systems SA | 2,059,600 | EURO | 9% | 30.06.2026 | Main |
| Raiffeisen Bank SA | 75,321,429 | LEI | 8.817% | 07.12.2027 | Main |
| Bucharest Municipality | 113,265,306 | LEI | 8.9% | 25.04.2030 | Main |
| Banca Comercială Română SA | 700,000,000 | EURO | 7.625% | 19.05.2027 | Main |
| Ministry of Finance | 75,907,347 | LEI | 6.7% | 13.04.2024 | Main |
| Ministry of Finance | 33,558,980 | LEI | 7.7% | 13.04.2024 | Main |
| Ministry of Finance | 36,604,980 | LEI | 7.35% | 13.04.2026 | Main |
| Ministry of Finance | 198,529,500 | EURO | 3.7% | 13.04.2024 | Main |
| Ministry of Finance | 274,733,900 | EURO | 5.8% | 13.04.2028 | Main |
| Raiffeisen Bank SA | 24,321,429 | LEI | 8.817% | 07.12.2027 | Main |

| Issuer | Value in euro*) | Currency | Interest | Due on | Segment |
|----------------------------|-----------------|----------|-----------------|------------|---------|
| Bittnet Systems S.A. | 1,020,408 | LEI | 10% | 26.06.2027 | Main |
| Banca Transilvania S.A. | 200,000,000 | EUR | EURIBOR6M+6.68% | 29.06.2033 | Main |
| Ministry of Finance | 46,890,449 | LEI | 6.3% | 02.08.2024 | Main |
| Ministry of Finance | 21,780,531 | LEI | 7.3% | 02.08.2024 | Main |
| Ministry of Finance | 86,074,531 | LEI | 7.2% | 02.08.2026 | Main |
| Ministry of Finance | 118,552,900 | EUR | 3.85% | 02.08.2024 | Main |
| Ministry of Finance | 210,583,800 | EUR | 5.45% | 02.08.2028 | Main |
| Ministry of Finance | 38,228,735 | LEI | 6.25% | 06.10.2024 | Main |
| Ministry of Finance | 23,291,286 | LEI | 7.25% | 06.10.2024 | Main |
| Ministry of Finance | 47,624,102 | LEI | 7.10% | 06.10.2026 | Main |
| Ministry of Finance | 97,433,100 | EUR | 3.90% | 06.10.2024 | Main |
| Ministry of Finance | 93,820,400 | EUR | 5.30% | 06.10.2028 | Main |
| Unicredit Bank | 97,959,184 | LEI | 7.82% | 24.11.2028 | Main |
| Banca Comercială Română SA | 204,081,633 | LEI | 7.55% | 11.12.2029 | Main |
| Ministry of Finance | 47,537,10 | LEI | 6.10% | 20.12.2024 | Main |
| Ministry of Finance | 28,041,408 | LEI | 7.10% | 20.12.2024 | Main |
| Ministry of Finance | 114,920,163 | LEI | 7.25% | 20.12.2026 | Main |
| Ministry of Finance | 135,566,000 | EUR | 4% | 20.12.2024 | Main |
| Ministry of Finance | 174,355,200 | EUR | 5.5% | 20.12.2028 | Main |

* Calculated at an exchange rate of 4.9 lei/euro

The government bonds issued under the FIDELIS Program brought a novelty starting with this edition, namely a special tranche for blood donors that applied to government bonds issued in lei, with a maturity of one year, with an interest rate of 7.7%, the highest offered in this edition. Also, another benefit offered to donors was the 10-fold decrease in the minimum subscription threshold from 5,000 lei to 500 lei.

Issuers of structured products

On the basis of the base prospectus approved by ASF, related to the issue of structured products, for the issuer FISC BRK Financial Group, the following types of instruments may be issued: Turbo Certificates (Turbo Long Certificates, Turbo Short Certificates), capital protected certificates with underlying asset commodities or baskets of commodities, capital protected certificates with underlying asset equities or baskets of equities, capital protected certificates with underlying asset indexes or baskets of indexes.

Thus, 34 registration certificates of structured products issued by BRK Financial Group S.A. were issued for admission to trading on BVB.

The products issued are Turbo, Long and Short and have underlying assets such as futures contracts (Mini Sized Dow Jones Industrial Average futures contract, Gold futures, Silver futures etc).

Green financial instruments issued in Romania

During 2023, the third issue of sustainable bonds in the amount of 369,075,000 lei issued by Raiffeisen Bank S.A. was registered. The bonds are traded under the stock symbol RBRO27C. They have a maturity of 5 years and a fixed annual interest rate of 8.817%. At the same time, this issue was reopened and an additional number of 227 bonds with the same characteristics were issued for 119,175,000, lei bringing the total amount of this issue to 488,250,000 lei. The bonds were also listed on the Luxembourg Stock Exchange.

Banca Comercială Română has listed on BVB the first international issue of green Eurobonds of a Romanian bank, worth 700 million euros, with the stock symbol BCR27E. The bonds were also listed on the Vienna Stock Exchange.

The bonds have a 4-year maturity and a fixed annual interest rate of 7.625%. This new bond issue is part of the bank's efforts to align with ESG criteria.

3.2.8. Electronic supervision

During 2023, ASF actions in this segment focused on:

➤ **Real-time monitoring of trading activity on regulated markets/m multilateral trading facilities to identify trades/orders that generate abnormal price and volume movements**

As regards the monitoring of capital market transactions, it should be noted that the activity entailed the monitoring of transactions carried out on the capital market:

- The following types of financial instruments were traded on the regulated market during 2023 in 248 trading sessions:

| Tools | Trans. | Volume | Value | Average daily value | Capitalization |
|--------|-----------|---------------|----------------|---------------------|-----------------|
| Shares | 1,458,333 | 9,535,731,027 | 24,144,362,423 | 97,356,300 | 294,247,645,200 |

| | | | | | |
|---------------------|---------|-------------|----------------|------------|---|
| Bonds | 116,558 | 47,036,226 | 12,590,707,445 | 50,768,982 | - |
| Background units | 75,547 | 6,770,510 | 107,414,525 | 433,123 | - |
| Rights | 829 | 297,220,917 | 211,645 | 853 | - |
| Structured products | 133,229 | 200,382,524 | 612,080,830 | 2,468,068 | - |

- The following types of financial instruments were traded on the multilateral trading system managed by BVB:

| Tools | Trans. | Volume | Value | Average daily value | Capitalization |
|------------------|---------|-------------|---------------|---------------------|----------------|
| Shares | 175,015 | 577,689,168 | 517,771,001 | 2,087,786 | 14,855,467,632 |
| Bonds | 17,231 | 386,301 | 56,437,890 | 227,572 | - |
| Rights | 286 | 9,613,192 | 10,594,540.14 | 42,720 | - |
| Background units | 88 | 18,783 | 15,705.04 | 63 | - |

Of the total value of 37.455 billion lei traded on BVB's regulated market in 2023, 98% represented equities and bonds. Similarly, on the MTF, equities and bonds accounted for 98.35% of the total trading value of 583.8 million lei.

Oversight and monitoring of trading activity involves, among other things, the analysis of real-time trading data received from regulated markets and multilateral trading facilities on equities, bonds, structured products, etc. This data is automatically processed through market abuse indicators, generating a series of alerts, grouped by alert type (e.g. price/volume per trade, cumulative volume per symbol, average daily volume, transaction value, total value per symbol). During 2023, 59,656 alerts related to potential deviations from normality were monitored and were identified, summarized and analyzed in accordance with the applicable legal provisions. The supervision of trading activity also involves analyzing the historical data in the database related to trading activity, monitoring short selling transactions and transactions carried out outside trading systems (OTC) reported electronically by intermediaries. As part of this activity, ASF monitored 248 daily and weekly trading reports and identified 10,298 cases of variations in price, volume traded or percentage of equity traded, by instrument (shares) compared to the established parameters. Also, for structured products, 5,675 situations were identified where variations in price, volume or percentage of the number of instruments issued were identified compared to the established parameters.

As a result of the checks carried out, a series of preliminary analyses of the cases considered as deviations from normality/possible cases of market abuse were prepared and forwarded to the competent structure of ASF for further investigation.

➤ **Supervising the conduct of buy-back and stabilization programmes**

Checks were carried out on issuers' compliance with the relevant legal provisions. A total of 9,031 transactions were monitored in 2023 under 22 buy-back programs run by 17 issuers.

➤ **Supervision of non-financial counterparties under the EU Regulation on European Market Infrastructures**

During 2023, ASF monitored the reporting of non-financial counterparties in accordance with the provisions of Regulation (EU) no. 648/2012 on European Market Infrastructures (EMIR) and assessed compliance with the legal requirements regarding the exemption of intragroup transactions from the reporting, clearing and collateral exchange obligations. Thus, **8 notifications** were received **on the intention to apply the exemption from the reporting obligation**.

➤ **Settlement of requests for direct transfer of shares**

In 2023, ASF analyzed and resolved **4 requests for the direct transfer of ownership** of shares issued by companies listed on BVB. Of these, **only one request required and received ASF's opinion**.

➤ **Other activities**

Transaction supervision and monitoring activity requires access to complete and accurate transaction data. To this end, the accuracy and completeness of the data reported by intermediaries in TREM (*Transaction Reporting Exchange Mechanism*) and of the data reported by market/system operators in FIRDS (*Financial Instrument Reference Data System*) is continuously monitored. Also as a result of the monitoring of the FITRS (*Financial Instruments Transparency System*), DVCAP (*Double Volume Cap Mechanism*) and TRACE (*ESMA's Trade Repository Data Reporting*) data reporting systems during 2024, 17 requests to intermediaries to correct erroneous reporting in TREM and 51 requests to market operators/system operators, issuers and other competent authorities regarding data reported in FIRDS, FITRS, DVCAP were sent.

With regard to the reporting activity and data quality assurance operations submitted to trade repositories, as required by EMIR and SFTR, ASF held discussions and participated, together with ESMA, in a verification exercise of the data submitted to the 4 TRs, based on data quality indicators developed by ESMA for approximately 130 reporting entities.

The activity of managing suspension and resumption of trading notifications (*SARIS - Suspensions and Restorations Instruments System*) was carried out by submitting 30 suspension/resumption requests to the system.

The management of short selling reports and notifications to NBR/ESMA involved 8 specific information reports to ESMA.

Aggregate sanctions applied by the financial instruments and investments sector over the period 2020-2023

| Sanctions and administrative measures applied | | 2020 | 2021 | 2022 | 2023 |
|---|--------|---------------|-------------|---------------|---------------|
| Administrative fine | number | 29 | 27 | 68 | 76 |
| | value | 1,368,315 lei | 320,300 lei | 1,414,800 lei | 1,178,771 lei |
| Written warning | | 30 | 33 | 61 | 66 |
| Notice | | 57 | 61 | 31 | 5 |
| Solvency capital increase | | - | - | - | |
| Financing/recovery plans | | 1 | 2 | - | |
| Appointment of temporary administrator | | - | - | - | |
| Suspension of activity | | 2 | - | 2 | |
| Suspension of shareholder voting rights/measures related to the incidence of the provisions of art. 286 ^{^1} of Law no. 297/2004 | | 23 | - | - | |
| Other types of measures (obligation to do in relation to shareholders' rights, ensuring compliance of financial statements with IFRS, compliance with withdrawal procedure) | | 9 | 6 | 11 | 12 |
| Action plans ordered against companies | | 18 | 16 | 18 | 16 |
| Withdrawal of approval/ban as a complementary sanction | | 3 | 1 | - | |
| Withdrawal of authorization as a complementary sanction and filing for bankruptcy | | 1 | - | - | |
| Extension of the suspension of the authorization | | - | 2 | - | |
| Total sanctions and administrative measures applied | | 173 | 148 | 191 | 175 |

3.2.9. Resolution of petitions regarding the activity of entities authorized, regulated and/or supervised by ASF in the financial instruments and investments sector

In 2023, a total of 440 petitions were registered in the financial instruments and investments sector, an increase of 77% compared to the number of petitions registered in 2022. Of these, 157 petitions were closed or related, in accordance with the provisions of *Ordinance no. 27/2002 on the regulation of the petitions settlement activity*, and 283 petitions were unique (up 64% compared to 2022).

According to the type of entities that were the subject of the single petitions registered in 2023, the largest share (48%) is held by entities that are not registered in the ASF Register, i.e. entities that have not been authorized by ASF or have not been notified to ASF for the free provision of investment services and activities. They are followed by issuers (13%), intermediaries (7%), entities of the type SAI/AFIA/AIFSA/OSCI/AOSCO (2%) and other capital market institutions (1%).

A significant share of petitions were those requesting information or submitting proposals 28% (79 petitions).

In terms of the subject matter of the petitions resolved, 50% of the petitions are still complaints about the activities of unauthorized entities. Petitions requesting information or putting forward various proposals account for 20%. The other themes were:

- Complaints/inquiries regarding the conduct of FISCs/investment companies - 9%;
- verification of share ownership or dividend payment - 8%;
- complaints/questions regarding the respect of shareholders' rights - 4%;
- Complaints/complaints related to the activity of the IMC/investment funds - 3%;
- Complaints/complaints related to transparency obligations - 3%;
- complaints/questions related to the convening/running of the AGM - 2%;
- Complaints/inquiries related to other entities authorized by the authority (e.g. Depozitarul Central, BVB) - 1%.

Out of the total petitions reviewed in 2023, 31% of them were resolved in favor of the petitioners and 69% were resolved unfavorably. The **average response time** for petitions resolved in the financial instruments and investments sector in 2023 was 18.5 days.

3.3. Supervision of the insurance-reinsurance sector

Entities in the insurance-reinsurance sector supervised by ASF that were active in 2023

- 25¹⁰ insurance-reinsurance companies;
- 261 brokerage firms;
- 15 branches of insurance-reinsurance undertakings in other Member States;
- Bureau of Motor Insurers in Romania (BAAR);
- Policyholders Guarantee Fund (FGA).

In 2023, **ASF's activity in the insurance-reinsurance sector focused to a large extent on the mandatory motor insurance segment**, a market segment that underwent significant structural changes in the context of the withdrawal of Euroins' operating license.

Following an extensive assessment of Euroins Romania's financial data, it was found that Euroins Romania did not have eligible own funds to cover solvency requirements. It was also found that the measures adopted by the company did not have the expected results in terms of restoring the level of solvency indicators. In view of the clear indications of insolvency of Euroins Romania, in order to protect the interests of policyholders, Decision no. 262/17.03.2023 ordered the withdrawal of the company's operating license and the opening of insolvency proceedings.

The supervision and control activity on the MTPL insurance segment required a significant mobilization of all available resources in order to identify and apply the best and balanced solutions. The activity was focused on the close monitoring of the evolution of this segment, characterized by a high concentration due to the relatively small number of companies active in this insurance field. This is also influenced by the obligation for owners of vehicles registered in Romania to take out MTPL insurance, in accordance with the European legislation governing this sector. A constant dialog has been maintained with both insurance companies and all stakeholders and numerous actions have been taken to ensure the proper functioning of the compulsory motor insurance market.

Thus, additional analysis and controls were carried out at companies authorized to practice Class A10 insurance in order to identify and prevent additional risks to which they are exposed, in the context of the change in the structure and size of the portfolios managed, following the bankruptcy of Euroins. ASF has paid particular attention to the way in which MTPL claims have been managed and settled, as well as to the way in which the level of insurance premiums has evolved following Government Decision 298/2023. This decision regulates the setting of maximum premium rates and other measures applicable by insurance companies providing compulsory motor third party liability insurance for damage caused to third parties as a result of accidents involving vehicles and trams. ASF has also closely monitored developments in this area in the framework of Government Decisions no. 923/2023 and no. 1326/2023.

¹⁰ during 2023, one new insurance company was licensed and the operating licenses of two insurance companies were withdrawn, of which one license was withdrawn following a merger process

Strengthening the supervisory and control function in the insurance and reinsurance sector, together with the rigorous application of the legislative provisions in force, is a priority objective for the Financial Supervisory Authority. This must be proportionate to the seriousness of the shortcomings identified, always bearing in mind their recurrence and impact on consumers. It is essential for ASF to ensure the efficient functioning of the insurance market and gradually address the structural deficiencies of the compulsory motor insurance market.

At the same time, the development of supervisory mechanisms continued during 2023, with supervisory tools being carried out and developed for specific and relevant areas at domestic and international level, related to cyber risks, reinsurance programs, financial risks impacting the investment portfolio, including from a liquidity perspective, integration of sustainable finance principles.

In 2023, in collaboration with BAAR, the foundations were laid for the development of early warning tools by processing MTPL insurance data from the AIDA platform. Thus, reports and/or alerts on MTPL claims activity were developed, based on the information submitted by the authorized MTPL insurers in accordance with the provisions of Article 7 para. (11) and (12) of Rule No. 30/2022.

From the perspective of supervision of the conduct of insurance companies, thematic analyses were carried out on home insurance products distributed through the bancassurance channel and on life insurance products linked to investment funds, relevant to the Romanian life insurance market. The insurance and reinsurance sector has made a significant contribution through dedicated actions and activities in achieving the strategic objectives set by the European Insurance and Occupational Pensions Authority (EIOPA), as well as in carrying out the corresponding actions in the context of Romania's accession process to the Organization for Economic Cooperation and Development (OECD).

During 2023, active participation was ensured at expert network level in EIOPA working groups. The ASF also provided the operational support for the (re)calibration by EIOPA of the standard parameters for the natural catastrophe risk module in the standard formula for calculating the Solvency Capital Requirement under Solvency II. According to the EIOPA Opinion on Sustainability under Solvency II, such (re)calibration should take into account future developments using the latest available data as well as the possible effects of climate change.

In 2023, the insurance sector contributed to the *Global Monitoring Exercise (GME)* as part of the Holistic Framework for *the assessment and mitigation of Systemic Risk in the Global Insurance Sector*, carried out by the International Association of Insurers Supervisors (IAIS). Based on the information collected from National Supervisory Authorities, the IAIS produces an annual report - the *Global Insurance Market Report* - on the results of the GME Global Monitoring Exercise, which aims to assess trends and developments in the global insurance market and to detect a possible build-up of systemic risk in the insurance sector.

A predominant aspect of the year 2023 is the continuation of the downward trend in the number of petitions, concomitant with an increase in their degree of complexity, due to the diversification of the issues subject to the Authority's analysis, their foreign elements, as well as the diversification of insurance products for which complaints were registered, compared to the previous year, when most petitions concerned the non-payment of compensation related to the MTPL damage files. This situation made it necessary to allocate more time for a detailed analysis of all the issues raised in relation to the legal or

contractual provisions, in many cases requiring additional steps to be taken in order to properly resolve the petitions.

With regard to the regime of administrative sanctions/measures applied to insurance undertakings, a total of 31 such sanctions were applied in 2023, as presented in the table below, compared to the period 2021-2022:

The penalties and administrative measures applied to insurance companies* in the period 2021-2023 are as follows:

| Sanctions applied | | 2021 | 2022 | 2023 |
|---|--------|----------------|---------------|---------------|
| Administrative fine | number | 28 | 25 | 17 |
| | value | 25,714,791 lei | 6,086,173 lei | 2,107,200 lei |
| Written warning | | 8 | 11 | 11 |
| Solvency capital increase | | 0 | 0 | 0 |
| Financing/recovery plans | | 2 | 0 | 0 |
| Appoint temporary administrator | | 1 | 0 | 0 |
| Suspension of shareholder voting rights | | 1 | 0 | 0 |
| Action plans ordered against companies | | 4 | 6 | 2 |
| Withdrawal of approval/ban as a complementary sanction | | 8 | 0 | 0 |
| Withdrawal of authorization as a complementary sanction and filing for bankruptcy | | 1 | 0 | 1 |
| Total sanctions and administrative measures applied* | | 53 | 42 | 31 |

**all sanctions and measures imposed by ASF are included, regardless of whether they have been ordered by a single administrative act or by separate acts*

3.3.1. Prudential supervision of insurance companies are

Insurance undertakings' internal risk assessment process

In 2023, the prudential supervision of insurance companies focused on the main risks identified in the risk profile of each insurance company. **The identification of specific risks is facilitated by the development of supervisory tools** based on the principles of documentation, proportionality and qualified judgment, in order to promote the stability of the insurance market and to protect the rights of policyholders.

Economic and social developments have had a significant impact on the supervisory strategies adopted, leading to a reallocation of resources towards the monitoring and analysis of the MTPL segment and the management of financial market risks, both locally and internationally. In particular, the focus was on managing liquidity, inflation and interest rate risks. During 2023, insurance companies demonstrated a notable resilience to these risks, highlighting their ability to manage their own funds to maintain the necessary solvency.

As part of the supervisory process, ASF has continued to intensify its dialogue with insurance companies and to make transparent the results of the analyses carried out at the level of the authority. Proactive tools for formulating recommendations are becoming increasingly predominant in the exercise of supervisory activity, with the aim of improving the activities carried out by insurance companies and promoting a uniform application of best practices in order to ensure the stability of the insurance market.

The internal risk assessment process for insurance undertakings, developed with the technical support of EIOPA to ensure the convergence of supervisory practices at European level, ensures adequate

documentation of the supervisory process, focusing on the identification and classification of major risks, allows the concentration of supervisory resources on the riskier areas with a significant impact on the insurance market and facilitates appropriate interventions at an early stage.

The classification system for insurance companies is based on a two-dimensional matrix using, on the one hand, the impact on the insurance market and, on the other hand, the individual risks associated with each company. Thus, the risk analysis model covers each core business of an insurance company and the score is based on a set of 144 indicators, of which 105 quantitative and 39 qualitative indicators. The reassessment of each company's risk score (RAF score) is carried out every six months. A *Risk Assessment Framework* (RAF) is prepared for each company, which identifies the level of risk for each section of the business, allowing efficient targeting of resources and supervision activities.

The General Risk Assessment Framework (RAF) calibrates the assessment of the risks that may impact the business of insurance and reinsurance undertakings (e.g. underwriting risk, operational risk, liquidity risk and other significant risks), taking into account the nature, scale and complexity of the insurance undertaking's business, so as to provide a comprehensive view of the risk profile of the insurance and reinsurance undertaking.

Additional risk indicators are defined to monitor the evolution of investments, technical reserves, own funds and solvency of insurance undertakings. Their quarterly monitoring facilitates the early identification of risks and allows better monitoring of changes in the structure and value of the main items on the economic balance sheet of insurance undertakings.

The classification of insurance companies based on the risk matrix into the 4 supervisory categories for the year 2023 is as follows:

| Supervision category | | Number of insurance undertakings operating as at 31.12.2023 supervised under Solvency II | |
|----------------------|----------------------|--|-------------------------------|
| | | - reference date 31.12.2022 - | - reference date 30.06.2023 - |
| Category 1 | basic supervision | 4 | 4 |
| Category 2 | standard supervision | 14 | 13 |
| Category 3 | enhanced supervision | 5 | 6 |
| Category 4 | intense supervision | - | - |

In addition to the Solvency II supervised insurers classified in the above categories, the only nationally supervised insurance undertaking is classified in supervision category 2 and one Solvency II supervised insurance undertaking licensed in 2023 did not conduct insurance business to be rated.

Prudential supervision of insurance undertakings

Prudential supervisory activities, including those foreseen in the 2023 supervisory plan, covered:

- business model analysis, from the perspective of the credibility of the assumptions used by the insurance companies in designing the business model, as well as the risks and vulnerabilities of the business model; The risk of concentration on the specific motor segment of the market also influences the insurers' portfolios, so that in the dialogue with the companies the need to be aware of the need to have balanced and diversified insurance portfolios in order to ensure the stability of the insurance market in Romania was emphasized;

➤ assessment of the governance system, with a focus on:

- Analysis of insurance company policies;
- Analysis of the specific requirements of senior management and key functions;
- Analysis of the risk management system;
- Analysis of the internal audit function;
- Analysis of actuarial function and actuarial report;

Following the analysis of the responsibilities of the key functions, the related policies/procedures, recommendations and observations have been submitted to the companies, where appropriate, to be taken into account in the current work, in order to improve the work performed and the quality of the reports produced.

- the assessment of investments from the perspective of reliability and asset adequacy in the framework of the application of the prudent person principle prescribed by the regulations in force;
- qualitative assessment of own funds;
- monitoring prudential indicators;
- checking and analyzing the quantitative and qualitative reports and corresponding with the insurance companies in order to remedy the inconsistencies identified, as well as making recommendations to improve the quality of their content;
- analyzing the information related to the quarterly MTPL quarterly reports and producing analysis reports on the evolution of MTPL underwriting and claims;
- analyzing documentation related to requests for changes of shareholding/merger/portfolio transfer;
- Thematic analysis of insurance companies' technical reserves from an actuarial perspective;
- providing market analysis and information to national and international authorities/bodies;
- Ensuring ongoing communication with insurance companies on the issuance of new international sanctions on business relationships with clients owned/controlled by persons designated by Regulation (EU) 2014/269, in the context of the war between Russia and Ukraine;
- monitoring the implementation of the measures and actions undertaken in the plans submitted by the insurance companies in order to implement the recommendations made by the financial auditors in the BSR reports (*Balance Sheet Review* - the exercise for the assessment of assets and liabilities on the Romanian insurance market), which led to the improvement of the internal control framework of the activity carried out by the insurance companies and of the quality of the application of the Solvency II legislative framework. The recommendations focused mainly on certain vulnerabilities in the corporate governance system in relation to the IT environment and the internal control framework related to claims and technical reserves, reinsurance, impairments

and the calculation of capital requirements, respectively improvements in the formal documentation framework, in particular in relation to the calculation of technical reserves, including related to the definition of assumptions and business judgment, simplifications, recognition of contractual limits, contract segregation, segmentation and definition of homogeneous risk groups, as well as the assessment of the best estimate of ceded reserves and available audit evidence related to the controls to be performed on the data in accordance with Solvency II requirements.

After the withdrawal of the operating license of Euroins Romania, the supervision team provided technical and actuarial support in the preparation of the counterclaims/defenses in the lawsuits filed by the shareholder of the company to annul the decision of the authority to withdraw the operating license, as well as in other lawsuits filed in relation to other sanctioning decisions issued by ASF following previous inspections. The provision of the necessary information was also ensured in the mediation of the dispute with Eurohold Bulgaria AD and Euroins Insurance Group AD invoked on the basis of the Agreement between the Government of Romania and the Government of the Republic of Bulgaria on the promotion and mutual protection of investments. At the same time, it was also ensured that answers were provided, in a transparent manner, to the interpellations received from the Romanian Parliament, concerning the companies Euroins Romania and City Insurance, as well as to various complaints and questions received from individuals, legal entities or the media.

As a result of prudential supervision actions (off-site), 4 sanctions were imposed on insurance-reinsurance companies in 2023, as follows:

- 1 written warning sanction imposed on an insurance company;
- 2 sanctions with fines for a total amount of 264,100 lei, applied to 2 companies;
- 1 sanction of withdrawal of the authorization as a complementary sanction and bankruptcy.

Throughout the year, meetings were proactively held with members of the management of the insurance companies and/or key persons within them, in accordance with the established supervisory program. Discussions were also held with the external auditors when necessary. During these meetings, the relevant issues identified from the reviews, including business strategy, risk strategy, investment strategy and risk profile, were addressed. Particular attention was paid to the activities carried out by key functions, clarifying specific issues related to the way business is managed within insurance companies.

The ASF plays an active role in the European level Supervisory Colleges for insurance groups operating in Romania through their subsidiaries. This facilitates the exchange of information and experience regarding the management of specific risks, both at national and group level.

Activities for the calculation of the reference MTPL tariff

During the year 2023, work continued to ensure the calculation of the reference tariff for MTPL insurance. In accordance with the provisions of Article 18 of *Law no. 132/2017 on compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents*, as subsequently amended and supplemented, the reference tariff is calculated on a half-yearly basis by a company with recognized expertise in the field, contracted by the ASF. The reference tariffs shall be calculated according

to the formula set out in Article 2 point 24 of the abovementioned regulatory act and published by the ASF.

Given that the framework agreement for the provision of actuarial services concluded at the end of 2020 between the ASF and the association KPMG Advisory SRL and KPMG Audit SRL terminated in 2023, in order to ensure compliance with legal obligations, a public procurement procedure for actuarial consultancy services for the calculation of reference tariffs for the MTPL insurance was started in the first semester of 2023. After the public procurement procedures were finalized, ASF entered into a new framework agreement with the Association KPMG Advisory SRL and KPMG Audit S.R.L to provide these services for its benefit.

In 2023, ASF provided the provider with technical support during the benchmark tariff calculation exercises, ensuring the publication of the results on ASF website.

Monitoring internal models

In 2023, assessments were carried out on the applications submitted by three group-level companies for partial changes to the internal model used in the calculation of the Solvency Capital Requirement. These assessments focused on the completeness and compliance of these amendments with the legal requirements and the results were communicated to the group supervisor. ASF also participated in meetings with the Member Authorities of the Colleges of Model Supervisors, where the terms of the joint decisions approving the amendments were discussed and agreed.

Analysis of the reinsurance program of insurance undertakings

During 2023, a process was initiated to review the reinsurance program at the level of all insurance companies, in particular with regard to the reinsurance of MTPL policies. The analysis process aimed at identifying insurance contracts with special characteristics at market level and analyzing the potential risks that may be generated by these contracts in terms of how they should be recognized in the economic balance sheet under Solvency II. Meetings were organized with representatives of insurance companies to present and discuss reinsurance contracts.

Preventing and mitigating cyber risk to ensure the stability of the insurance - reinsurance sector

Within the insurance-reinsurance sector, resources with technical expertise have been attracted to allow a more granular monitoring of the operational risk management generated by IT systems and used by insurance companies regulated by ASF Rule no. 4/2018.

Thus, during 2023, detailed reviews of IT audit reports and specific reports submitted by significant insurance companies and brokerage firms were conducted. At the same time, the evaluation and implementation of the recommendations made by the external auditors in the framework of the audit engagements continued, thus analyzing the documents/evidence of implementation of the recommendations as well as the fulfillment of the action plans undertaken by the management of the companies.

Meetings were held with the IT specialists of the insurance companies as well as with representatives of the IT auditors in order to discuss and clarify the issues resulting from the analysis. For complex or specific

issues related to the functionality of the IT systems, checks were also carried out on the premises of the companies.

The supervision of how insurance companies manage IT risks has expanded and aims on the one hand to raise awareness of potential IT risks and improve their management at the level of insurance companies, and on the other hand to prepare companies for the new European requirements that will become applicable (Regulation (EU) 2022/2554 on Digital Operational Resilience in the Financial Sector - DORA).

3.3.2. Supervision and control of the conduct of insurance companies

ASF is particularly concerned about the conduct of insurance companies in their dealings with their insurance customers, given its priorities in defending policyholders' rights.

The supervisory activities in the conduct area carried out in 2023 were based on the conduct risk assessment process conducted by ASF, focusing on how insurance companies interact with their customers and are concerned with offering quality insurance products, correlated with the requirements, needs and objectives of customers, at all stages of the product lifecycle: creation, distribution, after-sales support.

ASF is constantly collaborating with EIOPA in the field of conduct of business supervision, in order to ensure convergence with existing practices and approaches in this area at European level, but also in order to analyze the conduct of business risks identified in other Member States, which may also affect insurance customers in Romania.

Thus, ASF carried out thematic analysis of insurance products at market level, on various lines of business, as well as punctual actions of conduct supervision.

Thematic analysis on optional home insurance

Given the particular importance of optional insurance, but also the potential risks identified in the supervisory activity, generated by the distribution model of these products through credit institutions (bancassurance), ASF has started a thematic analysis on voluntary home insurance distributed through the bancassurance channel, which was completed in 2023.

The action focused on assessing the risks for customers of insurance products, which may arise from the way these products are created (risks covered, conditions, exclusions, etc.), but also from the perspective of potential conflicts of interest arising from the distribution model of these insurance products through credit institutions.

The risks and vulnerabilities identified during this action were the subject of a report analyzed by the ASF Council, followed by the issuance by ASF of a set of recommendations on voluntary home insurance, published on the authority's website. Insurance companies authorized to underwrite such risks have also been requested to communicate how they comply and implement them. At the same time, one insurance company was sanctioned with a fine for non-compliance with the legal provisions applicable to insurance distribution.

The monitoring process continued by analyzing the ways of implementing the recommendations of the ASF, taking into account the nature, scale and complexity of the activity carried out.

Thematic analysis on life insurance products linked to investment funds

According to EIOPA's annual Consumer Trends Report, the main risks identified at European level in relation to life insurance products linked to investment funds are generated by the inappropriate design of these products, which focus exclusively on profit-making without taking into account the interests of the customer. This practice leads to a lack of added value for customers and to mis-distribution, benefiting from conflicts of interest generated by high distribution fees.

These concerns are heightened by the current macro-economic situation and inflationary environment, where yields can be low/negative, affecting the value these products offer to customers.

The risks and vulnerabilities identified in this action were the subject of a report analyzed by the ASF Council, a process that was finalized in early 2024. This led to the issuance by ASF of a set of recommendations on life insurance products linked to investment funds, which were published on the authority's website. An insurance company was also fined with an administrative fine following instances of non-compliance with the legal provisions applicable to insurance distribution.

Motor liability insurance (MTPL)

In order to assess the specific risks and mitigate their impact on consumers in Romania, ASF, as the supervisory authority of the host Member State, carried out an intensive monitoring of the MTPL underwriting activity of the two entities authorized in other Member States, operating in Romania under the right of establishment. This monitoring included requesting and analyzing daily reports. Regular meetings were also organized with representatives of these companies, as well as exchanges of information with the supervisory authorities of the home Member States.

Contract guarantee insurance

A particular interest in the supervisory process carried out by ASF has been given to contractual guarantee insurance products in order to identify risks and vulnerabilities in the internal underwriting and claims handling processes.

ASF has carried out a number of supervisory actions related to guarantee insurance in recent years, a set of market-wide recommendations has been issued and the monitoring of their implementation continued in 2023.

As a result of off-site supervision actions, in 2023, sanctions were imposed on insurance-reinsurance companies, consisting of 2 fines totaling 10,000 lei imposed on 2 companies.

Participation in the working group on conduct risk assessment and *mystery shopping* as a tool for conduct monitoring

Specialists from ASF continued the exchange of experience in the field of conduct supervision, participating together with experts from the supervisory authorities of Croatia, Greece, Portugal and Hungary in the Working Group on Conduct Risk Assessment and *Mystery Shopping* as a Conduct

Supervision Tool. The initiative was initiated by TAIEX¹¹ in collaboration with EIOPA, for the exchange of experience with authorities that have benefited from DG REFORM projects in areas related to conduct supervision, in the context that ASF finalized the implementation of the project *Technical Assistance on the strengthening of the ASF's conduct supervision function in the Romanian insurance market*.

3.3.3. Supervision of insurance companies

During 2023, ASF carried out regular control actions, in accordance with the ASF's Annual Integrated Control Plan, as well as unannounced controls resulting from the risks identified as a result of the prudential supervision and conduct activities.

Given the compulsory and social nature of the conclusion of MTPL contracts and the large number of consumers in this segment, the regular control actions planned for 2023 were mainly targeted at insurance companies practicing MTPL.

The main objective of the thematic control consisted in verifying the underwriting process, verifying the risk and solvency self-assessment process, verifying the compliance with the supervision and governance requirements for insurance products, verifying the compliance with the legal requirements on information and advice to customers for insurance products, verifying the outsourced activities, verifying the management of operational risks generated by information systems, verifying the handling and settlement of claims and the establishment of technical reserves and verifying the compliance with the measures to prevent and combat money laundering and terrorist financing.

Main findings of the checks:

- shortcomings in the way technical reserves calculated for the purpose of drawing up the financial statements are set up;
- weaknesses in the management of outsourced activities;
- procedural shortcomings and/or poor application of internal procedures;
- deficiencies in the application of the provisions of *Law no. 132/2017 on compulsory motor civil liability insurance for damage caused to third parties by vehicle and tram accidents*;
- deficiencies in the application of the provisions of *Law no. 236/2018 on insurance distribution*;
- shortcomings in the implementation of the provisions of *Law no. 129 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain normative acts, as subsequently amended and supplemented*.

In order to remedy the deficiencies found, ASF has ordered measures to be taken by the insurance companies and made proactive recommendations in order to improve the way in which some of their activities/processes are carried out.

¹¹ The European Commission's Technical Assistance and Information Exchange department, which provides support to public administrations on the implementation and monitoring of EU legislation and facilitates the exchange of information on best practices at EU level.

Following all the control actions (on-site: periodic and unannounced) carried out during 2023 within the insurance-reinsurance companies, ASF imposed a total of 17 sanctions, as follows:

- ➔ 8 written warning sanctions imposed on 5 insurance companies;
- ➔ 9 sanctions with fines for a total amount of 1,316,800 lei, applied to 4 companies.

From a prudential perspective, during 2023, 13 control actions were carried out at the premises of insurance companies, of which 5 periodic and 8 unannounced, as follows:

- In the period January - February 2023, ASF ordered unannounced inspections at 4 insurers practicing MTPL, and the topic focused on issues related to how the requirements of Law no. 132/2017 on compulsory motor civil liability insurance for damage caused to third parties by vehicle and tram accidents, as amended and supplemented, are complied with, in terms of payment of MTPL compensation;
- In February 2023, ASF ordered an unannounced control at 1 insurer practicing MTPL, and the thematic focused on the verification of the company's investment investments as well as the daily flow of receipts and payments operations carried out through its accounts;
- in September 2023, ASF ordered unannounced inspections at 2 insurers practicing MTPL, with the theme of verifying compliance with the obligations of insurers established by Rule no. 4/2018 on the management of operational risks generated by the IT systems used by the entities authorized/approved/registered, regulated and/or supervised by the Financial Supervisory Authority in terms of ensuring the identification, storage, preservation and logging of the time at which the records related to the insurance offers submitted to potential policyholders were made, as provided for in Article 13 of Rule no. 20/2017 on motor insurance in Romania, as subsequently amended and supplemented;
- also in September 2023, ASF ordered an unannounced control at 1 insurer practicing both general and life insurance, and the thematic focused on the verification of inflows and outflows, assumptions and methods used in calculating the best estimate of technical reserves for general insurance activity, according to the requirements of Art. 54 paras. (2) - (5) of Law no.237/2015 on the authorization and supervision of insurance and reinsurance activity, as subsequently amended and supplemented.

3.3.4. Supervision and control of insurance intermediaries

ASF shall monitor, supervise and control insurance and/or reinsurance distribution activity in order to respect the rights of customers of insurance products and to ensure fair treatment of them.

Off-site monitoring/supervision of brokerage firms

The supervisory activity of insurance intermediaries has diversified in the dynamic context of the insurance market and legislative changes. On-site and off-site control actions have involved a complex approach in the context of the shift from compliance-based supervision to supervision based on risk identification and assessment. Through monitoring, the objective is to obtain a real-time picture of the evolution of distribution through brokerage firms, taking into account market trends that may underpin

further supervisory actions and legislative changes. The analysis and evaluation of the information contained in the reports, periodic and annual reports, as well as other documents submitted and/or referrals received by the Authority form the basis of this activity.

From the off-site monitoring/supervision of brokerage firms, the situation of sanctions issued in the period 2021-2023 is as follows:

| Penalties applied | | 2021 | 2022 | 2023 |
|--|--------|------------|-------------|--------|
| Administrative fine | number | 6 | 3 | 9 |
| | value | 30,000 lei | 140,400 lei | 70,900 |
| Written warning | | 17 | 8 | 13 |
| Withdrawal of operating authorization | | 3 | 1 | 2 |
| Temporary disqualification | | 2 | 0 | 0 |
| Temporary suspension of activity for program providers | | 3 | 0 | 0 |
| Withdrawal of operating authorization for software providers | | 2 | 0 | 0 |
| Total sanctions | | 33 | 12 | 24 |

The main deficiencies found in the supervision of brokerage firms in 2023 were:

- failure to comply with the provisions of the Authority's decisions;
- amendments to the articles of incorporation/amendments made to ONRC (The National Trade Register Office) without the authority's approval;
- failure by brokerage firms to comply with the authorization conditions;
- failure to comply with the legal deadline for submitting changes to the identity documents of the directors/executive directors of brokerage firms;
- failure to comply with professional legal provisions on the training of insurance distribution staff;
- failure to comply with the legal provisions regarding the maintenance/updating and deletion of insurance distribution staff from the Register of Secondary Intermediaries (RIS);
- carrying out insurance distribution business with staff without insurance-specific training;
- failure to comply with the legal provisions on carrying out the analysis of customer requirements and needs and assessing the adequacy and appropriateness, according to the DNT form;
- failure to comply with the legal deadline for informing the Authority of the termination of service and vacancy of the position of Executive Head.

At the same time, following the supervision activity:

- The withdrawal of the operating license of 5 brokerage firms was approved, at their request;
- the suspension of the activity of a brokerage firm has been approved at its request.

In the year 2023, the supervision activity mainly involved the following activities:

- carrying out the actions set out in the annual permanent supervision plan;
- daily verification of the distribution activity in class A10 - Motor Third Party Motor Liability for 52 brokerage firms, which generated 90% of the total premiums distributed;
- project to automate the daily reporting on class A10 - Motor Third Party Motor Liability, by implementing this reporting in EWS;
- submitting to EIOPA the information requested by the survey on the application of the provisions of the Insurance Distribution Directive (IDD);
- contribution to completing OECD accession forms;
- Developing a new model to rank brokerage firms according to risk by taking risk indicators into account and calibrating them in the final score.

On-site supervision of brokerage firms

In 2023, pro-active actions were initiated in the control activity by starting activities to prevent the violation of legal provisions in order to protect the interests of insured persons, and 7 unannounced control actions were carried out, in addition to the 6 regular control actions planned for this year.

From the on-site supervision of brokerage firms, the situation of sanctions issued in the period 2021-2023 is as follows:

| Penalties applied | | 2021 | 2022* | 2023** |
|---------------------|--------|---------|---------|---------|
| Administrative fine | number | 5 | 9 | 7 |
| | value | 125,740 | 260,471 | 134,100 |
| Written warning | | 1 | 1 | 1 |
| Total sanctions | | 6 | 10 | 8 |

*For one brokerage firm the periodic control action was carried out in 2021, but the decision to impose a fine was issued in 2022, its amount of 13,076 lei was included in the amount reported for 2022.

**For one brokerage firm the periodic control action was carried out in 2022, but the decision to sanction with a written warning was issued in 2023.

The main deficiencies found in the control activity were the following:

- failure to comply with the legal provisions on professional training, failure to maintain and update the Register of Secondary Intermediaries within the legal deadline;

- failure to comply with certain legal provisions of ASF Rule no. 4/2018 on the management of operational risks generated by the IT systems used by entities authorized/approved/registered, regulated and/or supervised by the Financial Supervisory Authority on insurance distribution;
- failure to comply with the legal provision regarding the inscription of the code received from ASF on all company documents, according to the legal provisions;
- failure to comply with certain legal provisions of ASF Rule no. 36/2015 on Accounting Regulations regarding the individual annual financial statements and consolidated annual financial statements applicable to brokerage firms engaged in insurance and/or reinsurance distribution activity, as amended and supplemented;
- failure to comply with certain legal provisions of the Rules on the procedure for the supervision, in the insurance sector, of the application of international sanctions implemented by Order of the Insurance Supervisory Commission no. 13/2009 (in force until 01.01.2021), an act maintained by the new legislation, namely by the provisions of Art. (1) of ASF Regulation no. 25/2020 (in force from 2 January 2021);
- failure to comply with the legal provisions on carrying out the analysis of customer requirements and needs and assessing the adequacy and appropriateness, according to the DNT form.

3.3.5. Resolution of petitions regarding the activity of entities authorized, regulated and/or supervised by ASF in the Insurance - Reinsurance Sector. Supervision and control of insurance companies as regards the handling/settlement of claims.

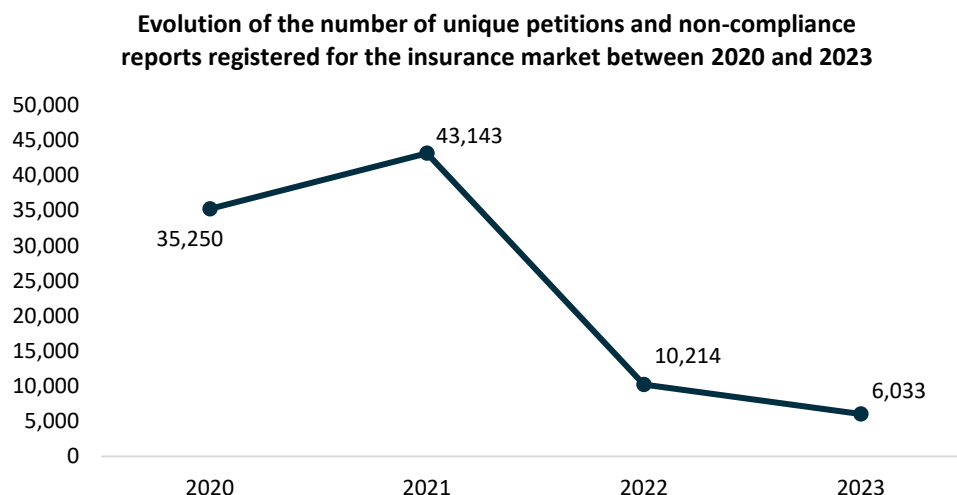
In addition to the effective resolution of the issues complained by the petitioners and the identification of non-compliant issues, the activity of resolution of petitions has as objectives the permanent monitoring of these issues at the level of the entity supervised and/or regulated by ASF, as well as the analysis of the repetitive nature at the market level, in order to establish the necessary measures to remedy them.

Based on ASF's main objectives in the insurance sector, namely to ensure market stability and protect the rights of policyholders/injured parties, both reactive activities, i.e. the resolution of petitions, and proactive activities were carried out. Therefore, in addition to the activity of resolving petitions, ASF has made recommendations to the supervised entities, in cases where non-compliant aspects have been identified, and has provided assistance to the policyholders/injured parties, so as to avoid the emergence of risks additional to those inherent to the activity of the supervised entities or, when these risks arise from independent causes, to manage and mitigate them.

The year 2023 was characterized by maintaining the trend recorded at the end of 2022 of a decrease in the number of petitions and single non-compliance reports, but also by an increase in their complexity, the detailed analysis of the cases brought to the attention of the authority requiring additional steps to be taken to properly resolve the petitions, in relation to the legal provisions.

From a quantitative point of view, in 2023 **only 6,033 petitions and reports of non-compliance were registered**, with major decreases compared to 2022 (-40.93%) and 2021 (-86.02%), respectively, a decrease determined by the actions taken by the Insurance-Reinsurance Sector, the measures ordered by the ASF management, as well as the entry into force of ASF Decision no. 262/17.03.2023, regarding the

withdrawal of the operating authorization of Euroins Romania Asigurare Reasigurare S.A., the establishment of the state of insolvency and the filing of a petition for the opening of bankruptcy proceedings against it.



Out of the number of unique petitions and reports of non-compliance, 537 were sent to the Policyholders Guarantee Fund by insurance creditors and relate to insurance claims.

The single non-compliance petitions and reports analyzed in 2023 for insurance companies and main intermediaries authorized by ASF represented only 0.25% of the total number of damage files endorsed in 2023, i.e. 0.028% of the number of insurance contracts in force on 31.12.2023.

With regard to the insurance companies complained in 2023, it can be seen that, at the end of the year, the active companies authorized for compulsory MTPL insurance had shares ranging from 2% to 16% of the total number of petitions and single non-compliance reports analyzed, these shares being influenced by the growth of the insurance portfolio for the companies.

The most frequently complained about in 2023 was non-compliance with the relevant legislation and ASF rules/contractual conditions (45%), followed by non-payment of the compensation/ surrender value (25%).

In 2023, about 34% of the petitions and single non-compliance reports analyzed were favorably resolved, the requests having legitimacy and legal framework for resolution.

66% of the petitions and single non-compliance reports were found to be unfounded and/or resolved unfavorably, representing cases on which ASF does not have the ability to intervene in the application of current legislation, the resolution of these cases being determined by the way of administering evidence of a commercial, technical or legal nature, the quality, admission and administration of which is not exclusively related to the application of insurance legislation. These cases can be clarified through the courts or the Alternative Dispute Resolution Entity in the non-banking financial sector (SAL-Fin), which can also rule on commercial issues.

The continued low number of unique petitions and noncompliance reports analyzed in 2023 was primarily due to the following:

- ✓ sustained efforts made in a correlative manner by all the organizational structures of the insurance-reinsurance sector involved in the monitoring of insurance-reinsurance companies on different levels of activity;
- ✓ the measures ordered by the ASF management as a result of the control actions carried out at all insurance companies authorized to operate in class 10 - Compulsory motor liability insurance;
- ✓ stepping up oversight of how claims handling and claims settlements are handled by insurers authorized to conduct MTPL insurance;
- ✓ intensifying working meetings with company representatives to remedy the shortcomings identified in the handling of damage files and settlement of claims;
- ✓ making recommendations to the management of MTPL insurers on the need for proper enforcement of MTPL legislation.

Petitions and single non-compliance reports analyzed by class of compulsory motor MTPL insurance accounted for about 76% of the number analyzed in 2023, down about 47% from 2022. About 35% were settled favorably, while 65% were settled unfavorably and/or found to be unfounded.

In 2023, 1,112 non-compliant aspects regarding the handling of MTPL damage files by the insurers authorized to practice this type of insurance were identified from the activity of handling and settling petitions, all of which were taken into account in the supervision and control actions carried out at the level of the insurance-reinsurance sector. These include:

1. insurance companies exceeding the legal deadline for:
 - conducting the damage and/or supplementary damage assessment;
 - carrying out the findings;
 - notification of the insurer's intention to investigate;
 - communicating the outcome of investigations;
 - notification of the maximum amount of compensation;
 - communication of the offer of compensation;
 - sending the notice of refusal to pay compensation;
 - the payment of compensation for damage claims opened on the basis of MTPL contracts;
 - late payment penalties.
2. failure to communicate to injured parties a:
 - notification of the insurer's intention to conduct investigations;
 - the offer of compensation/notification of partial rejection, according to the legal provisions;

Thus, it is essential to emphasize that, in 2023, the supervisory and control activity carried out on the activity of entities in the insurance-reinsurance field in terms of claims management and settlement, claims handling and claims settlement, has experienced a significant increase, both on-site and off-site:

- with a view to mitigating potential risks and remedying non-compliant aspects identified in the activity of insurance companies during 2023, the ASF Council decided to carry out several unannounced inspections at the entities concerned, finalized by firm measures to sanction the persons responsible;

- at the same time, within the off-site supervision and inspection process carried out on the management and settlement of claims, claims handling and settlement, based on non-compliance issues identified both from the activity of settling petitions and from the data provided through quarterly reports on the situation of the MTPL damage files endorsed to insurers, seven permanent inspection actions were completed at the insurance companies authorized to practice MTPL insurance, ending with measures to sanction the respective entities.

During 2023, ASF continued to monitor insurance companies in terms of the average payment duration indicator for MTPL claims. Thus, based on the quarterly reports submitted by the insurance companies authorized to practice MTPL insurance, the values of the indicator ranged between 5 and 6 days/claim.

At the same time, in addition to the control actions carried out, related actions were undertaken as part of the supervisory activity to protect the rights of insurance consumers:

- meetings were organized with the insurers, in order to clarify certain aspects in order to solve the cases brought to the Authority's attention, respectively in order to establish in principle how to deal with certain types of cases very common in petitions, but also to solve specific cases in accordance with the legal framework;
- granting hearings to petitioners at their request;
- cooperating with other national and international authorities or bodies to resolve cases.

ASF has also permanently monitored the evolution of consumer trends and the conduct of entities, by preparing regular statistical analyses based on information resulting from the activity of resolving petitions and reports of non-compliance, as well as on reports received from insurance-reinsurance companies and the main intermediaries, respectively by monitoring the policyholder-insurer relationship, a process complementary to the supervisory activity, aimed at bringing added value to both the protection of insurance consumers and the financial stability of the insurance-reinsurance market.

As a result of the supervisory actions resulting from the off-site (off-site) complaint handling activity, 6 sanctions were imposed on insurance-reinsurance companies in 2023, as follows

- 2 penalties with written warning imposed on 2 companies;
- 4 sanctions with fines for a total amount of 516,300 lei, imposed on 4 companies.

3.4. Private pension sector supervision

Private pension entities supervised by ASF in 2023

- ➔ 10 administrators;
- ➔ 17 private pension funds, of which:
 - a. 7 privately managed pension funds (Pillar II);
 - b. 10 voluntary pension funds (Pillar III);
- ➔ 3 depositaries (2 depositaries authorized for occupational pension funds);
- ➔ 53 marketing agents legal entities;
- ➔ Private Pension System Rights Guarantee Fund (FGDSPP).

3.4.1. Private pension supervision

In 2023, the main activities carried out by ASF in the field of supervision of the private pension system sector were aimed at achieving the following objectives: updating the IT reporting system in order to align the supervisory activities with the changes in the legislative framework, preventing or mitigating risks that may affect the private pension system by ensuring prudential supervision, developing methodologies for the supervisory activities of the private pension system entities, in correlation with their risk profile and taking decisions on the necessary supervisory measures.

The role of supervision of entities in the private pension sector is to verify compliance with the legislation in force and to prevent and/or identify, where appropriate, any possible misconduct committed in relation to the specific activities carried out by them.

Supervision activities involved:

- drawing up the administrator's file (xls., ppt., doc. format) by centralizing for each administrator the information related to shareholding, share capital, total assets, staff involved in the activity, number of participants, net transfers of participants, contributions paid to the FGDSPP, assets covering the technical provision, liquidity, profitability, exposure by country and currency, investment structure, management fees, etc.;
- the assessment of the internal control system of the manager which involves reviewing the reports of the key functions of internal control, risk management, internal audit and the letter from the external auditor to management. The analysis of these reports covers the quantitative and qualitative factors, the coverage of the activities audited, the deficiencies identified and the impact on the manager's own activity as well as on the pension fund under management, how they have been corrected/remedied and the extent to which they are within the deadline for remediation. A review of the financial auditors' reports is carried out annually;
- verifying the fulfillment by the reporting entities of the reporting and transparency obligations as set out in the legal provisions applicable to the private pension system. This activity involves monitoring the timely submission of reports by the reporting entities, verifying the information reported in order to ensure compliance with the legal provisions in force;

- identification of the main risks to which the private pension system is exposed, by performing a monthly analysis of the evolution of the degree of concentration, the evolution of the private pension funds' profitability, the liquidity risk, the interest rate risk, the currency risk and the evolution of the private pension funds' VUAN volatility. In order to prepare this analysis, the related calculations are performed on a monthly basis and the results are centralized in order to identify the evolution of these risks;
- assessing the working procedures of administrators and depositaries, in particular new working procedures or changes to existing procedures of administrators/depositaries in order to ensure compliance with the applicable legal provisions and the accuracy of the information provided;
- supervision/monitoring of changes to documents, information and data with an impact on the operation of the manager and the funds under management, e.g.: pension scheme prospectuses, membership documents, share capital, shareholding structure, etc.;
- analyzing the cases/requests submitted by the supervised entities in order to provide timely solutions and proposals in accordance with the legal provisions in force, as well as analyzing the main implications at the level of the private pension system;
- aggregation of data necessary for the preparation of the analysis of the main statistical data on the pension sector for their publication on the ASF website;
- preparation of other reports, notifications, information related to the activity of private pension funds involving: conducting studies, analyzing the evolution of private pension funds, drafting proposals for amending and improving the legislation in the field of private pensions; correspondence with regulated entities on the information communicated by them, monitoring and analyzing the influence of legislative changes on the private pension system (e.g.: contributions to privately managed pension funds, tax changes, etc.).

In order to optimize supervision activities, automation activities were carried out during the year to process the reported information in the IT system, to detect errors and risks in an optimized time and to provide easy data processing. Thus, the analysis and drawing of preliminary conclusions on the basis of the supervised entities' reporting has been improved and streamlined and the risk of operational errors has been reduced.

Over the last five years, ASF has applied the following sanctions in the supervision of the private pension system:

- ➔ 2 sanctions with a written warning to a depositary authorized to carry out the activity of storage and custody of pension fund assets;
- ➔ a written warning to a privately managed pension fund administrator;
- ➔ 4 sanctions with written warning to persons in the management structure of private pension fund administrators;
- ➔ 3 fines to an investment manager, a person responsible for internal control and a general manager;
- ➔ a sanction with a plan of measures to a privately managed pension fund administrator.

The sanctions and administrative measures applied in the period 2019-2023 are as follows:

| Sanctions and administrative measures applied | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|---------------|---------------|
| Action Plan | - | - | - | 1 | - |
| Written warning | - | 1 | 5 | - | 1 |
| Administrative fine | - | - | - | 2 (7,200 lei) | 1 (5,100 lei) |
| Total sanctions and administrative measures applied | - | 1 | 5 | 3 | 2 |

At the same time the *Actuarial Valuation Report* for the year 2023, which represents the valuation of the payment obligations of privately managed pension funds and the technical provisions required by the administrators in order to insure the risks related to these payment obligations, and the *Actuarial Valuation Report* for the year 2023, which represents the valuation of the payment obligations of voluntary pension funds and the technical provisions required by the administrators in order to insure the risks related to these payment obligations of voluntary pension funds that provide for guarantees in the prospectus of the pension scheme, were prepared.

Also, within the activity of the sector, the *Actuarial Valuation Report* on the reserves of the FGDSPP 2023 was elaborated, which represents the result of the actuarial valuation of the reserves related to private pension funds, which are used in the calculation of the Guarantee Fund's needs to compensate the losses of participants and beneficiaries of private pension funds.

3.4.2. Private pension scheme supervision activity

During 2023, 17 inspection actions were carried out on the activity carried out by:

- 2 privately managed pension fund management companies (managing 2 privately managed pension funds);
- 5 private pension fund management companies (managing 5 privately managed pension funds and 6 voluntary pension funds);
- 3 voluntary pension fund management companies (managing 4 voluntary pension funds);
- 3 custodians of private pension fund assets;
- FGDSPP;

- 2 private pension intermediaries;
- 1 private pension broker.

The sanctions and administrative measures applied as a result of inspection actions carried out in the period 2019-2023¹² (up to the date of this report) are presented as follows:

| Sanctions and administrative measures applied | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|--------------------|-------------------|
| Reminder | - | - | - | - | 9 |
| Action Plan | 6 | 5 | 9 | 6 | 6 |
| Written warning | 7 | 9 | 9 | 7 | 5 |
| Administrative fine | 1 (6,000 lei) | 3 (7,500 lei) | 1 (2,200 lei) | 8 (903,000 lei) | 5 (88,150 lei) |
| 180-day ban on working in the private pension scheme | - | - | - | 4 | - |
| Total sanctions and administrative measures applied | 14 | 17 | 19 | 25 | 25 |

3.4.3. Resolution of petitions regarding the activity of entities authorized, regulated and/or supervised by ASF in the Private Pensions Sector

The situation of petitions for the period 01.01.2023 - 31.12.2023 is as follows:

| No. | Categories of petitions | Total number of petitions registered in 2022 | Share of the number of petitions registered in a given category in the total number of petitions registered in 2022 (%) | Total number of petitions registered in 2023 | Share of the number of petitions registered in a given category in the total number of petitions registered in 2023 (%) | Increase / Decrease in total number of petitions in 2023 compared to total number of petitions in 2022 (%) |
|-----|--|--|---|--|---|--|
| 1 | Petitions registered uniquely per petitioner | 858 | 100.00% | 186 | 100.00% | -78.32% |
| 2 | Petitions closed/connected according to GO no. 27/2002 and internal procedures | 0 | 0,00% | 0 | 0,00% | 0,00% |
| | Total Petitions | 858 | 100.00% | 186 | 100.00% | -78.32% |

Breakdown on the private pensions market of the number of petitions registered between 01.01.2023 and 31.12.2023, according to the legal status of the petitioner

¹² The situation shows the sanctions and administrative measures applied according to the year of the control action and not according to the date of the sanctioning decision

| Nr. crt | Field of activity | Total number of petitions registered in 2023 | Number of petitions submitted by individuals | Number of petitions submitted by legal entities |
|---------|--|--|--|---|
| 1 | Private pensions market | 186 | 183 | 3 |
| | Share of the number of petitions submitted by individuals in the total number of petitions registered on the private pensions market (%) | 100.00% | 98.39% | 1.61% |

Breakdown on the private pensions market of the number of petitions registered between 01.01.2023 and 31.12.2023, according to the origin of the petitions

| No. | Origin of petitions | Total number of petitions registered in 2023 | Share of the number of petitions submitted by a given entity in the total number of petitions registered in 2023 (%) |
|-----|--|--|--|
| 1 | Petitions submitted by petitioners on their own behalf | 177 | 95.16% |
| 2 | Petitions submitted through petitioners' representatives and law firms | 1 | 0.54% |
| 3 | Through the National Authority for Consumer Protection, other consumer protection associations and foundations | 0 | 0.00% |
| 4 | Through the Presidential Administration, the Romanian Parliament and the Romanian Government | 6 | 3.23% |
| 5 | Other | 2 | 1.07% |
| | Total | 186 | 100.00% |

Type of pension fund referred to in the petitions registered with ASF in the period 01.01.2023 - 31.12.2023 for the private pension market compared to the period 01.01.2022 - 31.12.2022

| No. | Type of pension fund | Number of petitions registered in 2022 | Share of the number of petitions on a pension scheme in the total number of petitions registered in 2022 (%) | Number of petitions registered in 2023 | Share of the number of petitions on a pension scheme in the total number of petitions registered in 2023 (%) | Increase / Decrease in the number of petitions registered per pension scheme in 2023 compared to the total number of petitions in 2022 (%) |
|-----|--|--|--|--|--|--|
| 1 | Privately managed pension fund - Pillar II | 660 | 76.92% | 157 | 84.41% | -76.21% |
| 2 | Voluntary pension fund - Pillar III | 50 | 5.83% | 14 | 7.53% | -72.00% |
| 3 | Petitions not targeting any pension fund | 153 | 17.25% | 15 | 8.06% | -90.20% |
| | Total | 858 | 100.00% | 186 | 100.00% | -78,32% |

3.5. Activity on preventing and combating money laundering

The activity of the specialized structure AML (Anti Money Laundering) / CFT (Combating Financing Terrorism) is carried out in relation to the direct institutional obligations and responsibilities incumbent

on ASF based on the legislation in the field of preventing and combating money laundering and terrorist financing (in particular Law 129/2019), the application of the international sanctions regime (in particular GEO no. 202/2008), as well as all operational elements or regulatory provisions related to these areas.

The dynamics of changes in this area at EU level have led to a series of actions both internally within ASF and at national level.

In 2023, a number of evaluation mechanisms with direct and indirect impact in the area of money laundering prevention and the international sanctions regime have been initiated and continued.

In this context, the actions taken were both proactive and reactive, through regulatory actions, on-site and off-site supervision and cooperation with other national authorities competent in these areas and with supervisory authorities in other EU Member States.

❖ **Strategic Action Plan to mitigate risks identified by the AML/CFT National Risk Assessment**

The Strategic Action Plan was endorsed in February 2023 at the level of the Inter-Institutional Council¹³ with the aim of demonstrating the compliance and effectiveness of AML/CFT/ TFS mechanisms at national and institutional level, in the framework of the Moneyval Mutual Evaluation process, which was finalized by the Moneyval Committee - Council of Europe Experts in May 2023.

ASF's contribution to the AML/CFT/TFS Strategic Action Plan is related to the results of the National Risk Assessment (NRA), i.e. the risks to which the regulated entities are exposed, but also to the determination of specific AML/CFT/TFS risk mitigation measures.

In relation to the elements identified to be integrated in the Strategic Action Plan, general strategic themes and objectives have been elaborated/identified, commensurate with the risks identified in the national money laundering and terrorist financing risk assessment exercise and the related mitigation measures, which will be followed up and integrated in this national strategic plan

❖ **MISSION FOR THE 5TH ROUND OF MUTUAL EVALUATION OF ROMANIA - Moneyval Committee of Experts / Council of Europe**

From the AML/CFT perspective, the activity of the AML/CFT specialized structure in the first semester of 2023 was strongly impacted by the final phase of the evaluation process carried out at the Moneyval Committee level on the measures adopted by Romania to combat money laundering and terrorist financing

The 5th Round of Mutual Evaluation, and the related technical or institutional instruments, is one of the most complex and in-depth international mechanisms for the evaluation of a financial jurisdiction, carried out by the Council of Europe through the MONEYVAL Committee of Experts.

The Moneyval Committee specifically requested a series of additional quantitative and qualitative data, including with regard to the activity of the ASF Consequently, internally, through the AML/CFT specialized structure, the necessary data were collected and processed, and an updated document was produced,

¹³ "Inter-Institutional Council for the approval of the Report on the national assessment of the risks of money laundering and terrorist financing, the National Plan of Measures and their updates" established by the Prime Minister's Decision no. 454 of September 02, 2022

with arguments supporting the increase of the ratings for the Recommendations (F.A.T.F. standards) with impact on the financial area.

Specifically, arguments have been made for a favorable interpretation of the provisions of Law no. 129/2019 and ASF Regulation no. 13/2019 with regard to general obligations on document retention, obligations relating to publicly exposed persons (PEPs), due diligence obligations on customer and suspicious transaction reporting, as well as with regard to issues related to third party execution, group level procedures, international cooperation and the application of international financial sanctions.

It is worth mentioning that the specialized AML/CFT structure has submitted specific comments and interpretations, not only regarding its own specific legislation, but has also elaborated comments regarding the general legislation in the AML/CFT field, has had technical interventions, including references to applications of the Criminal Procedure Code, and has provided solid counter-arguments in order to improve the qualifications obtained by Romania.

According to the evaluation procedure, the last face-to-face working meeting between the Moneyval expert evaluators and the representatives of the Romanian authorities took place in Strasbourg on 06-10 March 2023, with the purpose of discussing the still disagreed aspects of the report, by facilitating the dialogue between the state authorities and the Moneyval experts. The whole evaluation process was finalized with the adoption of the report at the Moneyval Plenary, which took place in Strasbourg on 25 May 2023, in which ASF took part through the representatives of the specialized structure AML/CFT.

It should be noted that the steps taken by the Romanian authorities, including by ASF, have contributed to the increase in the final ratings throughout the report. For example, in the area of international cooperation, the final rating obtained by Romania was Substantial Efficiency, much higher than the level initially proposed by the assessors. Also, the ratings for the activities reflecting the use of AML/CFT financial intelligence, investigation and prosecution, including in relation to terrorist financing, and confiscation activities were raised to the level of "Moderate Effectiveness".

At a detailed level, with regard to the assessment of technical (legislative and operational) compliance with the Standards with impact on the financial area, ASF, with a focus on its own activity, has submitted extensive arguments in support of the increase in the ratings in terms of adequacy to professional secrecy obligations for financial institutions, customer due diligence, document/record keeping, politically exposed persons, third party execution, internal controls and foreign branches/subsidiaries, transparency and beneficial ownership of legal entities, regulation and supervision of financial institutions, statistics, other forms of international cooperation, which had an impact on the rating upgrading for the most part

❖ **Application of International Sanctions Regimes (TFS)**

During 2023, against the backdrop of the war in Ukraine, the specialized AML/CFT structure of ASF took steps to implement the 3 packages of restrictive measures (packages X - XII) issued by the EU against the Russian Federation (87 European regulatory acts). There were also 2 meetings of the European Freeze and Seize Task Force during this period, in a physical format, in Brussels, attended by a representative of the specialized structure from ASF. Prior to these meetings, the European Commission sent a questionnaire to Member States on the implementation of sanctions measures against Russia, i.e. a questionnaire on investigations, administrative and judicial inquiries on circumvention of sanctions

against Russia and cooperation with law enforcement authorities. ASF representatives with international sanctions responsibilities, within the specialized AML/CFT structure, have formulated sectoral response proposals for inclusion in the national horizontal response by A.N.A.F. (the National Agency of Fiscal Administration) and M.A.E. (Ministry of Foreign Affairs).

During 2023, ASF, as a national supervisory authority, ensured representation at the meetings of the **Commission expert group on Union restrictive measures and extra-territoriality** through the representatives of the AML/CFT specialized structure with responsibilities in the field of international sanctions.

Following the 21st meeting of the Asset and Freeze Group, the D.G.-F.I.S.M.A., as the European Commission Directorate in charge of the implementation of financial and economic restrictive measures (TFS), communicated to Member States a survey on how the sanctions regimes on Russia are implemented. The representatives of ASF in charge of international sanctions have formulated proposals to the M.A.E. for communication to the representatives of the D.G.- F.I.S.M.A. and to the representatives of the Permanent Representation of Romania to the E.U.

Also, during this period, the representatives of the AML/CFT specialized structure in the field of TFS were present at several meetings of the 10th meeting of the Asset Freezes and Reporting Subgroup,

At the level of the **European Banking Authority (E.B.A. - A.M.L.S.C.)**, a working group for the supervision of the international sanctions regime (**Technical Expert Group on Supervision of Compliance with Restrictive Measures**) was created, composed of 12 experts, including a representative of the AML/CFT specialized structure of ASF, who participated in the meetings of the group during 2023.

The Technical Expert Group on Supervision of Compliance with Restrictive Measures aims to establish the technical compliance standards to be implemented by financial entities in this area.

Representatives of the AML/CFT specialized structure have taken proactive measures to raise awareness of the restrictive measures and to guide supervised entities on their obligations with regard to these packages by publishing on the Authority's website all amendments, guidelines and updated lists of designated persons. The representatives of the AML/CFT specialized structure also provided expert support to the sectoral supervisory structures in assessing the risks of international sanctions and proposed detective, proactive, directive and corrective measures in relation to the identified cases (freezing of funds and economic resources).

ASF representatives, through the specialized AML/CFT structure, were present at the work of the Inter-Institutional Council on the Implementation of International Sanctions (C.I.I.S.I.), of which ASF is a member by right (art.13 para. (1) of GEO no.202/In relation to the changes in the interpretation of the special legislation in the field of international sanctions, the representatives of the S.C.P.S.B. participated in all the proceedings of the Inter-Institutional Committee on the Implementation of International Sanctions (C.I.I.S.I.) regarding its implementation in the various cases that arose.

❖ **Amendment of Government Ordinance no. 202/2008 on the implementation of international sanctions**

Representatives of the AML/CFT specialized structure participated in the meetings of the Interministerial Committee for the Implementation of International Sanctions, which had as its main subject the amendment of GEO no.202/2008.

Within the Committee it was agreed that an inter-institutional technical working group would be set up to finalize this legislative approach, including representatives of the ASF and of the AML/CFT structure.

From November 2022 until now, the AML/ CFT specialized structure has centralized, evaluated and communicated to A.N.A.F. the monthly situation of frozen funds at the level of supervised entities (European database F.S.O.R.). Starting with June 2023, the F.S.O.R. database has migrated to a new European database, called S.I.E.R., more complex and detailed than the previous one. Within S.I.E.R., representatives of the specialized structure AML/ CFT have access to view the information uploaded by Member States.

More than 200 notifications have been received through the S.I.E.R. platform on how Member States freeze funds and economic resources.

Based on ASF Regulation no. 25/2020 on the supervision of the implementation of international sanctions by the Financial Supervisory Authority and the entities regulated by it, desk-review views/analyses were issued on the implementation of the legislation on the international sanctions regime.

During 2023, analytical activities (direct/indirect impact) on pending EU files took place, with all updates on international sanctions regimes targeting Taliban (ISIL (Da'esh), Al-Qaida), serious human rights violations were communicated, the financing of proliferation of weapons of mass destruction or jurisdictions (DPR Korea) and states under international sanctions regimes concerning Russia, Syria, Mali, Somalia, Iran, Tunisia, Tunisia, Zimbabwe, Yemen, Belarus, Myanmar/Burma, Congo and South Sudan, Central African Republic, Haiti, Guinea Bissau, Nicaragua, Burundi, Niger, Libya, Venezuela.

❖ **European Commission's AML package**

In order to strengthen the fight against money laundering and terrorist financing, the European Commission is proposing in this package the establishment of a single European supervisory authority in the field of ML/TF, called AMLA, and the transfer of some of the obligations set out in AMLD IV to a directly applicable European regulation. In this respect, the internal process of impact analysis and feedback at the level of representation in EU expert groups continued.

In order to formulate a common position of Romania, the ASF actively participated and communicated to the O.N.P.C.S.B. (National Office for Preventing and Combating Money Laundering) its position on the European Commission's AML package (3 draft regulations and 1 directive) and formulated amendments to improve the meaning of some provisions of the regulations in this package

The AML legislative package includes:

- Proposal for a AML/CFT Directive, which will repeal Directive 2015/849 - AMLD VI;
- proposal for a Regulation on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, which takes over some of the provisions of AMLD IV;

- Proposal for a Regulation on the establishment and functioning of the Authority for Combating Money Laundering and Terrorist Financing (AMLA);
- Proposal for a Regulation on information accompanying transfers of funds and certain electronic money, repealing Regulation (EU) 2015/847 on information accompanying transfers of funds.(TFR)

During the Swedish Presidency, technical discussions were finalized on the Regulation on Information Accompanying Transfers of Funds and Certain Electronic Money, which repeals Regulation (EU) 2015/847 on information accompanying transfers of funds.

In the course of 2023, proposals were circulated containing the forms of the draft legal acts proposed in the AML Package, i.e. the results of the tripartite negotiations between the European Commission, the European Parliament and the EU Council.

Representatives of the specialized structure AML/ CFT participated in these meetings and communicated their views and answers to the questionnaires to the O.N.P.C.S.B. (coordinator of this legislative process).

❖ **AML COLLEGES**

According to Article 43¹ of ASF Regulation no.13/2019, cooperates and exchanges information with:

- a) authorities and institutions referred to in Art. (1) of Law no. 129/2019 for the implementation of policies and activities to combat ML/TF;
- b) the national authorities and bodies of other Member States responsible for the supervision of credit and financial institutions, on the basis of cooperation agreements on anti-money laundering and combating the financing of terrorism;
- c) the competent authorities of third countries with similar tasks, on the basis of cooperation agreements on anti-money laundering and combating the financing of terrorism concluded on a reciprocal basis and only on condition that the information disclosed is subject to a guarantee of professional secrecy at least equivalent to those referred to in Article 38¹ para. (1) of Law 129/2019.

During 2023, ASF, as the competent authority for carrying out risk-based ML/TF supervision of branches of financial entities, was represented by the specialized AML/ CFT structure in the AML colleges, alongside the sectoral supervisory structures.

During the reporting period, several meetings took place in the framework of the AML colleges, which involved an exchange of relevant information on the supervised entities in the AML colleges (Autorité de Contrôle Prudentiel et de Résolution (ACPR), Istituto per la Vigilanza sulle Assicurazioni (IVASS), Austrian Financial Market Authority (FMA), Commission de Surveillance du Secteur Financier (CSSF) and Bank of Greece).

ASF, as the competent authority for carrying out ML/TF risk-based supervision of branches of financial entities, is part of 11 AML colleges, with 19 financial groups and reports for 26 supervised financial entities in Romania

❖ **Supervision of the application of primary and secondary legislation in the sectors supervised by ASF**

An important vein of this area is represented by the legislative process where ASF, in its capacity as an assessor of primary normative acts, respectively as a consultant to the parliamentary legislative process in the case of draft amendments to normative acts in the area of supervision of the authority, has initiated or assessed amendments to improve the national legal framework or to transpose legislative changes in the *acquis communautaire*, at the request of the authorities with legislative prerogative in this area.

The most important draft regulations that have been subject to specialized analysis and approval by ASF and for which the AML/CFT specialized structure of ASF has issued views on:

- (Technical) evaluation and drafting of amendments to the draft amending GEO no. 202/2008 on the implementation of international sanctions.
- Draft amendment to Law no. 129/2019, which included the recommendations of the Moneyval evaluators.
- Analysis of the Draft Order of O.N.P.C.S.B. on the approval of the form and content of the reports provided for in Articles 6 and 7 of Law no. 129/2019 and providing organizational support to supervised entities

❖ **Increasing the data and information resources used in ASF's internal processes**

In order to ensure the highest level of accuracy, granularity and completeness of the data and information used by the ASF structures in the activity of supervision, monitoring/authorization (especially market entry, fit&proper), analysis or regulation, a large-scale institutional initiative was generated, carried out through the specialized structure, in order to identify sources of information and databases established and managed by other Romanian state institutions and which could be made available to the ASF structures, in order to streamline specific operational processes.

Through this institutional step, with immediate effects even before the adoption of the Report on the 5th Round of Mutual Evaluation of Romania (May 2023), access to several databases was exceptionally achieved, and the process of establishing protocols between authorities was started.

❖ **Participation in Profile Meetings (International / National)**

As part of the national AML/CFT and TFS system, the activity carried out by ASF through the specialized AML/CFT specialized structure on the three supervised financial markets, participation and representation in the following national bodies:

1. Inter-Institutional Council for the Implementation of International Sanctions (O.I.S.I./M.A.E.) established by art.13 of GEO no.202/2008
2. Inter-Ministerial Committee for the Implementation of International Sanctions (Chancellery of the Romanian Government) established by Prime-Minister's Decision no. 269/2022
3. Inter-Institutional Council for the approval of the Report on the national assessment of the risks of money laundering and terrorist financing, the National Action Plan and their updates established by the Prime Minister's Decision no. 454/2022

In addition to these national bodies, ASF, (through its specialized AML/CFT structure), will be part of a new, multi-institutional body, including with direct prerogatives and responsibilities for the development and

implementation of the National Strategy in the AML/CFT/TFS areas, based on the Memorandum on "Information on the Evaluation of the efficiency and effectiveness of the system for preventing and combating money laundering and terrorist financing in Romania", approved at the Government meeting of 28 September 2023. At the date of this report, by Prime Minister's Decision no. 2 of 04.01.2024 (published in Official Journal no. 6/04.01.2024), the Inter-institutional Committee for the elaboration of the National Strategy for preventing and combating money laundering and terrorist financing and the related action plan was established, this body becoming functional, with direct implications on the activity of the national authorities with responsibilities in this field.

Also, from the perspective of conditionality and mechanisms for reporting and compliance with international standards and requirements (F.A.T.F. and E.U.), the activity of the AML/CFT specialized structure, as the representative structure of the ASF, was carried out within the following international bodies:

- Anti-Money Laundering (AML) Committee / Council of the European Union - analyzing and drafting the proposals in the AML legislative package proposed by the European Commission, one of the most important of which is the Regulation establishing and operating the European Authority for the fight against money laundering and terrorist financing - AMLA;
- Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) / Council of Europe, a regional body of the F.A.T.F. type (FSRBs) directly involved in assessing the level of compliance of the financial system with the methodological requirements of the F.A.T.F. standards (representation is through national delegations in the CoE)
- The Standing Committee on anti-money laundering and countering terrorist financing (AMLSC) / European Banking Authority - the EU body with Moneyval powers at EU level, to be integrated into the AMLA;
- The European Commission's Asset and Freeze Task-Force, made up of the European Commission Directorates-General involved in the implementation of the EU's restrictive measures packages against the Russian Federation, coordinated by the European Commissioner for Justice and Consumer Protection;
- Restrictive Measures of the Union and Extraterritoriality - (RELEX) / European Commission - highly active body with multi-institutional representation (including competent national authorities) from each Member State.
- "Freeze and Sieze" - RELEX - European Commission, is part of the RELEX Group, set up by the European Commission to implement the restrictive packages of measures adopted against the Russian Federation;
- Working group set up at the level of the E.B.A., aiming at harmonizing AML and TFS supervisory activity at the level of AML/CFT supervisors;
- Working Group for the Supervision of the International Sanctions Regime - set up at the level of the A.M.L.S.C. - E.B.A. Group;
- Ad Hoc Working Group on the Use of Fixed Assets for the Reconstruction of Ukraine (AHWP) - Council of Europe;
- Working Group, set up at E.B.A. level to analyze existing AML supervision practices in EU Member States,

- AML Colleges - set up following the implementation at the level of ASF of the European provisions (E.B.A.) on cooperation and exchange of information for the purposes of Directive (EU) 2015/849 between competent authorities supervising credit and financial institutions

4. Regulation of non-bank financial markets

Sound regulation is an important pillar in supporting ASF's efforts to promote and strengthen the sustainable development of non-bank financial markets.

In this context, in line with the strategic objectives set by ASF for the period 2023-2025, during 2023, the Authority's strategy in terms of updating and reviewing primary and secondary legislation has been in continuous evolution, with the aim of being adjusted in line with the developing European legislation, so that there is a uniform regulatory framework, which becomes the solid foundation for new business models arising from the processes of digitalization and technological innovation, in order to streamline the Authority's supervisory processes.

The regulatory attitude of the authority is proactive, in order to harmonize the national regulatory framework with the European regulatory framework, with the main objective of protecting the interests of consumers of non-banking financial products in the continuously developing markets. In this regard, among the objectives of ASF for 2023 were the establishment of working matrix structures to analyze and implement new market requirements in terms of digital and sustainable finance, financial innovation and digital operational resilience.

4.1. Transposition and implementation of EU legislation

The harmonization of the national regulatory framework with the EU legislation is essential to ensure an efficient and consistent process of supervision of the non-bank financial sector in line with European developments and challenges. In this context, ASF pays particular attention to the transposition of European legislation related to the area of competence by starting the process of drafting draft legislation in time and closely monitoring the implementation deadlines of the directives.

The regulatory activity for 2023 covers legislative changes mainly driven by the evolution of financial markets in view of the development of the European framework for sustainable finance, digital finance, the prevention of and fight against money laundering and terrorist financing, as well as clearing and listing packages.

In order to carry out the necessary steps for the application of the Community legislative framework, as well as to ensure the process of notifying the institutions responsible for monitoring the transposition process of the Community legislative framework of the stage of its inclusion in the national legislation, the Authority's aim is to ensure that the deadlines for the implementation of the directives are respected and that the process of drafting the draft legislative acts is started in time.

In order to ensure a smooth process of inter-institutional collaboration, ASF aims to support a permanent dialogue, mainly with the Ministry of Foreign Affairs and the Ministry of Finance, both with regard to infringement procedures (pre-litigation stage) that the European Commission has initiated for late transposition of directives, and with regard to directives with transposition deadlines in the coming period.

As every year, in 2023, ASF supported the necessary steps at the institutional level to comply with the transposition obligations, so that a series of draft laws together with the explanatory memorandum were drafted in order to transpose the European legislation and submitted to the Ministry of Finance as initiator. These include:

Law no. 181/2023 laying down implementing measures for Regulation (EU) 2021/23 on a framework for the recovery and resolution of central counterparties also ensures transposition:

- **Directive 2002/47/EC** of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements;
- **Directive 2004/25/EC** of the European Parliament and of the Council of 21 April 2004 on takeover bids;
- **Directive 2007/36/EC** of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies;
- **Directive 2014/59/EU** of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment companies and amending Council Directive 82/891/EEC and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU of the European Parliament and of the Council and Regulations (EU) no. 1093/2010 and (EU) no. 648/2012 of the European Parliament and of the Council;
- **Directive (EU) 2017/1132** of the European Parliament and of the Council of 14 June 2017 on certain aspects of company law.

For the transposition of **Directive (EU) 2021/2118** of the European Parliament and of the Council of November 24, 2021 amending Directive 2009/103/EC relating to insurance against civil liability in respect of motor liability and the enforcement of the obligation to insure against such liability, **Law no. 213/2015** on the Policyholders Guarantee Fund and **Emergency Ordinance no. 102/2021** amending and supplementing Law no. 213/2015 on the Policyholders Guarantee Fund and for the amendment of other normative acts, the legislation in force already transposing the provisions of the Directive. In May 2023, also in order to transpose this Directive, **Law no. 112/2023** was published approving Government Emergency Ordinance no. 102/2021 for the amendment and completion of Law no. 213/2015 on the Policyholders Guarantee Fund and for the amendment of other normative acts. At the same time, two draft normative acts for the full transposition of this directive, namely the **Draft Law for amending and supplementing Law no. 132/2017** on compulsory motor civil liability insurance for damage caused to third parties by vehicle and tram accidents and the **Draft Law for amending and supplementing Law no. 213/2015** on the Policyholders Guarantee Fund, were submitted to the MF to be promoted on the legislative approval circuit.

Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards the disclosure by certain undertakings and branches of information on corporate income tax has been fully transposed by the development and entry into force of several

secondary level acts: **Rule No. 5/2023** of 21 February 2023 to supplement the Financial Supervisory Authority Rule No. 14/2015 on accounting regulations in compliance with the European Directives applicable to the private pension scheme, **Rule No. 13/2023** of 30 March 2023 to amend and supplement the Financial Supervisory Authority Rule No. 36/2015 on Accounting regulations regarding the annual individual financial statements and the annual consolidated financial statements applicable to brokerage firms carrying out insurance and/or reinsurance distribution activities and **Rule No. 12/2023** of 3 April 2023 on amending and supplementing the Financial Supervisory Authority's Rule No. 41/2015 for the approval of the Accounting Regulations on the individual annual financial statements and consolidated annual financial statements of entities carrying out insurance and/or reinsurance activity.

In order to ensure that the provisions of **Directive (EU) 2022/2464** amending Regulation (EU) no. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by enterprises are taken on board, they have been drafted and sent to the public approval or consultation circuit:

- **Draft law on amending and supplementing Law no. 24/2017** on issuers of financial instruments and market operations, republished, as subsequently amended and supplemented (will also transpose Directive 2022/2381/EU;
- **Draft Regulation amending the Financial Supervisory Authority Regulation no. 39/2015** for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the financial instruments and investments sector;
- **Draft Regulation of the Financial Supervisory Authority for amending and supplementing ASF Regulation no. 41/2015** for the approval of the Accounting Regulations on the annual individual financial statements and annual consolidated financial statements of entities carrying out insurance and/or reinsurance activity;
- **Draft Regulation on amending and supplementing ASF Regulation no. 14/2015** on accounting regulations in line with the European Directives applicable to the private pension system.

Directive (EU) 2022/2556 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 on digital operational resilience for the financial sector will be transposed, together with other acts issued by the MF and the NBR, both by primary and secondary legislation. In order to comply with the deadlines set out in the Directive, they have already been prepared:

- **Draft Law on amending and supplementing Law no. 126/2018** on markets in financial instruments, Government Emergency Ordinance no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as amending and supplementing Law no. 297/2004 on the capital market and Law no. 74/2015 on alternative investment fund managers;
- **Draft Law amending Law no. 237/2015** on the authorization and supervision of insurance and reinsurance activity.

The draft law on amending and supplementing Law no. 24/2017 on issuers of financial instruments and market operations, republished, as subsequently amended and supplemented has been submitted for public and inter-institutional consultation as a national measure transposing **Directive (EU) 2022/2381** on strengthening gender balance among directors of listed companies and related measures.

ASF also continuously monitors compliance with European regulations as part of the *acquis communautaire* in the non-bank financial sector, given that a number of regulations have been identified for which it is necessary to introduce measures in national legislation (designation of competent authority or imposition of sanctions), although their provisions are directly applicable. For example, **Law no. 181/2023** of 27 June 2023 provides the legal framework for the implementation of **Regulation (EU) 2021/23** on a framework for the recovery and resolution of central counterparties.

4.2. Integrated regulatory activity

The integrated regulatory activity ensures the application of unitary policies and rules covering the three markets supervised by ASF, the harmonization of legislative provisions in order to strengthen the existing legal framework at ASF level, the identification and implementation of best practices in the field according to European and international standards.

Current regulatory trends aim at the adoption of *principle-based* regulation of markets so that the *rule-based approach* paradigm is overtaken. The need for uniform rules for financial and banking markets and the entities operating within them is also increasingly being identified, both in directly applicable European legislation and in its implementation at national level.

At the same time, for the implementation of some European regulations, it was identified the need to develop draft normative acts in collaboration with the National Bank of Romania due to the requirements to apply the same set of rules for several categories of entities operating in the financial markets.

Thus, for common areas of activity, or sectoral activities, as well as for operations or entities within the three non-banking financial sectors, the regulations developed by ASF for the implementation or enforcement of primary legislation may be integrated.

In 2023, at the integrated level, Instruction no. 4/11.10.2023 was issued for the application of the guidance on the use of remote customer registration solutions pursuant to Article 13 para. (1) of Directive (EU) 2015/849.

This regulatory act clarifies the measures that regulated entities must take to ensure safe and efficient remote customer identification and registration practices in accordance with the applicable legislation on the prevention of and fight against money laundering and terrorist financing and the EU data protection framework. The use of remote customer registration solutions under the relevant EU legislation has been addressed in a unified approach by developing rules on:

- Steps and data record keeping requirements for the pre-implementation assessment of the remote customer registration solution;

- The internal policies and rules, internal control mechanisms and procedures relating to the remote registration of customers that regulated entities must establish and maintain;
- Data, documents and information necessary for remote identification of customers;
- Requirements that the remote customer registration solution must fulfill;
- Outsourcing remote customer registration;
- Managing the risks associated with the use of information and communication technology (ICT) and cybersecurity risks.

In order to fulfill the strategic objectives of the Authority, the work of the **permanent cross-sectoral working group on digital finance** continued in 2023. Thus, an important part of the integrated regulatory activity in 2023 was the work of this working group related to the digital finance package, given that the task of this working group is to analyze, as well as to set the steps for the implementation of the new regulatory frameworks related to the digital finance package imposed at the European Union level, in particular **Regulation (EU) 2022/2554** of the European Parliament and of the Council on the digital resilience of the financial sector and amending Regulations (EC) no. 1060/2009, (EU) no. 648/2012, (EU) no. 600/2014, (EU) no. 909/2014 and (EU) 2016/1011 (**DORA**);

4.3. Regulatory activity in the financial instruments and investments sector

The main guidelines pursued in the regulatory activity in the capital market field have been oriented towards the following objectives:

- harmonization of specific national legislation with recent developments in European legislation in the field of investment services and activities, issuers and collective investment undertakings;
- continue efforts to support the process of strengthening the capital market infrastructure;
- re-shaping the legal framework applicable to issuers and shareholders' rights with a view to transposing and/or adopting measures to implement European legislation.

❖ Preparation of draft primary legislation and draft capital market strategies/formulation of technical opinions on primary legislation

The national strategy for the development of the Romanian capital market for the period 2023 - 2026 was approved by the Government Decision no. 506/2023 and published in the Official Journal of Romania no. 478 of May 30, 2023, Part I.

The national strategy for the development of the Romanian capital market for the period 2023 - 2026 is a very important pillar for the development and consolidation of the Romanian capital market.

Through this document, the premises are created for increased financing through this market, with positive effects on the development of the business environment and the national economy.

The national strategy for the development of the Romanian capital market for the period 2023 - 2026 has been outlined around nine general objectives which are divided into several specific objectives, namely:

I: Improve conditions for listing on the capital market;

| | |
|--|--|
| | <p>II: Increase liquidity in the secondary market;</p> <p>III: Promote, develop and grow an active SME market;</p> <p>IV: Promote savings among individual investors and increase the participation of individual and business investors in the capital market;</p> <p>V: Increasing the role of institutional investors;</p> <p>VI: Facilitating long-term financing through market-based mechanisms;</p> <p>VII: Support digitization and financial innovation;</p> <p>VIII: Support the development of the local private <i>equity</i> and <i>venture</i> capital market;</p> <p>IX: Stimulating green investments.</p> |
| Draft Emergency Government Ordinance amending and supplementing certain normative acts, as well as establishing measures to prevent and combat advertising and aggressive communication techniques practiced by entities that are not registered with the Financial Supervisory Authority | <p>The main purpose of the project is to amend and supplement some normative acts both in order to revise the primary legal framework applicable to the capital market in order to continue the process of reforming and updating the Romanian capital market industry, and to establish legislative measures to ensure the urgent elimination of the dysfunctions identified in practice that may lead to the prejudice of investors' rights, with important consequences for the stability, proper functioning, competitiveness, reputation and image of the Romanian capital market.</p> |
| Draft Law amending and supplementing the provisions of GEO no.32/2012, Law no.74/2015 and Law no.243/2019 (Ecosystem Project) | <p>The draft law is aimed at the strategy of the ASF-SIIF regarding the process of updating and continuous improvement of the capital market legislation applicable to CIUs, IMCs and AIFMs, in order to adapt it to the European legislation, which is also in a continuous dynamic, the development of the capital market and the increase of investor protection, strengthening the role and status of the ASF-SIIF as a supervisory and control authority on the capital market, this process aiming at amending and supplementing the primary legislation.</p> <p>The draft law was initiated as a result of the developments and dynamics of the investment fund industry and the interest shown by potential investors.</p> |
| Draft Law amending and supplementing Law no. 24/2017 on issuers of financial instruments and market operations | <p>The main purpose of the draft law is to transpose certain provisions of <i>Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by companies and Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on reinforcing gender balance among directors of listed companies and related measures</i> and regulating certain issues/situations encountered in practice.</p> |
| Law no. 181/2023 on laying down measures implementing Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a | <p>The legislative act mainly covers:</p> <ul style="list-style-type: none"> ➤ the designation of ASF as resolution authority for CCPs under Article 3 of Regulation (EU) 2021/23; ➤ the designation of the Ministry of Finance as the competent ministry in accordance with Art. 3 para. (8) of Regulation (EU) 2021/23; |

| | |
|--|---|
| <p>framework for the recovery and resolution of central counterparties and amending Regulations (EU) no. 1095/2010, (EU) no. 1095/2010, (EU) No. 648/2012, (EU) no. 600/2014, (EU) no. 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132, and amending and supplementing certain acts, published in the Official Journal of Romania, Part I, No. 582 of June 27, 2023</p> | <ul style="list-style-type: none"> ➤ the establishment of the sanctioning regime according to Article 81 of Regulation (EU) 2021/23 in case of infringement of the provisions of this Regulation; ➤ amending and supplementing certain provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished, in order to transpose the amendments made by Regulation (EU) 2021/23 to the provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids and Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies. |
| <p>Draft Law amending Law no. 126/2018 on markets in financial instruments, amending and supplementing Government Emergency Ordinance no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, amending and supplementing Law no. 297/2004 on the capital market, and amending and supplementing Law no. 74/2015 on alternative investment fund managers</p> | <p>The draft law was drafted in order to transpose into national law the provisions of Articles 1, 3 and 6 of <i>Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 on digital operational resilience for the financial sector</i>.</p> |

❖ Secondary legislation

✓ Regulations

| | |
|--|---|
| <p>Regulation ASF no. 2/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 3/2013 on the authorization and operation of central counterparties issued in accordance with Regulation (EU) no. 648/2012 of the European Parliament and of the Council of 4</p> | <p>The main changes introduced by this regulation concern:</p> <ul style="list-style-type: none"> ▪ the submission, as a document to accompany the application for authorization, of the excerpt from the Official Journal confirming that CCP is designated as a system in accordance with Law no. 253/2004 on settlement finality; ▪ the inclusion, as a document to accompany the application for authorization, of the copy of the service contract concluded with the entity providing the technical solution for the IT system used by the CCP, if this technical solution has been chosen; |
|--|---|

| | |
|--|--|
| <p>July 2012 on OTC derivatives, central counterparties and trade repositories, published in the Official Journal of Romania, Part I, no. 161 of 24 February 2023</p> | <ul style="list-style-type: none"> ▪ introduction of the requirement that, within two months from the date of commencement of the effective provision of services, the CCP shall submit to ASF an audit report certifying the fulfillment of the conditions set out in Article 25 of Law no. 362/2018 on ensuring a high common level of network and information systems security, as amended and supplemented; ▪ introduction of a provision according to which the authorization applications pending at the date of entry into force of the Regulation amending ASF Regulation no. 3/2013 will be completed by the CCP and will be dealt with by the ASF in accordance with the provisions of the amending Regulation; ▪ extending the deadline for the CCP to submit additional information to ASF from maximum 6 months to maximum 12 months. |
| <p>ASF Regulation no. 3/2023 on the submission of information to the Authorization Portal Platform by investment management companies and alternative investment fund managers and amending the Regulation of the Financial Supervisory Authority no. 9/2014 on the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and depositaries of undertakings for collective investment in transferable securities, and for the repeal of a normative act, published in the Official Journal, Part I no. 327 of 19 April 2023.</p> | <p>ASF Regulation no. 3/2023 aims:</p> <ul style="list-style-type: none"> ▪ the obligation for IMCs and AIFMs to upload, by 30 June 2023, the updated information for some categories of persons to the "Authorization Portal" platform on the ASF website; ▪ clarification as to the date from which the new members of the administrative/supervisory board and the directors/members of the management board of the IMC effectively exercise their mandate and indication of the validity of the mandate of the persons replacing the directors/members of the management board; ▪ provisions aimed at applying sanctions in the event of non-compliance with the above-mentioned obligations of IMCs and AIFMs; ▪ repeal of <i>ASF Regulation no. 18/2021 on the procedure for the withdrawal of the notification made by undertakings for collective investment in transferable securities or alternative investment fund managers from Romania or from other Member States regarding the distribution of units, as well as on the procedure for the notification of pre-marketing activity by alternative investment fund managers from Romania or from other Member States, following the full incorporation of the provisions of this Regulation into Law no. 237/2022</i>, which ensured the full transposition of the provisions of Directive 2019/1160/EU (CBDF Directive). |
| <p>Regulation ASF no. 4/2023 for the amendment of the Regulation of the Financial Supervisory Authority no. 10/2022 on the Investor Compensation Fund aims to revise the secondary legislation on the Investor Compensation Fund, in order to harmonize it with the amendments brought by Law no. 236/2022 on the prudential supervision of financial investment</p> | <p>The Regulation aims at harmonizing the provisions of the ASF Regulation no. 10/2022 with the amendments introduced by <i>Law no. 236/2022 on the prudential supervision of financial investment services companies, as well as for amending and supplementing some normative acts</i>, which transposes Directive (EU) 2019/2034, regarding the minimum initial capital of FISCs.</p> |

| | |
|--|---|
| services companies, as well as to amend and supplement some normative acts, published in the Official Journal of Romania, Part I, no. 316 of 13 April 2023 | |
| ASF/BNR Regulation no. 5/5/2023 amending and supplementing the Regulation of the Financial Supervisory Authority and of the National Bank of Romania no. 14/7/2018 on the provision of investment services and activities on behalf of financial investment services companies and credit institutions, published in the Official Journal of Romania, Part I, no. 469 of 29 May 2023 | The normative act aims, mainly, to introduce provisions on the submission of information on the staff of the FISCs/credit institutions providing investment services and activities through the Authorization Portal Platform published on the ASF website. It also established the obligation for FISCs and credit institutions to enter, by 30 June 2023, certain information in the Authorization Portal Platform on the ASF website. |
| ASF Regulation no. 7/2023 on depositary receipts based on shares issued by a company having its registered office in a Member State or in a third country, as well as amending and supplementing the Regulation of the Financial Supervisory Authority no. 4/2013 on the underlying shares for depositary receipts, published in the Official Journal, Part I no. 477 of May 30, 2023 | <p>ASF Regulation no. 7/2023 takes into account the following aspects:</p> <ul style="list-style-type: none"> ▪ establishing rules applicable in all situations where depositary receipts are issued to be admitted to trading on a regulated market in Romania, based on shares issued by a company having its registered office in a Member State or in a third State which are admitted to trading on a trading venue in a Member State or in a third State; ▪ establishing the reporting aspects, taking into account the fact that the issuer of the underlying shares has reporting obligations according to the provisions of Law no. 24/2017, ASF Regulation no. 5/2018 and Regulation (EU) 2014/596 (e.g. - the issuer of the underlying shares shall prepare, submit and publish annual, semi-annual, current reports, etc.); ▪ clarifying that the provisions on the notification of thresholds of holdings of voting rights of the issuer of the underlying shares also apply appropriately to shares/shareholders and depositary receipts/certificate of deposit holders and to persons holding both shares and depositary receipts. ▪ clarifying that the provisions of Article 39 of Law no. 24/2017, republished, regarding the obligation to launch a mandatory public offer, shall also apply to holders of depositary receipts, taking into account the number of shares held by them, including those corresponding to depositary receipts; ▪ amending and supplementing some provisions of <i>ASF Regulation no. 4/2013 on the underlying shares for depositary receipts, as subsequently amended and supplemented</i>, with a view to introducing provisions according to which, after the completion of the public offering for sale, the |

| | |
|--|--|
| | issuance of depository receipts through the conversion of shares is not allowed for 12 months. |
| ASF Regulation No. 10/2023 on setting the thresholds for the application of Article 3 of Regulation (EU) 858/2022 on a pilot scheme for distributed ledger technology market infrastructures and amending Regulations (EU) no. 600/2014 and (EU) no. 909/2014 and Directive 2014/65/EU, and on the application of ESMA's Guidance on standard forms, formats and templates for applying for approval to operate a DLT-based market infrastructure, published in the Official Journal of Romania, Part I, no. 684 of July 25, 2023 | The Regulation aims to ensure the implementation of the DLT Pilot Regime Regulation as regards the setting, at national level, of value limits for the issuance of financial instruments on DLT infrastructures and also includes the implementing rules of the ESMA Guidance on standard forms, formats and templates for applying for approval to operate a DLT-based market infrastructure. |
| ASF Regulation no. 12/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 5/2019 on the regulation of certain provisions regarding the provision of investment services and activities in accordance with Law no. 126/2018 on markets in financial instruments, published in the Official Journal of Romania, Part I no. 999 of November 3, 2023 | <p>The main changes introduced by the legislative act concern:</p> <ul style="list-style-type: none"> ▪ adaptation of the provisions of the Regulation to the amendments made to Law no. 126/2018 by Law no. 188/2022 and by Law no. 236/2022 on the prudential supervision of financial investment services companies, as well as to amend and supplement some normative acts; ▪ taking over the following three ESMA guidelines for which ASF has notified ESMA of its intention to apply: <ul style="list-style-type: none"> ○ Guidance on certain aspects of MiFID II remuneration requirements; ○ Guidance on certain aspects of MiFID II suitability requirements; ○ Guidance on certain aspects of MiFID II's suitability and execution-only requirements; ▪ revising the definition of active and inactive customers; ▪ clarification of the obligation of the FISC to review business continuity plans in relation to ASF Regulation no. 2/2016; ▪ the possibility of organizing financial education programs by the FISC if they are not subject to the provisions of the ASF Regulation no. 28/2020 on training, education and professional development on the capital market, as amended. |
| ASF Regulation no. 15/2023 on the authorization of the entities referred to in Article 163 ² of Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, published in the Official Journal of Romania, Part | ASF Regulation no. 15/2023, issued in application of the Government Emergency Ordinance no. 99/2006, sets out the conditions for the authorization by ASF of systemic investment companies as credit institutions, taking into account the delimitation of competences between ASF and the NBR regarding the authorization of these entities under the provisions of primary legislation. The Regulation also ensures that the following guidelines issued by the European Banking Authority in the field of credit institutions are taken over: |

| | |
|---|---|
| I no. 1179 and no. 1179 bis of 27 December 2023 | <ul style="list-style-type: none"> ○ Guidance on a common assessment methodology for granting authorization as a credit institution under Article 8 para. (5) of Directive 2013/36/EU; ○ Guidance amending the EBA/GL/2020/14 Guidance on the Disaggregation and Disclosure of Systemically Important Indicators; ○ Guidance on disaggregation and publication of systemically important indicators. |
|---|---|

❖ Secondary legislation

✓ Standards

| | |
|--|---|
| ASF Rule no. 1/2023 for the application of the provisions of the Guideline on the criteria for granting investment companies an exemption from the liquidity requirements in accordance with Article 43 para. (4) of Regulation (EU) 2019/2.033 (EBA GL 2022 10), published in the Official Journal of Romania, Part I, no. 52 of 18 January 2023 | ASF Rule no. 1/2023 ensures the transposition into national law of the European Banking Authority (EBA) Guidance on the criteria for granting investment companies an exemption from the liquidity requirements in accordance with Article 43 para. (4) of Regulation (EU) 2019/2033. |
| ASF Rule no. 6/2023 on the completion of Article 2 para. (1) of the Regulation of the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the financial instruments and investments sector, as well as the Investor Compensation Fund, published in the Official Journal, Part I no. 288 of 6 April 2023 | ASF Rule no. 6/2023 envisages the inclusion of the providers of participative financing services in the category of entities authorized, regulated and supervised by ASF - SIIF that are obliged to apply the provisions of this rule, following the designation of ASF, by Law no. 244/2022, as the competent authority in terms of authorization, regulation, supervision and control of the providers of participative financing services. |
| ASF Rule no. 9/2023 for the application of the provisions of the Guideline on the activity management framework under Directive (EU) 2019/2.034 (EBA/GL/2021/14), published in the | ASF Rule no. 9/2023 ensures the national transposition of the EBA Guidance on the conduct of business framework under Directive (EU) 2019/2034. |

| | |
|--|--|
| Official Journal of Romania, Part I, no. 221 and no. 221 bis of 17 March 2023 | |
| ASF Rule no. 10/2023 for the application of the provisions of the Guide on Sound Remuneration Policies under Directive (EU) 2019/2.034 (EBA/GL/2021/13), published in the Official Journal of Romania, Part I, no. 229 and no. 229 bis of 21 March 2023 | ASF Rule no. 10/2023 ensures the transposition into national law of the EBA Guidance on sound remuneration policies under Directive (EU) 2019/2034. |
| ASF Rule no. 16/2023 amending the Annex to the Financial Supervisory Authority Rule no. 13/2018 for the application of the European Securities and Markets Authority (ESMA) Guidelines on stress-testing scenarios under Article 28 of Regulation (EU) no. 1.131/2017 on money-market funds, published in the Official Journal, Part I no. 477 of 30 May 2023 | ASF Regulation no. 16/2023 aims at incorporating in national legislation the provisions of the European Securities and Markets Authority (ESMA) Guidance on stress-testing scenarios under Article 28 of Regulation (EU) no. 1.131/2017 on money-market funds. |
| ASF Rule no. 21/2023 for the application of the provisions of the Guide on the data collection exercise on high-income earners under Directive 2013/36/EU and Directive (EU) 2019/2.034 (EBA/GL/2022/08), published in the Official Journal of Romania, Part I, No. 592 of 29 June 2023 | ASF Rule no. 21/2023 ensures the national transposition of the EBA Guidance on the data collection exercise on high-income earners under Directive 2013/36/EU and Directive (EU) 2019/2034. |
| ASF Regulation No. 22/2023 for the application of the ESMA Guidelines on common procedures and methodologies relating to the oversight and assessment process of central counterparties (CCPs) under Article 21 of EMIR, published in the Official Journal of Romania, Part I, No. 598 of 30 June 2023 | ASF Rule no. 22/2023 ensures the transposition into national legislation of ESMA's Guidance on common procedures and methodologies relating to the oversight and assessment process of central counterparties (CCPs) under Article 21 of EMIR. |

| | |
|--|--|
| <p>ASF Rule no. 23/2023 for the application of the provisions of the Guide on benchmarking exercises on remuneration practices and the gender pay gap under Directive (EU) 2019/2.034 (EBA/GL/2022/07), published in the Official Journal of Romania, Part I, no. 599 of 30 June 2023</p> | <p>ASF Rule no. 23/2023 ensures the transposition into national legislation of the EBA Guidance on benchmarking exercises on remuneration practices and the gender pay gap under Directive (EU) 2019/2034.</p> |
| <p>ASF Rule no. 32/2023 for the application of the MiFID II Product Governance Requirements Guide, issued by the European Securities and Markets Authority (ESMA), published in the Official Journal of Romania, Part I no. 896 of 5 October 2023</p> | <p>ASF Regulation no. 32/2023 ensures the transposition into national legislation of ESMA's MiFID II product governance requirements.</p> |
| <p>ASF Rule no. 33/2023 for the application of the ESMA Guidance on Indicators in the Recovery Plans of Central Counterparties (CCPs) and of the ESMA Guidance on Scenarios in the Recovery Plans of CCPs, published in the Official Journal of Romania, Part I no. 912 of 10 October 2023</p> | <p>ASF Rule no. 33/2023 ensures the transposition into national legislation of ESMA's Guidance on indicators in the recovery plans of central counterparties (CCPs) and ESMA's Guidance on scenarios in the recovery plans of CCPs.</p> |
| <p>ASF Regulation No. 36/2023 for the application of the provisions of the Guide on common procedures and methodologies for the supervisory review and evaluation process (SREP) under Directive (EU) 2019/2.034, published in the Official Journal of Romania, Part I, No. 1037 and No. 1037 bis of 15 November 2023</p> | <p>ASF Rule no. 36/2023 ensures the transposition into national law of the joint EBA and ESMA Guidance on common procedures and methodologies for the supervisory review and evaluation process (SREP) under Directive (EU) 2019/2034.</p> |

✓ **Instructions**

| | |
|---|--|
| <p>ASF/M.F. Instruction no. 1/6.218/2023 for the approval of the Rules on the determination,</p> | <p>ASF/M.F. Instruction no. 1/6.218/2023 was issued in consideration of the requirements of Article 97 para. (6) of Law no.227/2015 on the Tax Code, as amended and supplemented, regarding the application of Chapter V "Investment</p> |
|---|--|

| | |
|---|--|
| withholding and payment of capital gains tax on the capital gains resulting from the transfer of securities obtained by individuals, published in the Official Journal, Part I no. 181 of 3 March 2023. | income" and includes provisions in order to harmonize with the requirements of the Tax Code, as amended and supplemented by Law no. 142/2022, with applicability as of 1 January 2023, regarding the aspects related to the determination and taxation of the gain from the transfer of securities. |
| ASF Instruction no. 2/2023 for amending and supplementing the Instruction of the Financial Supervisory Authority no. 1/2016 on the preparation and submission of the annual financial statement and annual reporting by the entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments Sector, as well as by the Investor Compensation Fund, published in the Official Journal, Part I no. 343 of 24 April 2023. | ASF Instruction no. 2/2023 revised the provisions of ASF Instruction no.1/2016, including Annexes no. 2-4, in order to align them with the information requirements set out in the forms issued by the Ministry of Finance for economic operators. In addition, ASF Instruction no. 2/2023 establishes the obligation to submit to ASF - SIF the annual consolidated financial statements within 150 days from the end of the financial year, as well as to submit together with the annual financial statements the report on information on corporate income tax. |
| ASF Instruction no. 3/2023 for the amendment of Annex no. 1 to the Instruction of the Financial Supervisory Authority no. 2/2016 on the preparation and submission of the half-yearly accounting report by the entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments Sector, as well as by the Investor Compensation Fund, published in the Official Journal, Part I no. 718 of 4 August 2023. | By ASF Instruction no. 3/2023 Annex no. 1 to ASF Instruction no. 2/2016 was revised in order to align it with the information requirements set out in the forms issued by the Ministry of Finance for economic operators. |

❖ Analysis of regulations issued by capital market entities

Following the analysis of the proposals to amend and supplement the Code of Depozitarul Central S.A., **ASF issued Decision ASF no. 635/22.06.2023 on the approval of the amendments to Depozitarul Central Code.** The amendments and additions to the provisions of the Code of Depozitarul Central mainly concern:

- implementation at the level of Depozitarul Central of the principle approved by the National Bank of Romania at the meeting of the NBR's Board of Directors on 02.02.2022 regarding "the

exemption of brokers in Romania, who can at any time carry out and demonstrate to Depozitarul Central the prevalidation of financial instruments and funds related to net settlement transactions, from depositing variable contributions to the Guarantee Fund";

- the introduction of the notion of the prevalidation of funds and financial instruments in participants' own systems in the context of settlement limits;
- establishing the obligations of the participants in Depozitarul Central system that wish to benefit from the facility to exclude from the calculation of exposures on replacement cost and net debit position, the transactions for which they prevail in their own systems both money funds and financial instruments.

At the same time, during the reference period, the amendments to the Regulation on the organization and functioning of BRM were approved in order to set up and manage a multilateral trading facility (MTF) on which cash-settled commodity derivatives with natural gas as underlying asset are traded, being issued **ASF Decision no. 217/06.03.2023 on the approval of the amendments to the Regulation on the organization and functioning of the Romanian Commodities Exchange S.A.**

4.4. Regulatory activity in the insurance-reinsurance sector

In 2023, the insurance regulatory activity was carried out in line with the objectives and activities planned for 2023. To this end, a number of important draft secondary legislation was prepared to strengthen the legislative framework applicable to the insurance sector. Some of the drafts were also developed following internal analysis and decisions of the Authority, taking into account the local specificities of the Romanian insurance market.

As regards primary legislation, ASF provided technical support to the legislative process by promptly providing the related documentation as requested by the Ministry of Finance as initiator.

Also, at the request of the parliamentary committees, ASF submitted to them its views on some legislative initiatives regarding the amendment of the normative acts on the Policyholders Guarantee Fund, the compulsory insurance of dwellings against earthquakes, landslides and floods and the compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents.

In 2023, the ASF Council analyzed a total of 52 notes of approval of draft primary and secondary legislation.

In terms of primary legislation, the focus was on the draft amendments to Law No. 132/2017 on Compulsory Motor Third Party Liability Insurance for Damage to Third Parties caused by Vehicle and Tram Accidents and Law No. 213/2015 on the Policyholders Guarantee Fund. Both drafts ensure the transposition of Directive (EU) 2021/2118 of the European Parliament and of the Council of 24 November 2021 amending Directive 2009/103/EC relating to insurance against civil liability in respect of motor insurance and the enforcement of compulsory insurance against such liability (MID Directive). A wide interest was aroused by one of the draft amendments to Law no. 237/2015 on the authorization and

supervision of insurance and reinsurance activity, which aimed at strengthening the supervisory powers, including inspection, of ASF over insurance companies.

Elaboration of draft primary legislation and technical opinions in the field of insurance-reinsurance:

| | |
|---|--|
| <p>Draft Law amending Law no. 237/2015 on the authorization and supervision of insurance and reinsurance activity (PLx 405/2023)</p> | <p>The draft mainly provides for the strengthening of the ASF's supervisory levers and powers, including inspection, over insurance companies.</p> <p>It also covers three major stages in the life cycle of companies:</p> <ul style="list-style-type: none"> - the stage of conducting insurance business under normal conditions through the requirement to draw up a preventive remedial plan that can be applied in the event of a deterioration in the financial situation or in the governance system and preventive and corrective measures; - the stage relating to the special financial recovery procedure in which ASF may intervene through different measures or by issuing decisions at different moments of the procedure; - the post-withdrawal stage of the operating license in which ASF either promotes the bankruptcy petition, and the insurance contracts cease automatically within a certain period of time and FGA intervenes, or requests the company to enter into liquidation proceedings, if the elements of insolvency are not met. |
| <p>Draft Law amending Law no. 237/2015 on the authorization and supervision of insurance and reinsurance activity (PL-x 754/11.12.2023)</p> | <p>The draft law aimed at transposing Article 2 of Directive (EU) 2022/2556¹⁴ (the CRD Directive) amending Directive 2009/138/EC¹⁵ (the Solvency II Directive). The amendment of the Solvency II Directive aims at obliging insurance and reinsurance undertakings to put in place a system of governance, including risk management, that maintains the operational resilience and security of information systems, as their business is dependent on those systems. By using secure IT systems, it ensures that the business is conducted by companies under normal business conditions, which benefits consumers of insurance products. Thus, the new provision refers to the obligation for insurance and reinsurance undertakings to comply with the provisions of Regulation (EU) 2022/2554¹⁶.</p> |
| <p>Draft Law on amending and supplementing the Law no. 132/2017 on compulsory motor civil liability insurance for damage caused to third</p> | <p>The draft law aimed to transpose Directive (EU) 2021/2118¹⁷ (MID Directive). The main provisions concern:</p> <ul style="list-style-type: none"> - the obligation to insure also some vehicles which are not subject to registration/registration under national law; - regulating the minimum compensation limits and setting their reference from euro into lei at the exchange rate indicated in the Directives; |

¹⁴ Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, **2009/138/EC**, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 on digital operational resilience for the financial sector (the DORA Directive)

¹⁵ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

¹⁶ Regulation (EU) no. 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital resilience in the financial sector and amending Regulations (EC) no. 1060/2009, (EU) no. 648/2012, (EU) no. 600/2014, (EU) no. 909/2014 and (EU) 2016/1011 (the DORA Regulation)

¹⁷ Directive (EU) 2021/2118 of the European Parliament and of the Council of 24 November 2021 amending Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles and the enforcement of the obligation to insure against such liability (MID Directive)

| | |
|--|--|
| parties by vehicle and tram accidents (L1/2024) | <ul style="list-style-type: none"> - how to check your MTPL insurance; - introduction of a standardized European form for the attestation of the history of the insured's MTPL accident history; - regulating exceptions from the insurance obligation and the possibility for the Romanian state to waive the insurance obligation for certain categories of public utility vehicles; - the attribution to the BAAR of the competence for the management of a market-wide MTPL insurance comparator. <p>The draft law also deals with other aspects that are not related to the MID, but which are generated by the situation of the Romanian MTPL insurance market and the need to develop it on a sound basis in conditions of real competition.</p> |
| Draft law for the approval of the Emergency Ordinance no. 102/2021 amending and supplementing Law no. 213/2015 on the Policyholders Guarantee Fund and amending other normative acts (PLx 511/2021) | The project was finalized with the publication of Law no. 112/2023 on the approval of the Government Emergency Ordinance no. 102/2021 amending and supplementing Law no. 213/2015 on the Policyholders Guarantee Fund, in the Official Journal of Romania Part I no. 396 of May 9, 2023. |
| Draft Law on amending and supplementing Law no. 213/2015 on the Policyholders Guarantee Fund (L107/2024) | <p>The draft law aims at transposing some provisions of the MID Directive establishing certain payment obligations for the Policyholders Guarantee Fund. It will continue to provide protection also through the payment of insurance claims arising out of forms of insurance other than MTPL contracts, in the event of bankruptcy/liquidation based on insolvency of Romanian insurers and European insurers for business in Romania carried out through branches opened in Romania.</p> <p>The bill also covers:</p> <ul style="list-style-type: none"> - regulating that payment claims addressed to the Fund for the collection of sums due, according to the law, arising from forms of insurance other than MTPL contracts are settled within a reasonable time; - a separate definition of MTPL injured parties within the insurance creditors, in order to ensure clarity that the current ceiling of 500,000 lei provided for by the law is maintained only for the payment of insurance claims arising from forms of insurance other than MTPL contracts, and that in the event of liquidation not based on insolvency, the Fund is only liable to pay to injured parties entitled to receive compensation under MTPL contracts; - amendment/completion of some provisions on the Fund's financial resources and the investment of its liquid assets, as well as for the correlation of legislative solutions. <p>ASF ensured the drafting of the draft law and its subsequent amendment/completion following the proposals and comments made in the public consultation and inter-ministerial approval processes.</p> |
| Draft Government Emergency Ordinance amending Article 262 para. (3 ²) of Law no. | The project aimed at establishing an extension of the deadlines provided for in Article 262 para. (32) of Law no. 85/2014 and was finalized by Government Emergency Ordinance no. 71/2023, published in the Official Journal of Romania, |

| | |
|---|--|
| 85/2014 on insolvency prevention and insolvency proceedings | Part I, no. 791 of 1.09.2023. The approval law was registered with the Romanian Senate under L474/2023. |
| Draft Government Decision on setting the maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents | The project proposed to apply for a period of 6 months the MTPL premium rates that MTPL insurers were charging on 28.02.2023 and was finalized by the publication of Decision no. 298/2023 in the Official Journal of Romania, Part I, no. 290 of 06.04.2023. |
| Draft Government Decision on the extension of the period of applicability of the provisions established by Government Decision no. 298/2023 (GD RCA2) | The draft was aimed at extending the period of applicability of the provisions established by Government Decision no. 298/2023 on the establishment of maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor liability insurance for damage caused to third parties by accidents involving vehicles and trams. The project was finalized by the publication of the Decision no. 923/2023 in the Official Journal of Romania, Part I, no. 900 of 5 October 2023. |
| Draft Government Decision on the extension of the period of applicability of the provisions established by Government Decision no. 298/2023 (GD RCA3) | The draft aimed both to extend the period of applicability of the provisions established by Government Decision No. 298/2023 and to regulate that insurers use the maximum premium rates set at the level of their own premium rates that were practiced by each MTPL insurer on 28 February 2023. The rates may be adjusted by a maximum of 6.8%, and are valid for a period of 3 months from the date of entry into force of the ruling. The project was finalized by Decision no. 1326/2023, published in the Official Journal, Part I No. 1192 of 29 December 2023. |
| Draft Law amending Law no. 236/2018 on insurance distribution | The project is currently under analysis and internal discussions/meetings on the issues encountered in the work of the Insurance - Reinsurance Sector. Other issues requested by insurers and intermediaries are also being considered. |

❖ Secondary legislation

✓ Rules and regulations

| | |
|--|--|
| Rule no. 11/2023 amending and supplementing Rule no. 26/2021 on the activity carried out in Romania by insurers from third countries through branches | <p>The draft aims to amend and supplement Regulation no. 26/2021 in view of the fact that EIOPA has amended the guidelines transposed by this regulation.</p> <p>The main changes are of a technical nature, mainly concerning the annexes on reporting templates:</p> <ul style="list-style-type: none"> ▪ elimination of opening reports; ▪ introducing new reporting options for some indicators; |
|--|--|

| | |
|--|--|
| | <ul style="list-style-type: none"> ▪ setting threshold values for reporting certain indicators; ▪ introducing indicators for insurance contracts covering cyber risks; ▪ introducing indicators on climate risk and sustainable investments, market risk and counterparty risk; ▪ the establishment of reporting conditions for indicators relating to exposure to facultative reinsurance; ▪ introduction of indicators on crypto-assets, internal recapitalization, exposures to regional governments and local authorities; ▪ the power of supervisory authorities to request updated reporting; ▪ The draft rule ensures compliance with the recommendation in the EIOPA-BoS-2021/456 Guideline to require third country insurers to obtain an LEI code for branches. <p>The regulation was published in the Official Journal of Romania, Part I no. 254 of 28 March 2023.</p> |
| <p>Rule no. 12/2023 on amending and supplementing the Financial Supervisory Authority Regulation no. 41/2015 for the approval of the Accounting Regulations on the annual individual financial statements and the annual consolidated financial statements of entities carrying out insurance and/or reinsurance activity</p> | <p>The rules are a partial transposition of Directive (EU) 2021/2101 which mainly aims to:</p> <ul style="list-style-type: none"> ▪ the obligation for the highest-ranking parent companies whose consolidated net turnover exceeded the amount of 750,000,000 euros on their balance sheet date, for each of the last two consecutive financial years, as reflected in their annual consolidated financial statements, to prepare, publish and make available a report on corporate tax information for the most recent of those two consecutive financial years. Given the possibility given to Member States that have not adopted the euro to convert the threshold of 750,000,000 euros into national currency at the exchange rate valid on 21 December 2021, the amount of 3,700,000,000 lei (equivalent to 747,474,740 euros) was used in the drafts; |
| <p>Rule no. 13/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 36/2015 on Accounting rules regarding the annual individual financial statements and the annual consolidated financial statements applicable to brokerage firms carrying out insurance and/or reinsurance distribution activities</p> | <ul style="list-style-type: none"> ▪ determining the point at which a top-tier parent company is no longer subject to reporting obligations, i.e. when its consolidated net turnover at the balance sheet date falls below the threshold value for each of the last two consecutive financial years; ▪ regulating reporting obligations for sole proprietorships similar to those applicable to parent companies covered by Directive 2101/2021; ▪ regulating the reporting obligations regarding corporate income tax information applicable to sole proprietorships or parent companies of the highest-ranking and affiliated entities where these entities, including their branches, are established, have their registered office or have a permanent economic activity in Romania and in no other tax jurisdiction; ▪ regulating the corporate tax reporting obligations applicable to subsidiaries that are controlled by a parent company of the highest-ranking parent company not subject to national rules; ▪ regulating the reporting obligations regarding corporate income tax information applicable to Romanian branches established by companies from third countries; |

| | |
|--|--|
| | <ul style="list-style-type: none"> ▪ the content of the report on corporate tax information; ▪ introducing provisions on the Report on Corporate Tax Information: its publication and accessibility, the responsibility for preparing, publishing and ensuring access to this report, the role of the statutory auditor. <p>Rule no. 12/2023 was published in the Official Journal of Romania, Part I no. 275 of 3 April 2023.</p> <p>Rule no. 13/2023 was published in the Official Journal of Romania, Part I no. 266 of 30 March 2023.</p> |
| Rule no. 17/2023 for the amendment of Rule no. 34/2020 for the implementation of the Half-Yearly Accounting Reporting System applicable to insurance entities | <p>The rule mainly covers:</p> <ul style="list-style-type: none"> ▪ the exclusion from the scope of the rule of sub-units without legal personality (branches) established in Romania by intermediaries or auxiliary insurance intermediaries established in third countries, since the provisions of Law no. 236/2018 do not regulate the possibility for them to carry out distribution activity in Romania through a branch; ▪ adjustment of the Balance Sheet and Informative Data forms related to the half-yearly accounting reports applicable to the Policyholders Guarantee Fund, as regards the presentation of government securities. <p>The regulation was published in the Official Journal of Romania, Part I, no. 565 of 22.06.2023.</p> |
| Rule no. 24/2023 amending and supplementing the Financial Supervisory Authority Rule no. 24/2019 on the Policyholders Guarantee Fund | <p>The rule was drafted following the publication in the Official Journal of Romania of Law no. 112/2023, which brought a number of important amendments to Law no. 213/2015 on the Policyholders Guarantee Fund.</p> <p>The rule mainly covers:</p> <ul style="list-style-type: none"> ▪ regulating the obligation to pay a special contribution to the Fund and introducing the activity of branches opened in Romania by EEA insurers (generically referred to in the law as European insurers) within the scope of the protection offered by the Fund, which implicitly acquires the obligation to pay contributions; ▪ harmonization with the provisions of the primary legislation in order to ensure the clarity of the legal norm, including by mentioning European insurers, updating the annexes to highlight the situation of special contributions due and transferred to the FGA by insurers, mentioning that insurers do not owe interest and/or penalties for special contributions. <p>The rule was published in the Official Journal of Romania, Part I, no. 543 of 19.06.2023.</p> |
| Rule no. 25/2023 on the rates of contributions payable by insurers to the Policyholders Guarantee Fund | <p>The rule was drafted following the publication in the Official Journal of Romania of Law no. 112/2023¹⁸ which brought a number of important amendments to Law no. 213/2015 on the Policyholders Guarantee Fund.</p> <p>The rule mainly covers:</p> <ul style="list-style-type: none"> ▪ regulating the possibility for the Fund to collect from insurers, including European insurers, a special contribution which, unlike the |

¹⁸ Law no. 112/2023 on the approval of the Government Emergency Ordinance no. 102/2021 amending and supplementing Law no. 213/2015 on the Policyholders Guarantee Fund and amending other normative acts

| | |
|---|---|
| | <p>(permanent) contributions already regulated by law up to that time, will be returned to them at a later stage;</p> <ul style="list-style-type: none"> ▪ setting the percentage rates for the remaining period of 2023, as well as for the year 2024, related to both permanent and special contributions, separately for life insurance and general insurance activities; <p>The levels of the contributions have been set in the light of the Fund's analysis of the estimated amount of contributions needed to be collected to enable it to make payments of insurance claims to insurance creditors, the special contribution being currently regulated only for general insurance business.</p> <p>The Rule abrogates Rule no. 17/2015 on the contribution rates due to the Policyholders Guarantee Fund.</p> <p>The regulation was published in the Official Journal of Romania, Part I, no. 542 of 16.06.2023.</p> |
| Rule no. 28/2023 amending Article 13 para. (12) of the ASF Rule no. 20/2017 on motor insurance in Romania | <p>The rule provides for the amendment of Art. 13 para. (12) of Rule no. 20/2017¹⁹ and aims to extend by 30 days the deadline provided for by the provisions in force, so that the maximum period for the entry into force of MTPL contracts increases to 60 days from the conclusion of the contract.</p> <p>The rule was published in the Official Journal, Part I, No. 756 of August 21, 2023.</p> |
| Rule no. 37/2023 amending and supplementing Annexes 1 and 2 to the Financial Supervisory Authority Rule no. 34/2015 on the quantitative requirements established by the European Supervisory Authority for Insurance and Occupational Pensions | <p>The Rule amended Annexes 1 and 2 of Rule No. 34/2015²⁰. Those annexes contain EIOPA recommendations from two guides on contractual limits and technical reserves, and EIOPA has amended the guides that were the source for those annexes.</p> <p>The rule was published in the Official Journal Part I No. 1038 of 15 November 2023.</p> |
| Norm no. 38/2023 on compulsory insurance of dwellings against earthquakes, landslides and floods, published in the Official Journal, Part I no. 1127 of 14 December 2023 | <p>The rule was developed to implement the provisions of Law no. 260/2008, as amended by Law no. 115/2023. The norm was aimed at summarizing in a single normative act the provisions necessary for the implementation of the provisions of primary legislation concomitantly with the repeal of normative acts issued by the ASF on PAD insurance: Order no. 23/2008²¹, Order no. 7/2009²², Order no. 6/2011²³, Rule no. 6/2013²⁴, Rule no. 7/2013²⁵ on the form and clauses</p> |

¹⁹ Rule no. 20/2017 on motor insurance in Romania

²⁰ ASF Regulation no. 34/2015 on the quantitative requirements established by the European Supervisory Authority for Insurance and Occupational Pensions

²¹ Order no. 23/2008 for the implementation of the Rules on the authorization of insurers for the conclusion of compulsory insurance of dwellings against earthquakes, landslides or floods

²² Order no. 7/2009 for the implementation of the Rules on the ascertainment, assessment and settlement of damages in compulsory insurance of dwellings against earthquakes, landslides or floods

²³ Order no. 6/2011 approving the Implementing Rules of Law no. 260/2008 on compulsory insurance of dwellings against earthquakes, landslides and floods

²⁴ Rule no. 6/2013 on the Natural Disaster Insurance Pool

²⁵ Rule no. 7/2013 on the form and clauses contained in the contract of compulsory insurance of dwellings against earthquakes, landslides and floods

| | |
|---|--|
| | contained in the contract of compulsory insurance of dwellings against earthquakes, landslides and floods. |
| Regulation no. 6/2023 on the temporary non-application of the quota for the exercise of supervision and control of compulsory motor third party liability insurance against damage to third parties caused by accidents to vehicles and trams | <p>The regulation was developed in the context of the publication in the Official Journal of Romania of the Government Decision no. 298/2023²⁶ and provides for the suspension of the insurers' obligation to calculate and transfer to the ASF the monthly contribution for the exercise of supervision and control of the MTPL insurance activity, for all MTPL contracts concluded during the period of application of any normative acts establishing maximum premium rates for MTPL insurance.</p> <p>The Regulation was published in the Official Journal, Part I No. 343 of 24 April 2023.</p> |
| Regulation no. 8/2023 on the temporary non-application of the levy on income from the distribution of insurance against civil liability in respect of motor liability insurance | <p>The Regulation provides for the suspension for a determined period of the obligation of the main intermediaries to transfer to the ASF the quarterly fee for the operation or carrying out of the distribution activity for the insurance contracts distributed, related to motor third party liability insurance, for the use of land motor vehicles, including carrier's liability, related to class 10, Section A of Annex no. 1 to Law no. 237/2015.</p> <p>The Regulation was published in the Official Journal, Part I No. 476 of 30 May 2023.</p> |
| Regulation no. 14/2023 on the temporary non-application of the rates laid down in points 3, 6 and 9 of Annex no. 2 to the Regulation of the Financial Supervisory Authority No. 16/2014 on the revenues of the Financial Supervisory Authority | <p>The Regulation amends Regulations No. 6/2023²⁷ and 8/2023²⁸ and was drafted in the context of the publication of Government Decision no. 923/2023²⁹.</p> <p>The Regulation was published in the Official Journal of Romania, Part I, No. 1029 of 13 November 2023.</p> |

In 2023, the following **draft rules were in the elaboration stage** (for public consultation/approval):

| | |
|---|---|
| Draft Regulation amending the Financial Supervisory Authority Regulation no. 41/2015 for the approval of the Accounting Regulations on the | <p>The project mainly aims to:</p> <ul style="list-style-type: none"> ▪ updating the provisions from a mutual company perspective; |
|---|---|

²⁶ Government Decision no. 298/2023 on the establishment of maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor third party liability insurance for damage caused to third parties by accidents involving vehicles and trams

²⁷ Regulation no. 6/2023 on the temporary non-application of the quota for the exercise of supervision and control of compulsory motor third party liability insurance against damage to third parties caused by accidents to vehicles and trams

²⁸ Regulation no. 8/2023 on the temporary non-application of the levy on income from the distribution of insurance against civil liability in respect of motor liability insurance

²⁹ Government Decision no. 923/2023 for the extension of the period of application of the provisions of Government Decision no. 298/2023 on the establishment of maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents

| | |
|---|---|
| individual annual financial statements and the consolidated annual financial statements of entities carrying out insurance and/or reinsurance activity | <ul style="list-style-type: none"> revised and completed for clarification purposes following the publication on the European Commission's website of clarifications on Directive (EU) 2021/2101³⁰. |
| Draft Regulation amending the Financial Supervisory Authority Regulation no. 41/2015 for the approval of the Accounting Regulations on the individual annual financial statements and the consolidated annual financial statements of entities carrying out insurance and/or reinsurance activity | The draft aims to transpose Art. 1 of Directive (EU) 2022/2464 ³¹ and Directive (EU) 2023/2775 ³² . |
| Draft Regulation amending the Financial Supervisory Authority Regulation No. 36/2015 on Accounting rules regarding the individual annual financial statements and the consolidated annual financial statements applicable to brokerage firms carrying out insurance and/or reinsurance distribution activities | The draft aims to revise and complete for clarification purposes following the publication on the European Commission (COM) website of clarifications on Directive (EU) 2021/2101. |
| Draft Regulation amending Regulation No. 18/2017 on the procedure for dealing with petitions regarding the activity of insurance and reinsurance undertakings and insurance brokers | The draft amendment takes into account the recommendation issued by the Internal Audit Service (IAS) audit team following the audit mission on the petitions activity and its findings. |

³⁰ Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards the disclosure of corporate tax information by certain undertakings and branches

³¹ Directive (EU) no. 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) no. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards sustainability reporting by undertakings

³² Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council as regards the adjustment of the size criteria for micro, small, medium and large enterprises and small, medium-sized and large enterprises or groups

| | |
|---|---|
| Draft Rule for amending and supplementing Rule no. 25/2023 on the rates of contributions due by insurers to the Policyholders Guarantee Fund | The bill aims to change the percentage rates for 2024 to 2% permanent contribution for general insurance and 5% special contribution rate. |
| Draft Regulation amending Regulation No. 22/2021 on insurance distribution | <p>The project mainly aims to:</p> <ul style="list-style-type: none"> ▪ introducing the obligation to have the LEI code - the legal entity identifier; ▪ clarification of certain provisions; ▪ provisions on the documentation and information necessary for the verification by the Authority of applicants for the granting of authorization/permit; ▪ updating the reporting templates in the annexes to the standard, by checking with the specialized structures the templates and their possible replacement/modification. |
| Draft Regulation amending Regulation No. 23/2021 on the professional training of insurance and/or reinsurance distributors | <p>The project mainly aims to:</p> <ul style="list-style-type: none"> ▪ corroboration of the provisions on the period of suspension of the individual employment contract with the provisions of Rule 22/2021; ▪ modification of the provisions on the professional training program in case of change of distributor category; ▪ clearer wording of the provisions on cases of new appointments to the post separately from cases where they are already approved/registered in an executive post; ▪ amending the provisions on the approval of lecturers; ▪ amending the provisions on the requirements and documents necessary for the authorization of training providers. |
| Draft Rule on the application of the Solvency II regime at company level and repealing Rules No. 34/2015 ³³ and No. 35/2015 ³⁴ | The project systematizes and unifies the quantitative and qualitative guidelines issued by EIOPA in the Solvency II regulatory framework, currently applicable as such in Romania in accordance with ASF Rules no. 34/2015 and no. 35/2015. |

4.5. Regulatory activity in the private pension sector

In 2023, in order to strengthen the legal framework applicable to the private pension system, ASF submitted contributions and views on all draft primary legislation and developed secondary regulations necessary for the optimal performance of the actions of all entities involved in the field.

³³ Rule no. 34/2015 on the quantitative requirements established by the European Supervisory Authority for Occupational Insurance and Pensions

³⁴ Rule no. 35/2015 on quality requirements set by the European Supervisory Authority for Occupational Insurance and Pensions

At the level of secondary legislation, a number of 23 normative acts have been drafted, debated, adopted and submitted for publication in the Official Journal of Romania, issued on the basis of Law no. 411/2004 on privately managed pension funds and Law no. 204/2006 on voluntary pension funds, which aimed not only to update the secondary normative framework, following the changes in the primary legislation, but also to detail, through regulations, the newly arising situations and to complete the secondary legislation in the field of private pensions.

The ASF supported the dialog with representatives of the Association for Privately Managed Pensions in Romania (A.P.A.P.R.), which aimed to identify solutions to address the problems that have arisen in practice, with a view to amending the primary legislative framework in the field of private pensions, namely Law no. 411/2004 on privately managed pension funds, republished, as subsequently amended and supplemented, and Law no. 204/2006 on voluntary pensions, as subsequently amended and supplemented.

In the exercise of its duties, during 2023, ASF cooperated with Romanian authorities, namely the Ministry of Finance, the Ministry of Labor and Social Protection, the Ministry of Foreign Affairs, the Ministry of Justice, the Romanian Parliament, according to the law and/or agreements/protocols concluded with them, by exchanging information and technical opinions on draft legislation of interest for the private pension sector, with the aim of developing new forms of saving for retirement, strengthening the stability and integrity of the private pension system in Romania.

4.5.1. Cooperation with the Ministry of Finance

Finalization of the transposition of Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards the disclosure by certain undertakings and branches of information on corporate tax. The regulatory subject matter of Directive 2013/34/EU is the introduction of the obligation for certain undertakings and branches to submit corporate tax information. Member States shall ensure the entry into force of the provisions of Directive (EU) 2021/2101 by June 22, 2023 (opinion issued by the MF on the basis of the Accounting Law no. 82/1991, by letter no. 17984/12.01.2023).

At the initiative of ASF, a working meeting was held on 24 November 2023 at the ASF headquarters attended by representatives of ASF, the Ministry of Finance and the A.P.A.P.R., during which the provisions applicable to the private pension system provided by Law No. 309/2022 for the amendment of Law No. 227/2015 on the Tax Code (Law No. 309/2022) and Law No. 282/2023 for the amendment and completion of some normative acts in the field of service pensions and Law No. 227/2015 on the Tax Code (Law No. 282/2023), both in force as of 1 January 2024, were analyzed. With regard to Law no. 309/2022, the aspects concerning the method of determining the net contributions of the participants in private pension funds were clarified, and with regard to Law no. 282/2023, the provisions concerning the calculation of the tax on pension income and the payment term were analyzed and clarified.

4.5.2. Cooperation with the National Public Pension Fund

In order to update the legal framework for cooperation with C.N.P.P. regarding the mutual transmission of data processed within the technical processes specific to privately managed pension funds, to ensure the exchange of information on participants who have requested the termination of the payment of contributions, and who wished to return to the privately managed pension system with the resumption of the payment of contributions, it was identified the need to conclude an additional act to the Protocol ASF no. P4039/30.07.2015 and C.N.P.P. no. 159/IC/27.08.2015. The draft addendum is in the process of being approved by the C.N.P.P.

At the same time, in the context of the A.P.A.P.R.'s proposals to amend Annexes no. 6 and 7 to the ASF - C.N.P.P. Protocol, C.N.P.P. has submitted proposals to amend ASF Regulation no. 1/2015 on the membership and record of participants in privately managed pension funds, as subsequently amended and supplemented (concerned are art. 6, art. 7 and art. 8). In this regard, ASF has sent C.N.P.P. an invitation to participate in a working meeting.

4.5.3. Working with the European Insurance and Occupational Pensions Authority (EIOPA)

Collaboration with EIOPA consisted in providing answers to questionnaires sent to Member States, responding to various requests for information, as well as participating in the work of the EIOPA network of pension experts (Expert Network 7).

4.5.4. Cooperation with the Organization for Economic Cooperation and Development (OECD)

In order to prepare Romania's accession to the OECD, self-assessment sheets have been prepared for the OECD legal instruments related to the compliance of the regulations and the organization of the Romanian private pension system with the principles laid down in those instruments, namely the OECD Core Principles of Private Pension Regulation - 0429 and the OECD Recommendation for the Good Design of DC Pension Plans - 0467.

In addition, the answers to the questions submitted by the OECD Secretariat following Romania's self-assessment in relation to the above-mentioned legal instruments were formulated and the materials were prepared for the presentation and explanations of the self-assessment by the representatives of the Financial Supervisory Authority at the meeting of the OECD Working Party on Private Pensions (WPPP) held on 5-6 December 2023, at the OECD headquarters in Paris, France.

❖ Secondary legislation

| | |
|---|---|
| Rule no. 2/2023 on the administration fee for privately managed pension funds, published in the Official Journal | Rule No. 2/2023 replaced Rule No. 3/2019 on the management fee for privately managed pension funds, without substantial changes to its content. Thus, the content of the provisions relating to the fee out of the total assets of the privately managed pension fund in Rule No. 2/2023 differs from those in Rule No. 3/2019 in that the references to the fee out of the total net assets of the privately managed |
|---|---|

| | |
|---|---|
| of Romania, Part I no. 88 of February 1, 2023. | pension fund have been removed. At the same time, the provisions referring to the commission on contributions, as well as other provisions that have become obsolete, have been removed from the text. In addition, the reference to Article 86 of Law no. 411/2004 has been amended compared to Rule no. 3/2019. |
| Rule no. 3/2023 for the amendment of Rule no. 11/2008 on the collection of individual contributions of participants in privately managed pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 23/2008, published in the Official Journal of Romania, Part I no. 134 of 16 February 2023 | <p>It includes provisions on:</p> <ul style="list-style-type: none"> - amending Art. 8 para. (1) of Rule no. 11/2008, for the clarity of the rule in identifying all situations that may lead to the application of the procedure for regularization of negative contributions by the CNPP; -amendment of the provisions of art. 15¹ and art. 15² of Rule no. 11/2008 following the amendment of art. 86 para. (1) of the Law no. 411/2004, namely the elimination of the provisions which established the deduction by the administrators of the management fee from the gross monthly contribution. |
| Rule no. 4/2023 for amending and supplementing Rule no. 11/2011 on the investment and asset valuation of private pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 22/2011, published in the Official Journal of Romania, Part I no. 142 of 20 February 2023. | <p>The amendments made by the legislative act mainly concern the following:</p> <ul style="list-style-type: none"> -the meaning of some terms used in Rule no. 11/2011; -introducing some obligations of the administrators of privately managed pension funds and voluntary pension funds regarding the conduct of investment and valuation of private pension funds' assets in accordance with the provisions of the GEO no. 174/2022; -obligation of the manager to implement, through internal procedures, early warning systems in case the value of a financial instrument in the portfolio decreases by at least 10% compared to the acquisition value, triggering the obligation to re-evaluate the holdings in the pension fund portfolio and to adopt measures taken at the level of the management structure of the manager; -modification of the percentage of allocation of private pension funds' assets to private equity investments in order to be in line with the provisions of GEO no. 174/2022; -the possibility for administrators to invest up to 10% of the assets of private pension funds in an issuer where the Romanian state holds, directly or indirectly, a stake of more than 50% of the share capital of the issuer; -the possibility for the administrator to invest the assets of privately managed or voluntary pension funds in unrated or under-rated corporate bonds issued by Romanian legal entities, if the Romanian state holds, directly or indirectly, a minimum 50% stake in the share capital of the issuer; -description of the activity of investing the assets of the pension fund in shares and bonds issued by project companies or in private equity investments; --inclusion of private placement offers in the exceptions provided for in Article 22 (2) and (4); -the valuation of fixed income financial instruments, in the sense of entering the price source as displayed by the quote provider Bloomberg Finance L.P. (source BVL4) or as displayed by the quote provider Thomson Reuters S.A. (source RRPS); -introducing provisions on the rounding method in the valuation of fixed-income financial instruments; |

| | |
|--|---|
| | <ul style="list-style-type: none"> -introduction of provisions for the calculation of the daily accrued interest, according to which only the interest rate at the level of the calculation formula/agreement for the first day included will be used for this calculation; -completion of provisions on the valuation of private equity assets; -introduction of provisions on the amounts that are included in the denominator of the formula for calculating the degree of risk; -completion of the provisions regarding the duties of the investment director, in order to correlate with the provisions of GEO no. 174/2022; -introduction of transitional provisions on private equity investments. |
| Rule no. 7/2023 amending Rule no. 7/2007 on the prospectus of the private pension scheme, approved by the Decision of the Supervisory Commission of the Private Pension Scheme no. 26/2007, published in the Official Journal of Romania, Part I no. 171 of 28 February 2023 | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -amend the provisions of Art. 4 para. (2) letter o), the provisions of art. 4¹ para. (2) letter l) and art. 20 of Rule no. 7/2007 as well as art. 4 and art. 5 of the Administration Framework Contract, Annex no. 1 to the Rule, in order to eliminate the references to the commission charged to the administrator from the gross contributions paid by the participants and to establish the level of the administration commission as a percentage of the total assets of the pension fund, following the amendment of the provisions of art. 86 of Law no. 411/2004 on privately managed pension funds, republished as subsequently amended and supplemented. |
| Rule no. 8/2023 amending Rule no. 16/2010 on the prospectus of the optional pension scheme, approved by the Decision of the Supervisory Commission of the Private Pension System no. 27/2010, published in the Official Journal of Romania, Part I no. 167 of 27 February 2023 | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -amend the provisions of Art. 5 point 2 letter r), Art. 6 point 2 letter n), Art. 23 para. (3), art. 33 of Rule no. 16/2010 and art. 4 of Annex no. 1 to the Rule in order to eliminate the references to the commission charged to the administrator from the gross contributions paid by the participants, following the amendment of the provisions of art. 92 para. (2) of Law no. 204/2006 on Voluntary Pensions, as amended; -the listing of the fees and charges borne out of the total assets of the pension fund and how they are levied, both in the simplified and the detailed prospectus. |
| Rule no. 14/2023 for amending and supplementing the Financial Supervisory Authority Rule no. 22/2020 on the temporary amendment of the maximum limit applicable to investments of private pension funds in government securities, published in the Official Journal, Part I no. 275 of 3 April 2023 | <p>The normative act extends the period established by Rule no. 22/2020, with subsequent amendments, which allows administrators to invest the assets of the private pension funds they manage in government securities issued by the Ministry of Finance of Romania, Member States of the European Union or belonging to the European Economic Area, in a percentage that may exceed the limit of 70% established by the regulations, the conditions and exemptions established by Rule no. 22/2020 shall remain valid and may be applicable only if the manager decides to apply the provisions of the Rule and, at the same time, has in its portfolio investments that lead to exceeding the limit of 70% of assets in government securities. Within 180 calendar days from the date of expiry of the period laid down in the draft rule, the administrator that has applied the provisions of the rule must return to the limits imposed by Art. 25 para. (1) letter b) of Law no. 411/2004, Art. 87 para. (1) letter b) of Law no. 204/2006 and Rule no. 11/2011 on the investment and valuation of private pension funds' assets, as amended and supplemented.</p> |
| Rule no. 15/2023 for amending and supplementing Rule no. | Includes amendments on: |

| | |
|---|---|
| <p>11/2011 on the investment and asset valuation of private pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 22/2011, published in the Official Journal, Part I no. 463 of 26 May 2023</p> | <ul style="list-style-type: none"> -introduction of provisions regarding the situation in which the administrator who decides to subscribe to public offerings for sale of issuers that are legal entities in Romania, in which the Romanian state holds, directly or indirectly, a stake of at least 50% of the share capital, exceeds the risk level assumed by the pension scheme prospectus, is obliged to return to that risk level within a maximum period of 180 days from the date of allocation of shares; -introduction of provisions regarding the possibility to exceed the exposure to the depository bank, in case of subscription in public offerings for sale of issuers that are legal entities in Romania, in which the Romanian state holds, directly or indirectly, a stake of at least 50% of the share capital; -introduction of provisions relating to the recognition of newly issued shares subscribed in the framework of a public offering for sale, i.e. on the date of allotment of shares in accordance with the provisions of the offer prospectus; -introducing the possibility of over-the-counter (OTC) trading for bonds issued by the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank, admitted to trading and for bonds issued by foreign non-governmental organizations, admitted to trading; -introducing provisions for correlation with the provisions of primary legislation regarding the investment of pension fund assets in private equity investments. |
| <p>Rule no. 18/2023 amending Rule no. 18/2009 on the operations of receipts and payments made through the accounts of the voluntary pension fund, approved by the Decision of the Council of the Supervisory Commission of the Private Pension System no. 26/2009, published in the Official Journal of Romania, Part I no. 545 of 19 June 2023</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -removal of the provisions on the management fee from gross contributions; -updating certain legislative references in Rule no. 18/2009, regarding the management fee from the net assets of the pension fund, in accordance with Art. II item 46 of GEO no. 174/2022. |
| <p>Rule no. 19/2023 for amending and supplementing Rule no. 15/2009 on the collection and payment operations carried out through the accounts of the privately managed pension fund, approved by the Decision of the Council of the Supervisory Commission of the Private Pension System no. 23/2009, published in the Official Journal of Romania, Part I no. 545 of 19 June 2023</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -removal of the provisions on the management fee from gross contributions; -updating certain legislative references in Rule no. 18/2009, regarding the management fee from the net assets of the pension fund, in accordance with Art. I item 34 of GEO no. 174/2022. |

| | |
|--|---|
| <p>Regulation no. 20/2023 amending the Regulation of the Financial Supervisory Authority no. 1/2015 on the membership and record of participants in privately managed pension funds, published in the Official Journal of Romania, Part I no. 555 of 20 June 2023</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -elimination of references to degrees of invalidity, following the amendment of Articles 37 and 136 of Law no. 411/2004; -elimination of the references to the general limitation period, following the addition of a new paragraph to the provisions of Article 136 of Law no. 411/2004, which specifies that <i>"the right of participants and beneficiaries to claim payment of net personal assets or private pension is not subject to a statute of limitations"</i>; -amend the provisions of Art. 8¹ para. (1) following the repeal of para. (6) of Article 32 of Law no. 411/2004; -updating the content of the annexes to the rule, namely the Framework Agreement of Accession and the Framework Application on the resumption of the payment of the contribution to the privately managed pension fund, in accordance with the requirements of Regulation no. 679 of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation). |
| <p>ASF Regulation no. 26/2023 amending and supplementing Regulation no. 7/2010 on the rates of return of privately managed pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 9/2010, published in the Official Journal of Romania, Part I no. 749 of 17 August 2023</p> | <p>Which includes provisions on:</p> <ul style="list-style-type: none"> -amendments resulting from the alignment of the provisions of the rule with those of Article 52 of Law no. 411/2004; -complements regarding the regulatory unity with Rule no. 10/2009 on the rates of return of voluntary pension funds, in the sense of introducing the obligation of the depositary of a privately managed pension fund to calculate and report quarterly to ASF the rate of return of the pension fund, as well as provisions regarding the monthly calculation and publication by ASF of the rates of return provided for by Rule no. 7/2010; -amendment of the article regarding the sanctions applied to the administrator, in case of non-compliance with certain obligations, as a result of the completion of Law no. 411/2004, by GEO no. 174/2022. |
| <p>ASF Regulation no. 27/2023 amending Regulation no. 10/2009 on the rates of return of voluntary pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 13/2009, published in the Official Journal of Romania, Part I no. 749 of 17 August 2023.</p> | <p>The main changes introduced by the legislative act are:</p> <ul style="list-style-type: none"> -amendment of the articles related to: when the administrator calculates the fund's rate of return, when it publishes that rate of return, and when the ASF warns the administrator if the annualized rate of return of the fund managed by it is below the minimum rate of return of all voluntary pension funds in that risk category; -amendment of the article regarding the sanctions applied to the administrator, in case of non-compliance with certain obligations, as a result of the completion of Law no. 204/2006, by GEO no. 174/2022. |
| <p>ASF Regulation no. 29/2023 for amending and supplementing the Financial Supervisory Authority Regulation no.</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -division of Annex no. 1C - Situation of "OUT" transfers and use of participants' personal assets for the month (...) into 3 individual annexes, which will separately reflect the situation of "OUT" transfers - Annex no. 1C, the Situation of the use of |

| | |
|---|---|
| <p>19/2021 on the reporting and transparency obligations in the private pension system, published in the Official Journal of Romania, Part I no. 861 of 25 September 2023,</p> | <p>participants' personal assets in case of retirement and disability - Annex no. 1H and the Situation of the use of participants' personal assets in case of death - Annex no. 1I, so that the supervision activity can more accurately track transactions relating to participants;</p> <ul style="list-style-type: none"> -modification of the details of an operation code in Annex 1B - Statement of "IN" transfers for the month (...); -modification of the date of transmission of the rate of return by administrators from the last day of the quarter to the first working day of the quarter following the quarter for which the reporting is made; -completion of Annex no. 5B - Annual report and annual financial statements of the administrator as at (...) with the obligation for the administrator to include in the annual report also sustainability information in accordance with the provisions of Article 11 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector; -introduction of a new annex, Annex no. 9B, which will report the situation of the administrator's assets, according to the provisions of the primary legislation, as amended by GEO no. 174/2022; Annex no. 9 becomes Annex no. 9A; -introducing the obligation of rate of return reporting by depositaries, both for Pillar II and Pillar III; -introduction of the obligation for the depositary to report the persons holding management positions within the organizational structure/structures within which the activities of storage and custody of private pension funds' assets are carried out, the person responsible for the storage activity, approved by ASF, as well as the notification of their replacements; -update of Annex No. 24 - Technical indications to be reported, with the newly introduced annexes; -modification/completion of some annexes of the normative act in order to correlate with the above mentioned amendments. |
| <p>ASF Regulation no. 30/2023 for amending and supplementing the Financial Supervisory Authority Regulation no. 22/2016 on the authorization for the establishment of pension companies and the authorization for the management of privately managed pension funds, published in the Official Journal of Romania, Part I no. 897 of 05 October 2023</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -completion of the conditions to be fulfilled by the founders, natural and legal persons; -completion of the necessary documents related to the application for authorization to set up an administrator; -modification of the conditions that must be met by the space intended for the registered office and that intended for secondary offices; -modification of the necessary documents related to the application for management authorization; -Art. II of the normative act introduces transitional provisions regarding the status of applications for approval submitted to ASF and under analysis on the date on which the rule enters into force; -the listing of the fees and charges borne out of the total assets of the pension fund and the way they are levied, both in the simplified and the detailed prospectus. |
| <p>ASF Regulation no. 31/2023 for amending and supplementing</p> | <p>It includes provisions on:</p> |

| | |
|--|---|
| the Financial Supervisory Authority Regulation no. 23/2016 on the authorization for the establishment of pension companies and the authorization for the management of voluntary pension funds, published in the Official Journal, Part I no. 926 of 13 October 2023 | <ul style="list-style-type: none"> -completion of the conditions to be fulfilled by the founders, natural and legal persons; -completion of the necessary documents related to the application for authorization to set up an administrator; -modification, in order to clarify the provisions relating to the members of the management structure and persons occupying key positions; -modification of the necessary documents related to the application for management authorization; -Art. II of the normative act introduces transitional provisions regarding the status of applications for approval submitted to ASF and under analysis on the date on which the rule enters into force. |
| ASF Regulation no. 34/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 27/2017 on the use of the net personal assets of the participant in a privately managed pension fund, published in the Official Journal, Part I no. 920 of 12 October 2023 | <p>Includes amendments on:</p> <ul style="list-style-type: none"> -completion of the article containing the terms and expressions used in the standard, with reference to Article 3 of Regulation (EU) no. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC; -completion of the list of documents required for the use of the participant's net personal assets in the event of retirement due to old age, respectively the document by which participants who have worked in the judiciary are released from their duties upon retirement; -completion of the provisions of the normative act with reference to the possibility of transmitting to the administrator, via electronic means of communication, documents issued in electronic format by state institutions; -elimination, from the content of the rule, of the references to the degrees of invalidity, as a result of the amendment of Articles 37 and 136 of Law no. 411/2004, respectively the medical decision on the ability to work; -the right of beneficiaries of deceased members to choose between the accumulation of accounts, if they are a member of a pension fund, or a lump sum payment or installment payments over a maximum period of 5 years, without penalty, regardless of whether the beneficiary is a member or not; -completion of the provisions of the normative act with reference to the possibility of sending to the administrator, via electronic means of communication, the documents issued by the pension funds/notaries in electronic format, signed with a qualified electronic signature; -introduction of provisions regulating the legal framework regarding the reimbursement of the outstanding amount due to the beneficiary of the deceased participant in installment payment; -complementing the provisions of the normative act with the introduction of the term within which the fund units are canceled. |
| ASF Regulation no. 35/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 28/2017 on the use of the net | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -elimination, from the content of the rule, of the references to the general limitation period, as a result of the addition of a new paragraph to the provisions of Article 93 of Law no. 204/2006, which specifies that <i>"The right of participants and</i> |

| | |
|---|---|
| personal assets of the participant in an voluntary pension fund, published in the Official Journal, Part I no. 932 of 16 October 2023 | <p><i>beneficiaries to claim payment of net personal assets or private pension is not subject to limitation";</i></p> <ul style="list-style-type: none"> -elimination, from the content of the rule, of the references to the degrees of invalidity, as a result of the amendment of art. 94 of Law no. 204/2006, respectively the medical decision on the ability to work; -completion of the provisions of the normative act on the introduction of a new way of signing the request for payment of the net asset by the participants who benefit from disability pension, as well as by the beneficiaries, namely by means of qualified electronic signature; -completion of the provisions of the normative act with reference to the possibility of sending to the administrator, via electronic means of communication, the documents issued by the pension funds/notaries in electronic format, signed with a qualified electronic signature; -completion of the provisions of the normative act with reference to the possibility of transmitting the documentation necessary for the use of the net personal asset by electronic means of communication; -introduction of a 3-year period within which the voluntary pension fund manager shall annually resubmit the information on the beneficiaries' rights to the personal assets of the deceased member, in the event that it does not receive any request for payment of the assets from any beneficiary; -the period during which the personal assets of the deceased participant are managed; -introduction of provisions establishing the legal framework for the collection of the outstanding amount due to the beneficiary of the deceased participant by payment in instalments; -complementing the provisions of the normative act with the introduction of the term within which the fund units are canceled. |
| ASF Regulation no. 39/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 10/2014 on the storage and custody of assets of voluntary pension funds, published in the Official Journal, Part I no. 1131 of 14 December 2023 | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -establishing the conditions and documents necessary for the approval of the person responsible for the depository activity, as well as the conditions under which such approval ceases to be valid or is withdrawn by ASF; establishing that the credit institution will be represented in its relations with ASF by the person responsible for the depository activity; -introducing the obligation for the depository to put in place procedures on how to reconcile in the event of disagreements between the administrator and the depository on the determination of the net asset value and the fund unit. -establishing a period of 60 days within which the depository is obliged to submit to the Authority the documentation for the approval of the person responsible for the storage activity. |
| ASF Regulation no. 40/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 11/2014 on the storage and custody of privately managed | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -establishing the conditions and documents necessary for the approval of the person responsible for the depository activity, as well as the conditions under which such approval ceases to be valid or is withdrawn by ASF; establishing that the credit institution will be represented in its relations with ASF by the person responsible for the depository activity; |

| | |
|--|--|
| pension funds assets, published in the Official Journal, Part I no. 1148 of 19 December 2023 | <ul style="list-style-type: none"> -Introduction in the text of the Rule of the obligation for the depositary and the administrator to put in place procedures on how to reconcile the net asset value and the fund unit value calculated by the depositary and the administrator; -establishing a period of 60 days within which the depositary is obliged to submit to the Authority the documentation for the approval of the person responsible for the storage activity. |
| ASF Regulation no. 41/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 3/2014 on internal control, internal audit and risk management in the private pension system, published in the Official Journal, Part I no. 1128 of 14 December 2023 | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -restructuring the article containing the definitions used in the normative act; -introducing, for the internal control structure, the obligation to verify the existence of the possibility that the transactions carried out by the administrator can be reconstructed, including the parties involved, the time and place where they were carried out, and the keeping of records of the transactions carried out, as well as the obligation of that structure to ensure that the transactions in the administrator's own interest were carried out in accordance with the applicable legal provisions, to verify how they were approved and how potential conflicts of interest were managed; -amend the provisions on the personal transactions register; -completion of the articles on the requirements to be met by persons who lead the internal control, internal audit and risk management structures, i.e. persons who carry out the above activities other than those who lead the structures. Accordingly, persons responsible for the management of those structures must meet and maintain throughout the period of their activity the suitability requirements laid down in the approval or notification, as appropriate, and persons performing internal control and risk management activities, other than persons responsible for the management of the structures, must have the necessary training to perform those tasks; -regulating the obligation for managers to consider counterparty risk, foreign exchange risk and sustainability risks, as appropriate, in their risk management policy; -elimination of obsolete provisions regarding the periodic assessment of administrators for the annual classification in an IT risk category by ASF, taking into account the fact that, starting with 2023, this classification is carried out on the basis of the provisions of ASF Rule no. 4/2018 on the management of operational risks generated by the IT systems used by entities authorized/approved/registered, regulated and/or supervised by the Financial Supervisory Authority, as amended and supplemented; -introduction of a provision on the obligation for occupational pension fund managers to set up and operate networks and IT systems in accordance with Regulation (EU) 2022/2554; -updating the provisions on legal liability in accordance with Law no. 411/2004 and Law no. 204/2006, as amended and supplemented by GEO no. 174/2022. |

- **In 2023, the following approved normative acts were being published in the Official Journal, Part I:**

| | |
|--|--|
| <p>ASF Regulation no. 42/2023 amending and supplementing Regulation no. 3/2013 on the marketing activity of privately managed pension funds.</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -defining the person responsible for marketing activity; -introducing the obligation of its approval by ASF; -establishing the specific conditions for the person responsible for the marketing activity of the privately managed pension fund and the documents required to be submitted to ASF for approval; -establishing the procedure for endorsing and withdrawing the opinion of the responsible person; -establishing, for legal entities marketing agents, the obligation to notify the ASF of any changes to the documents relating to the marketing activity they carry out; -elimination of the requirement to re-register marketing agents and its replacement with the obligation to conduct regular training; -introducing the possibility to carry out the entire process of approval/withdrawal of approvals also by electronic means; -introduction of provisions related to the regime of accession acts issued by computerized systems; -amendment of the provisions regarding the sanctions applied by the ASF according to the provisions of GEO no. 174/2022. |
| <p>ASF Regulation no. 43/2023 for amending and supplementing the Financial Supervisory Authority Regulation no. 16/2013 on the marketing activity of the voluntary pension fund</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -defining the person responsible for marketing activity; -introducing the obligation of its approval by ASF; -establishing the specific conditions for the person responsible for the marketing activity of the voluntary pension fund and the documents required to be submitted to the ASF for approval; -establishing the procedure for endorsing and withdrawing the opinion of the responsible person; -establishing, for legal entities marketing agents, the obligation to notify ASF of any changes to the documents relating to the marketing activity they carry out; -elimination of the requirement to re-register marketing agents and its replacement with the obligation to conduct regular training; -introducing the possibility to carry out the entire process of approval/withdrawal of approvals also by electronic means; -introduction of provisions related to the regime of accession acts issued by computerized systems; -modification of the provisions regarding the sanctions applied by the ASF according to the provisions of GEO no. 174/2022. |

- **In 2023 the accounting regulations for entities authorized, regulated and supervised by ASF in the field of private pensions were updated**

| | |
|--|---|
| <p>ASF Regulation no. 5/2023 on amending and supplementing the Financial Supervisory Authority Regulation no.</p> | <p>It includes provisions on:</p> <ul style="list-style-type: none"> -definition of concepts introduced as a result of the transposition of Directive 2021/2101 (e.g. ultimate parent, annual consolidated financial statements, tax jurisdiction, autonomous entity, net turnover); |
|--|---|

| | |
|---|---|
| 14/2015 on accounting regulations in line with the European Directives applicable to the private pension system, published in the Official Journal of Romania, Part I no. 147 of 21 February 2023 | -introducing the obligation to prepare and publish the report on corporate income tax information; -exemption from the obligation to prepare and publish the report on corporate tax information for autonomous entities or ultimate parent companies and their affiliated entities where these entities, including their branches, which are established, have their permanent establishment or permanent business establishment or a permanent business activity in the territory of only one Member State and in no other tax jurisdiction; -introduction of provisions on the currency used; -introducing clarifications on the role of the statutory auditor. |
|---|---|

Please note that at the end of 2023, the following draft standards were in the process of development/approval:

- Draft Regulation amending and supplementing Regulation no. 7/2009 on the special administration of privately managed pension funds,
- Draft Regulation amending and supplementing the Regulation no. 8/2009 on the special administration of voluntary pension funds,
- Draft Rule amending Rule no. 13/2012 on the actuarial calculation of the technical provision for privately managed pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 23/2012,
- Draft Rule amending the Financial Supervisory Authority Rule no. 26/2015 on the actuarial calculation of the technical provision.

5. Authorization - approval activity

5.1. Authorization / Approval in the financial instruments and investments sector

During 2023, the authorization activity in the Financial Instruments and Investments Sector aimed to increase the role of institutional investors, an objective that is also part of the Strategy for the development of the capital market 2023-2026. This objective has 2 specific levels, namely: *i) to continue the process of simplification, de-bureaucratization and streamlining of the authorization/registration operations/procedures* and *ii) to increase the degree of digitalization of the authorization process*.

Thus, a significant aspect of the work of the authorization segment in the area of financial instruments and investments has been the continuation and acceleration of the digitalization process.

ASF has come to the support of the authorized, regulated and supervised entities in order to resolve the requests received quickly, efficiently and transparently, while facilitating the document transmission flows required by the legal framework in force and, implicitly, reducing the period of time for the resolution of requests.

As part of the ASF's digitalization strategy, such as simplifying and streamlining the way of transmitting information on persons providing investment services on the capital market, both within the FISC and banks, according to ASF Regulation no. 5/5/2023³⁵, in order to streamline the way of keeping the records of the staff of intermediaries providing MiFID services and the requirements for continuous professional training, the necessary information was introduced by the entities in the electronic platform "Authorization Portal" - , "People's records" module. Therefore, in the context of the intensification of the digitization phenomenon, starting from the need to strengthen the institutional capacity in terms of eliminating bureaucratic processes and improving communication between the Authority and the entities regulated and supervised by it, in order to streamline and optimize the time of processing and processing of applications for authorization/approval, it was necessary to amend and supplement the secondary legislation on how to submit reports and other documents in electronic format to the Financial Supervisory Authority.

Thus, following the amendment and completion of specific secondary legislation through the implementation of Instruction no. 3/2022 with applicability as of 01.01.2023, respectively Regulation no.5/5/2023³⁶ with applicability from 29.05.2023 was introduced:

³⁵ Regulation amending and supplementing the ASF and NBR Regulation no. 14/7/2018 as well as for the fulfillment of the reporting obligations to the ASF pursuant to ASF Regulation no. 16/2022, amending Regulation no. 28/2020 by professional training bodies (PTB)

³⁶ At the same time, by the provisions of ASF/NBR Regulation no. 5/5/2023, FISCs and, where applicable, credit institutions were required, by 30 June 30.2023, to upload to the Authorizations Portal Platform on the ASF website the required updated information for the following categories of persons and for whom the validity of the ASF approval has not ceased/the entity has not sent notification of removal from the ASF Register or of the cessation of the exercise of the respective function: a) members of the executive/senior management structure, b) compliance officers/persons performing the compliance function, c) persons performing the risk management function, d) persons providing investment services and activities other than those referred to in Art. 5 and 6 of the Regulation of the Financial Supervisory Authority and of the National Bank of Romania no. 14/7/2018, as amended and supplemented, e) persons providing the investment service referred to in item 5 of section A of Annex no. 1 of Law no. 126/2018, as amended and supplemented, entered in the ASF Register in accordance with the provisions of art. 5 and 9 of

- a) the obligation to submit applications and documentation using the *Authorization Portal*, and
- b) the obligation to submit the information/documents related to the notifications regarding the registration of individuals who are employees of the entities authorized, regulated and supervised by ASF/persons who are in contractual relations with these entities, using the authorization portal - the module "*Individuals' registration*".

Also, the *Authorizations Portal Platform* was updated as a result of the legislative changes, as well as its optimization in terms of using it in an intuitive way in order to transmit correspondence, reports, including monthly/quarterly statements, information and other documents in electronic format to ASF.

At the same time, ASF representatives participated and actively contributed within the working group to the elaboration of the business requirements for the development of an integrated national database, covering all direct/indirect shareholders (down to beneficial owners) and persons in management structures, significant persons and other key functions and roles within the entities regulated and supervised by the ASF, as well as to the implementation of the Fit&Proper ESA Guidelines (data entry, actual testing, system access) for the future European database that will contain all persons assessed to hold a management/leadership position in authorized entities.

In parallel, also in the CIU segment, the aim was to streamline the mechanism for analyzing the documentation related to the authorization files and to improve the quality, efficiency and flow of operations. Regulated entities have become accustomed to the Authorization Portal (online applications), which has facilitated the analysis carried out and reduced the time taken to analyze the documentation submitted by the entities.

With reference to the entities operating in the collective investment scheme managers sector, the main aspects that emerge from the analysis of the activity carried out during 2023 refer to the following:

- ✚ At the end of 2023, there was an increase in the number of alternative investment fund administrators (AIFMs) as a result of the registration in the ASF Public Register of two new entities (IMPETUM PROPERTY MANAGEMENT SRL and OPI CAPITAL SRL), which opted for registration as AIFMs, confirming once again the increased interest in entities of the type of registered alternative investment fund administrators.
- ✚ Positive developments were recorded both in the segment of Under Undertakings for Collective Investment in Transferable Securities, with the authorization of 3 new funds, and in alternative investment funds, which saw an increase of 6 compared to 2022.

the Regulation of the Financial Supervisory Authority and of the National Bank of Romania no. 14/7/2018, f) persons who provide information on financial instruments, investment services or ancillary services on behalf of the FISC or a credit institution, in accordance with the provisions of Art. 87 para. (1) of Law no. 126/2018, as subsequently amended and supplemented, notified to ASF in accordance with the provisions of Art. 6 and 9 of the Regulation of the Financial Supervisory Authority and of the National Bank of Romania no. 14/7/2018, as subsequently amended and supplemented, g) delegated agent, h) person responsible for the protection of financial instruments and funds designated pursuant to Art. 20 of the Regulation of the Financial Supervisory Authority and of the National Bank of Romania no. 10/4/2018 on the protection of financial instruments and funds belonging to clients, product governance obligations and rules applicable to the granting or receipt of fees, commissions or other pecuniary or non-pecuniary benefits, as subsequently amended and supplemented, i) persons designated with the prevention and combating of money laundering and terrorist financing, and j) person designated with the application of the international sanctions regime.

- ✚ From the point of view of undertakings for investment in transferable securities (UCITS), a novel aspect is the authorization of the second Exchange Traded Fund (ETF) managed by SAI Patria Asset Management, ETF Energie Patria - Tradeville, which aims to replicate the structure and performance of the BET-NG index of BVB, an index dedicated to the energy and utilities sector.
- ✚ With regard to the alternative investment funds (AIF) that were authorized during 2023 (Agricultural Fund, Atlas Forest, Atlas Opportunity, Certinvest Target 2035, Certinvest Target 2045 and Encap Global Alpha), the interest of AIF managers for innovative products that offer both retail and professional investors the possibility to access diverse investment opportunities in different economic sectors is noteworthy.

During 2023, ASF carried out activities of authorization/approval/accreditation/registration of financial investment services companies and market institutions, as well as monitoring the fulfillment of the initial conditions imposed in the process of authorization of these entities in terms of organizational structure and staffing requirements and suitability of the persons assessed for which authorization/approval was previously requested, in accordance with the provisions of *the System Procedure on the authorization activity carried out by the Financial Supervisory Authority no. 45/10.12.2021*, the monitoring activity is carried out in accordance with the provisions of Art. (1) and Art. 63 of the procedure.

During 2023, ASF has carried out numerous activities related to the endorsement and approval of various aspects related to the functioning of the entities operating within the Financial Instruments and Investments Sector.

Continuously pursuing ASF's strategic objectives regarding the prevention-based approach, in accordance with the legal provisions in force, the Authority has attached particular importance to the assessment process of the management structures of regulated entities. Thus, an important component in the authorization process carried out at the capital market level is based on the individual and collective verification and assessment of the adequacy of the management structures and of the persons appointed in the key functions (compliance and risk assessment and management function) of the regulated entities.

Regarding the institutions part of the market infrastructure, ASF has authorized and registered in the Public Register new entities, such as STOCKESTATE CROWDFUNDING S.R.L. and FAGURA FINANCE S.R.L., authorized as a provider of participatory finance services, following the entry into force of Law no. 244/2022 regulating this field.

Following the entry into force of the crowdfunding law, namely Law no. 244/2022 on the appointment of ASF as the competent authority responsible for carrying out the functions and tasks provided for in Regulation (EU) 2020/1.503, the ASF ensures the conduct of an effective technical consultation process for the authorization of providers of participatory financing services, given that according to the signals received from the market and the intentions expressed by some companies there is a significant interest in authorizing companies with this business object.

Another activity with a major impact carried out by ASF consisted in pursuing the steps to support the actions to set up a national Central Counterparty.

The entity that will manage the central counterparty was established as a legal entity at the end of 2019 (CCP.RO Bucharest SA) and is to host the infrastructure that will allow the relaunch of the derivatives market in Romania. After obtaining the necessary authorizations to operate, this entity will provide new mechanisms for risk mitigation and risk transfer for the markets operated by BVB and OPCOM, contributing to increasing investor confidence and activities on these markets.

In this regard, during 2023, the documentation related to the authorization of CCP.RO was received and verified within the structure, as a continuation of the laborious process carried out in the last 3 years; the steps to support the actions for the establishment of CCP.RO continued, by communicating comments and proposals on the documentation submitted. Given the involvement of the NBR and ESMA in the authorization of CCPs, meetings and exchanges of information and documents were initiated with the CCP, ESMA and NBR on this issue and the first two ESMA Colleges were attended.

The main licensing operations carried out by ASF during 2023 relating to capital market entities were:

| Operations carried out by ASF in the field of authorization | Number of applications granted |
|--|--------------------------------|
| A. Intermediaries in Romania (Financial Investment Services Companies - FISCs - and Credit Institutions)/ Market Institutions | |
| suspension, as a sanction, of the license of a FISC | 2 |
| analyzing the conditions necessary to exercise certain functions within a FISC | 1 |
| Authorization to increase/reduce the share capital/expansion of the object of activity of the FISC | 5 |
| restriction of the object of activity of FISC | 1 |
| Establishment/disestablishment of secondary offices of FISCs | 4 |
| withdrawal of the authorization of the FISC upon request | 2 |
| Authorization to increase share capital | 3 |
| authorizing the establishment of a MTF | 1 |
| deregistration of credit institutions | 3 |
| B. Staff of Romanian intermediaries/market institutions | |
| Authorization of administrators (change of composition and renewal of mandates) | 24 |

| | |
|--|---------------------------------------|
| Rejection of BD members | 2 |
| authorization of executive officers (change of composition and renewal of mandates) | 6 |
| authorization of key compliance function | 1 |
| deauthorization of key compliance function | 2 |
| authorization of risk manager key function | 3 |
| deauthorization of risk manager key function | 2 |
| registration of delegated agents - natural/legal persons | 1 natural and 1 legal person |
| deletions of delegated agents - natural/legal persons | 5 individuals and 1 legal entity |
| registrations/deregistrations of natural persons providing advisory services on behalf of the FISC/credit institution | 36 |
| the cessation of the provision of services and activities in Romania through delegated agents - legal entities of a branch of a credit institution from another Member State | 6 |
| registration of delegated agents of an investment company from a Member State for the provision of investment services and activities | 8 |
| C. Other entities | |
| modification of the organizational and staff structure as well as the salary policy of the Investor Compensation Fund (ICF) staff | 1 |
| authorizing the establishment of a MTF | 1 |
| registration of legal entity evaluator | 1 natural person and 2 legal entities |
| authorization of investment consultant | 1 natural person and 2 legal entities |
| authorization of the provider of participative finance services | 2 |
| analysis of documentation related to notifications made by FISCs/Credit Institutions on staff providing information on financial instruments | 2041 |
| D. Financial auditors – FISC segment | |
| opinions to extend by 2 years the maximum audit periods of 5 consecutive years for regulated entities | 1 |

| | |
|--|----|
| E. Undertakings for collective investment (undertakings for collective investment in transferable securities UCITS and alternative investment funds - AIFs) | |
| UCITS authorizations | 3 |
| AIF authorizations | 6 |
| withdrawal of AIF authorization | 3 |
| approval of amendments to UCITS documents | 45 |
| approval of amendments to AIF documents | 6 |
| merger by absorption of AIF | 1 |
| approval of change of AIF depositary | 2 |
| F. Investment Management Companies (IMCs) and Alternative Investment Fund Managers (AIFMs) | |
| AIFM registration approvals | 2 |
| IMC share capital increases | 2 |
| authorizing amendments to the IMC Articles of Incorporation | 5 |
| authorizing the modification of significant conditions that were taken into account for the authorization as AIFM | 1 |
| change of IMF registered office | 1 |
| authorization to replace the AIFM as administrator of an AIF with another AIFM | 1 |
| authorization of administrators (change of composition and renewal of mandates) | 11 |
| authorization of executive officers (change of composition and renewal of mandates) | 11 |
| authorization of executive officers in accordance with the provisions of Article II of Regulation 20/2021 | 4 |
| rejection of approval of members of the governing structure | 1 |
| authorizing persons in the key position of compliance representative | 3 |
| authorizing individuals in key risk management functions | 3 |
| Rejection of request for IMC/AIFM approvals (person in key position of Compliance Officer) | 1 |
| G. Financial auditors - CIU segment | |
| opinions to extend by 2 years the maximum audit periods of 5 consecutive years for regulated entities | 3 |

Free movement of services

In the free movement of services segment, during 2023 participants from other Member States continued to express their intention to provide investment services and activities as well as ancillary services to Romanian clients in the capital market, with a slight increase compared to the situation in the same period of the previous year. The competent authorities of other Member States have submitted numerous notifications based on the provisions of Directive 65/2014/EU (MiFID II) as well as EU Regulation 2382/2017 and EU Regulation 1018/2017, which resulted in the inclusion in the ASF's Public Register of new investment companies and credit institutions, the removal of entities belonging to this category as well as the change of the object of activity or the information initially submitted in relation to these regulated entities. Thus, at the end of the period under review, 528 investment companies and 172 credit institutions from other Member States were carrying out cross-border capital market operations for clients in Romania.

There was also a fluctuation among regulated entities from other Member States that have a physical presence in Romania, especially with regard to delegated agents/legal entities used for the provision of investment services and activities. In this regard, following the notifications sent by the competent authorities of the home Member States, 4 new entries were made in the Public Register of ASF- 4 new entries in the capacity of delegated agent- legal entity that are used by one of the credit institutions from other Member States, and four entities in this category were struck off the register. At the end of 2023, there were 136 Romanian delegated agents-legal persons used to carry out MiFID II activities.

As regards the branches in Romania belonging to investment companies/credit institutions from other Member States, no changes have been identified since the end of last year, when 10 branches (7 of investment companies and 3 of credit institutions) were registered in the ASF's public register.

As regards trading venues, no notable issues were identified.

Following the notifications submitted by the competent authorities of other Member States in accordance with the above-mentioned European regulations, ASF proceeded with the related procedures, such as entries/updates/deletions in/from the Public Register of the entities from the Member States providing services based on free movement, respectively the modification of the information initially notified, thus carrying out the related operations in the ASF Register.

On the CIUs segment, the activity at European level maintained the same fluctuating trend which was influenced by the notifications submitted to ASF by the competent authorities of the Member States based on the provisions of Directive 65/2014/EU (MiFID II), EU Regulation no. 2382/2017 and EU Regulation no. 1018/2017, respectively the provisions of Directive 2011/61/EU, Directive 2009/65/EU and Regulation (EU) no. 584/2010, Regulation (EU) no. 231/2013, Regulation (EU) no. 345/2013 and Regulation (EU) no. 346/2013.

✚ An important aspect is the increase in the number of notifications submitted to ASF during 2023 by the competent authorities of the Member States, based on the provisions of Directive 65/2014/EU (MiFID II) as well as EU Regulation no. 2382/2017 and EU Regulation no. 1018/2017, compared to the situation recorded in 2021 with regard to regulated entities from other Member States that have notified their intention to conduct cross-border operations on the territory of Romania, based on the free movement of services.

- ✚ An investment management company from France has notified its intention to have a physical presence on the territory of Romania, and a notification to this effect has been submitted on the basis of Article 17 of Directive 2009/65/EU.
- ✚ Following the notifications sent by the competent authorities of other states, ASF has updated the information registered in the database on changes in the contact details as well as those referring to the legal representatives of the notified entities.
- ✚ In addition, ASF handled letters sent by competent authorities from the EU, regarding pre-marketing activities carried out in Romania by Alternative Investment Fund Managers authorized in the respective Member States, for Alternative Investment Funds which are not yet established or which are established, but for which the notification for marketing has not yet been issued, respectively for investment strategies.

Following the notifications submitted by the competent authorities of other Member States in accordance with the above-mentioned European regulations, ASF proceeded with the related procedures, such as entries/updates/deletions in/from the Public Register of the entities from the Member States providing services based on free movement, respectively the modification of the information initially notified, thus being performed the following operations in the ASF Register:

| Entities | Registration | Deregistration | Changes |
|--|--------------|----------------|---------|
| Alternative investment fund managers from other Member States operating directly in Romania (AIFMOMSD) | 6 | - | 16 |
| Alternative investment funds from other Member States whose units are distributed in Romania (AIFMOMS) | 89 | 26 | 9 |
| Investment management companies from other Member States (IMCOMS) | 3 | 2 | 3 |
| Undertakings for Collective Investment in Transferable Securities (UCITS) | 14 | 12 | 7 |
| Sub-funds (UCITS and AIFMOMS) | 47 | 19 | 37 |

5.2. Authorization/Approval in the insurance-reinsurance sector

In **2023**, the authorization process in the insurance-reinsurance sector was dominated by activities carried out aimed at:

- the settlement of applications for approval of senior management of insurers;
- the settlement of requests for approval of acquisition/merger/portfolio transfer projects;
- the settlement of requests for approval of a company's operating permit;
- the settlement of requests for approval of increases in share capital;

- the settlement of requests for approval of amendments to the articles of incorporation of insurance and reinsurance brokers (intermediaries);
- the settlement of requests for approval of changes in the structure of the intermediaries' shareholders;
- the settlement of requests for approval of persons in the management of intermediaries (chief executives and administrators).

During **2023**, as a result of the analysis and decisions of the ASF management, the following were achieved:

| Operations carried out by ASF in the field of authorization - Insurance companies (including the Bureau of Motor Insurers in Romania (BAAR) and the Policyholders Guarantee Fund) | Number of applications granted |
|--|---------------------------------------|
| Approval/renewal of mandates Directors-General/Deputy Directors-General/Members of the Executive Board | 39 |
| Notifications on outsourcing of critical activities and functions | 36 |
| Approvals/reappointments of members of the Management Board/ Supervisory Board | 35 |
| Notifications on key and critical ML/TF functions/compliance officers/designated persons | 29 |
| Information on insurers' audit committees | 8 |
| Share capital increase/reduction approvals | 7 |
| Approval of amendments to the Regulation on the Remuneration of the Policyholders Guarantee Fund | 2 |
| Approval of portfolio transfer/mergers/ increases/withdrawals | 1 |
| Notifications of registered offices | 2 |
| Approval of the authorization to operate as an insurance company | 1 |
| MTPL authorization approval | 1 |
| Approval of a significant shareholder | 1 |
| Approval to extend the audit period | 1 |
| Approval of BAAR Statutes | 1 |
| Approval of a procurement project | 1 |
| Approval of the Policyholders Guarantee Fund ROF | 1 |

| Operations carried out by ASF in the field of authorization - Intermediaries | Number of applications resolved |
|---|--|
| Approvals on amendments to the Articles of Incorporation | 22 |
| Approvals to change the structure of the directors | 11 |
| Approvals on changes to the structure of the associates/shareholders | 11 |
| Approvals of executive officers | 10 |
| Approvals to change the registered office | 8 |
| Approvals to complete the object of activity | 6 |
| Approvals for new indirect significant shareholders/shareholders | 5 |

| | |
|---|---|
| Share capital increase approvals | 4 |
| Removing a supplier on request | 1 |
| Rejection of application for lecturer attestation | 1 |

In 2023, 38 interviews were held to evaluate insurance-reinsurance company appointees for executive/senior management and Board positions.

Also in 2023, 72 notifications of insurance and/or reinsurance companies from EU member states and 80 notifications of intermediaries from EU member states, which expressed their intention to conduct insurance business in Romania, were settled.

In addition to the above operations carried out for intermediaries, in **2023**, 25 opinions were issued in accordance with the legislation in force.

In 2023, a dedicated section of the Register of damage assessment specialists has been created for the specialists listed in the updated ISF statement to facilitate the monitoring of their compliance with the legal training requirements.

5.3. Authorization/Approval in the private pension sector

The authorization/approval activity in the private pension system for the year 2023 resulted in the issuance of a total of 744 **decisions and opinions**, following the approval at the ASF level (including the acts issued on the basis of the delegation of competence granted to the ASF Vice President, coordinator of the S.S.P.P., by the ASF Council), as follows:

| | |
|---|------------|
| I. Decisions/opinions issued following ASF Council approval, of which: | 154 |
| A. Private Pension Funds Administrators | 89 |
| a) Decision/opinion/rejection for: | 18 |
| - member of the Management Board / Supervisory Board, respectively: | 7 |
| - Authorization decision for Board Member issued by SSPP; | 3 |
| - Authorization decision Board Member issued by SAR/SSPP, joint file; | 2 |
| - Authorization decision Member of the Board of Directors issued by SIIF/SSPP, joint file. | 2 |
| Director General/Executive Director/Executive Board member respectively: | 6 |
| - Decision authorizing the Director General/Executive Director/Member of the Board issued by SSPP; | 5 |
| - Decision authorizing the Director General/Executive Director/Member of the Executive Board issued by SIIF/SSPP, joint file. | 1 |
| - the person who heads the internal control structure | 4 |
| - person in charge of the risk management structure | 1 |
| b) Decision/modification notice for: | 69 |

| | |
|---|-----------|
| - Amendment of the documents on which the authorization of private pension fund managers is based (Articles of Incorporation/ROF/ Custody contract/ Management contract/ Extension of the auditor's term) | 69 |
| c) Decision/opinion on: | 2 |
| - approval of the acquisition project and approval of holding more than 5% of the share capital of an entity | 1 |
| - Termination of validity ASF Decision | 1 |
| B. Privately Managed Pension Funds | 24 |
| a) Decision/modification opinion for: | |
| - amendment of the private pension scheme prospectus | 13 |
| - amending the Individual Act of Accession | 11 |
| C. Voluntary pension funds | 40 |
| a) Decision/modification opinion for: | |
| - the documents on the basis of which the decisions to authorize voluntary pension funds (Investment Policy Statement) have been obtained | 14 |
| - amendment of the prospectus of the optional pension scheme (prior and final approval) | 20 |
| - amending the Individual Act of Accession | 6 |
| D. Private Pension System Guarantee Fund - F.G.D.S.P.P. | 1 |
| a) Decision/opinion/rejection for: | |
| - Approval of the appointment of the General Director of the Private Pension System Guarantee Fund | 1 |

| | |
|---|------------|
| II. Decisions/approvals issued following the approval of the ASF Vice President, of which: | 590 |
| A. Privately Managed Pensions | 139 |
| a) Opinion for: | 91 |
| - Specialized legal person | 1 |
| - Individual marketers ³⁷ | 76 |
| - re-authorization of individual marketers ³⁸ | 14 |
| b) Decision to withdraw the authorization/opinion and removal from the ASF Register: | 48 |
| - withdrawal of the marketing agent's license | 1 |
| - Withdrawal of marketing advice for individuals ³⁹ | 47 |
| B. Voluntary Pensions | 451 |
| a) Opinion on: | 264 |
| - thematic approval | 1 |
| - marketing agents for legal entities | 2 |
| - Individual marketers ⁴⁰ | 171 |

³⁷ 460 individual marketers have been endorsed through the 76 opinions

³⁸ 24 individual marketing agents were re-authorized through the 14 opinions

³⁹ the 47 decisions withdrew the approvals of 178 natural persons marketing agents

⁴⁰ The 171 opinions have been endorsed by 2818 individual marketing agents

| | |
|---|------------|
| - re-authorization of individual marketers ⁴¹ | 90 |
| <i>b) Decision to reject the application for approval/reapproval of marketing agents natural persons⁴² :</i> | 2 |
| <i>c) Decision of withdrawal and removal from the ASF Register:</i> | 186 |
| - withdrawal of the marketing agent's license | 1 |
| - withdrawal of the opinion of individual marketers ⁴³ | 185 |
| <i>d) Decision to amend the Articles of Incorporation of private pension fund managers following a change of registered office</i> | 1 |

5.4. Registration of external IT auditors in the ASF List

Authorized, approved or registered, regulated and/or supervised entities are required to audit important information systems with an external IT auditor registered in the List of external IT auditors maintained by ASF. Thus, ASF carries out activities relating to the registration and record of external IT auditors by registering and removing them in/from the List of External IT Auditors. In addition to dealing with requests for inclusion/removal in/from the List of external IT auditors, ASF also carries out the following activities:

- updating the documentation submitted by the external IT auditors, notifying the external IT auditors whose validity periods of the documents submitted to ASF have expired;
- formulating responses to requests for clarification on the conditions for inclusion in the List of IT auditors maintained by ASF, received from interested entities.

At the end of 2023, **the** list of external IT auditors maintained by ASF included **4 external IT auditors individuals** and **22 external IT auditors legal entities**.

⁴¹ The 90 approvals re-validated 412 individual marketers

⁴² the 2 decisions rejected the applications for approval of 5 natural persons marketing agents

⁴³ The 185 decisions withdrew the licenses of 2,268 individual marketers

6. Guarantee mechanisms

Investor Compensation Fund (ICF)

The Investors Compensation Fund (ICF), established as a legal person under public law in accordance with Law no. 88/2021 and ASF regulations in application of the law, aims to compensate investors in the event of inability of the Fund's participants to return the monies and/or financial instruments due or belonging to investors, which have been held on their behalf in connection with the provision of investment services and activities. Financial services and investment companies authorized by ASF, investment management companies, authorized by ASF, which manage individual investment portfolios, and alternative investment fund managers authorized to manage individual investment portfolios, credit institutions registered in the ASF Register and branches of companies from third countries authorized by ASF to provide investment services and activities on the territory of Romania must contribute, as provided by law, to the Investor Compensation Fund.

The analysis of the activity of the ICF in 2023 involved analyzing the reports on financial indicators and the evolution of indicators specific to the investor compensation activity and the requests for clarification of some issues generated by the change in the applicable legal framework following the entry into force of Law no. 88/2021.

The following conclusions have emerged from the prudential supervisory work:

- ✓ The Fund currently has an optimal operating framework, with a clear organizational structure, well-defined, transparent and coherent responsibilities, processes to identify and manage the risks to which the company is or may be exposed, and internal control mechanisms, including rigorous administrative and accounting procedures;
- ✓ to cover the administration and operating expenses in 2023, was made from the income obtained from the investment of the Fund's resources, as well as from the contributions paid by the Fund's participants and the entities authorized by ASF to manage trading venues and clearing and/or settlement systems, according to Law no. 88/2021;
- ✓ The resources for compensation were 26.18 million lei as at 31 December 2023, being invested in a prudent manner, in accordance with the strategy approved by ASF;
- ✓ At the end of the year, the Fund had 32 participants: 17 financial services and investment companies authorized by ASF, 11 credit institutions and 4 investment management companies, authorized by ASF, managing individual investment portfolios;
- ✓ The Fund did not have to use available resources to compensate investors.

ASF reviewed and approved the Fund's Annual Financial Statements and Annual Activity Report for the year 2023. ASF also approved the percentage level used by the Investor Compensation Fund on the basis of which the Fund determined the total annual contributions due from Fund participants for the year 2023 and the Income and Expenditure Budget for the year 2024.

Romanian Bureau of Motor Insurers

The Bureau of Motor Insurers in Romania (BAAR) is the professional organization that includes all insurance companies authorized to offer compulsory motor liability insurance for damage caused to third parties by accidents with vehicles and trams on the territory of Romania (MTPL).

The duties of BAAR are established in accordance with Law no. 132/2017 on compulsory motor civil liability insurance for damage caused to third parties by accidents with vehicles and trams and include:

- Function as a national motor bureau, claims paying and compensation body;
- Development and management of the database on the registration of MTPL contracts;
- Managing high-risk policyholders;
- Border insurance management and administration;
- Provide information to consumers through an information center.

ASF has analyzed and approved BAAR's income and expenditure budget for the year 2024, as well as the execution of the income and expenditure budget for the year 2022 and has approved the level of contributions, dues and administration fee for the database of MTPL contracts valid for the year 2024, in accordance with the provisions of the legislation in force. ASF analyzed the annual financial statements of BAAR, as well as the financial auditor's report

The policy and procedures for the management of MTPL insurance for high-risk policyholders have been subject to a detailed analysis by the specialized structures and have been approved by the ASF Council, following the amendments made to them in relation to the revision of the formula for calculating the recommended premium.

ASF has maintained a constant dialog with the BAAR representatives on the forecasts regarding the evolution of the National Protection Fund (NPF), which were also the subject of the ASF Council's analysis. The National Protection Fund is subject to continuous monitoring by ASF to ensure that it is within the legal limits.

ASF also analyzes weekly reports provided by the BAAR on the number of high-risk policyholders and how they are distributed among insurance companies.

Romanian Policyholders Guarantee Fund

The Policyholders Guarantee Fund (FGA) is an essential component of the insurance system, created in accordance with Law no. 213/2015 on the Policyholders Guarantee Fund, as amended and supplemented. Its fundamental mission is to protect creditors in the event that an insurer becomes insolvent. FGA intervenes by granting compensation or indemnities under insurance contracts, both optional and compulsory, in accordance with the law, when an insurer goes bankrupt, respecting the guarantee ceiling provided by law.

FGA may also be appointed to act as special administrator in insurers' financial recovery processes and to fulfill the role of liquidator in the event of their voluntary liquidation. According to the provisions of Law no. 213/2015, insurers authorized by the Financial Supervisory Authority (ASF), including their branches in other EU Member States, are obliged to contribute to FGA in accordance with the legal requirements.

In 2023, the ASF carried out a regular control action at FGA, following which it formulated recommendations in order to streamline the activities of processing and payment of claims submitted to the Fund by insurance creditors, as well as to avoid certain operational risks in the FGA's activity.

ASF analyzed the following FGA reports in 2023:

- ✓ The situation concerning the payment of indemnities/compensation by the Fund to the insurance creditors of the insolvent insurer;
- ✓ Statement of the Fund's financial resources;
- ✓ Implementation of the revenue and expenditure budget;
- ✓ Statement of contributions due and paid to the Fund by insurers, separately for general and life insurance.

ASF reviewed and approved the following FGA reports in 2023:

- Annual financial statements;
- Annual activity report of FGA for 2022;

ASF has had a permanent dialog with the representatives of FGA regarding the estimation of the evolution of the Fund's financial resources in the context of the payments made to the insurance creditors of bankrupt companies, in order to identify solutions to ensure a level that allows the protection of insurance creditors. Within ASF, the situation of payment claims, payments made and the FGA's financial resources was constantly analyzed.

The Private Pension Rights Guarantee Fund

The Private Pension System Rights Guarantee Fund (FGDSPP) is a crucial guarantee body in the private pension sphere. Established as a legal entity under public law, the FGDSPP was set up in 2012 under the provisions of Law no. 187/2011 and is supervised and controlled by the Financial Supervisory Authority. The main objective of FGDSPP is to guarantee the rights accrued by the participants and beneficiaries of the private pension system in accordance with the legislation in force. This essential role ensures stability and trust in the private pension system, providing necessary protection for the savings and financial future of those involved.

FGDSPP intervenes to compensate for losses incurred by members and/or beneficiaries in respect of private pension funds, both during the period of accumulation of contributions and after they become eligible for a pension. These losses may be the result of the inability of private pension administrators or providers to meet their obligations. FGDSPP also provides for the payment of entitlements to members or beneficiaries in the event that these cannot be provided by the private pension administrators or providers.

With the adoption of Emergency Ordinance no. 174/2022, the legal framework regarding the FGDSPP has undergone significant changes. Thus, FGDSPP may be appointed by ASF as special administrator, with the capacity to replace the management of the pension fund administrator and to temporarily take over the management of a pension fund. Also, within the same ordinance, provisions regulating the designation, appointment and exercise of the mandate of the General Manager of FGDSPP have been added, in order to ensure the continuity of the activity of the Guarantee Fund.

In 2023, following the annual regular control, the activity of FGDSPP was subject to verification, and no deficiencies were identified that would require remedial measures or sanctions.

In 2023, FGDSPP submitted the following to ASF for approval:

1. Activity report of FGDSPP for 2022;
2. Financial statements for 2022;
3. Financial Resources Strategy for 2024;
4. Revenue and expenditure budget for 2024.

7. International cooperation - International relations of ASF

ASF IN THE EUROPEAN AND INTERNATIONAL CONTEXT

➤ ASF within the European Supervisory Authorities

ASF, as a member of the European Securities and Markets Authority (ESMA) and the European Insurance and Pensions Authority (EIOPA), is involved in the decision-making process of the two authorities, through the participation of the executive members of the ASF Council in the Boards of Supervisors (BoS), as well as in the work carried out at technical level in the standing committees and working groups, through the designated experts.

➤ ASF participation in ESMA's work

During the 8 ESMA BoS meetings held in 2023, a series of technical standards, opinions/opinions and guidelines were adopted to support the objectives of ESMA's Strategy for 2023-2028 in the five areas identified as priorities. These relate to: ***financial stability and efficient financial markets; supervision and supervisory convergence; retail investor protection; sustainable finance; and technological innovation and enhanced use of data***. Among the topics discussed at the BoS meetings that were of particular interest to the work of the ASF were:

- convergence in the supervision of crypto-assets and the desirability of implementing a draft delegated act enabling a centralized EU-wide approach to data collection and monitoring for the implementation of Regulation (EU) 1114/2023 on crypto-asset markets (MiCA);
- guidance on the naming of investment funds that use ESG (environmental, social and governance) or sustainability terms in their names;
- Public consultation document on the draft guidance for the oversight of sustainability information reported by issuers under the EU Corporate Sustainability Reporting Directive (CSRD);
- The risk map for 2024 and the EU priorities that will continue to focus on ESG reporting in 2024;
- report on data on cross-border activities in 2022 and draft technical standards on the provision of passport services;
- ESMA's data strategy, with a focus on ESMA's role as a data hub and enhanced cooperation on data and the promotion of data-driven supervision.

A large part of ESMA's work is supported by standing committees and working groups to which ASF has designated representatives (55 experts) contributing technical expertise. The participation in the Standing Committees provides the necessary framework for an in-depth analysis of developments in the area of interest and for the identification of the best solutions to manage them, taking into account the context and impact at both European and national level. In the working groups and standing committees, topics are: ***reporting and data quality; investment management and investment funds; issuer disclosures; market integrity; post-trading; investor protection; digital finance, sustainable finance***.

➤ ASF participation in EIOPA

By participating in the 6 meetings of the EIOPA BoS during 2023, the ASF contributed to the implementation of the EIOPA strategy for the period 2023 - 2026, on topics emphasizing: ***sustainable financing (development of sustainable insurance and pension systems); digital transformation; effective and consistent prudential supervision across the EU, development of high quality policies and financial stability***. In this context, the BoS meetings addressed topics such as:

- Consultation paper on the view of national competent authorities on sustainability and greenwashing complaints;
- the prudential treatment of sustainability risks, i.e. the analysis of whether such treatment is justified for social or environmental objectives under Solvency II;
- EIOPA opinion on the assessment and revision of the IORP II Directive, in particular on liquidity risk management; management of conflicts of interest; standardized risk assessment and disclosure to participants on pension value projections);
- report on the thematic supervision of insurance products attached to bank loans;
- the supervisory statement on reinsurance contracts concluded with third-country reinsurers;
- preparing an EU-wide insurance sector-wide stress test in 2024.

The technical work and preparation of the drafts to be adopted by the EIOPA BoS is carried out in committees and working groups set up at EIOPA level, which include experts from the competent national authorities. Twenty-seven experts from ASF contribute to their work on: ***consumer protection and financial innovation; financial sustainability; Solvency II internal models and reporting requirements; supervision of technical reserves; natural catastrophe risk; governance and risk assessment in occupational pensions and the pan-European pension product***.

➤ **Cross-cutting themes ESMA and EIOPA**

Technological innovation and sustainable finance were the main concerns of the two European Supervisory Authorities in 2023, on which they focused their attention in order to implement coherent and effective responses to the challenges that these two areas generate for financial sector activity. In addition to the specific aspects mentioned above, both ESMA and EIOPA have analyzed the two topics from the perspective of their own competences and the implications for the financial markets in their respective regulatory areas, which have resulted in a series of actions on topics of common interest, among which we mention the following:

- preparing for the supervisory mandate under EU Regulation no. 2554/2022 on the Digital Operating Resilience of the Financial Sector (DORA) and the establishment of a High Level Group on Oversight (*HLG on Oversight*), which aims to create the premises and ensure close cooperation between the European Supervisory Authorities and the competent national authorities on supervisory issues; also, also in relation to the smooth implementation of the DORA Regulation, the European Supervisory Authorities have also set up a working group for the development of an IT system for the collection of data on the reporting of ICT incidents, the DORA IT Task Force;

- ESA draft common regulatory technical standards revising Delegated Regulation (EU) 1288/2022 supplementing Regulation (EU) 2088/2019 on sustainability reporting in the financial services sector (SFDR);
- the common guidelines on the system for the exchange of information relevant to the assessment of the suitability and fitness of the holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by the competent authorities;
- common criteria for assessing the independence of national authorities in line with Article 8 of the Operating Regulations, based on 4 principles: *operational independence; staff independence; financial independence; accountability and transparency.*

➤ **Technical assistance to the authorities of the Republic of Moldova**

In 2023, ASF supported the financial sector supervisory authorities of the Republic of Moldova in their efforts to strengthen the supervision of non-bank financial markets. This support materialized in the form of technical assistance to the National Bank of Moldova for the alignment of national insurance legislation with European provisions (Solvency II Directive and the CRD) under the twinning project on strengthening supervision, corporate governance and risk management system in the Republic of Moldova. This project was carried out with the National Bank of Romania, the National Bank of the Netherlands, the Central Bank of Lithuania and the National Authority for Consumer Protection.

In addition, within the framework of this project, ASF provided bilateral technical assistance to the Moldovan authorities during 2023, for the development of the secondary regulatory framework for the implementation of the new law on insurance and reinsurance activity, as well as in the field of regulation and supervision of voluntary pension funds.

➤ **Technical assistance projects with grant funding**

In January 2023, the technical assistance project ***Sustainable Finance - Enhancing Oversight Capacity***, funded by the European Commission through the Technical Assistance Instrument, was launched. The project is a multi-country project, involving Romania, Malta, Croatia and Poland, and will be completed in October 2024, according to the project timetable.

The project aims at developing national supervisory tools and practices in the field, aiming at: assessing the existing regulatory framework to stimulate the transition towards green investments; strengthening the supervisory capacity for sustainable finance reporting requirements based on the European legislative framework and EU best practices; awareness raising actions, by organizing a workshop with financial and non-financial entities.

Also in the area of grant-funded projects, we should also mention that in October 2023, ASF, together with the NBR, submitted an application for funding from the European Commission, through the Technical Support Facility, for the project ***Strengthening the institutional capacity of the authority in the authorization, supervision, recovery and resolution of Central Counterparties (CCPs)***. The proposed project is also in a multi-country format. Among similar national competent authorities, the capital market supervisory authorities of Croatia, Greece, Poland and Portugal have submitted a request for similar

support in parallel with this request. At the end of December 2023, we were informed that ASF and NBR application was accepted for funding and the project will be initiated according to the agreed terms.

➤ **Involvement of ASF in negotiating European legislative dossiers and transposition of the acquis communautaire**

At European level, legislative acts are proposed and negotiated in working groups set up at EU Council level, and ASF is involved in the negotiation of legislative pieces in its area of competence. Thus, ASF has contributed its expertise to 7 negotiated legislative packages, including: the package on company listings and the package on Central Counterparty Clearing (both are part of the package of measures to develop the Capital Markets Union (CMU)); the package on retail investment; the proposed regulation on ESG rating providers and the package on reporting requirements.

In the context of the transposition of European legislation relevant for the non-bank financial sector, in accordance with the methodology applied at national level, ASF regularly transmits the status of transposition of Community acts to the Ministry of European Affairs, notifies the national transposition measures and elaborates answers and clarifications to the requests regarding the national measures adopted for the implementation of European directives.

ASF representatives also participate in the meetings organized within the General Inter-Institutional Working Group for Transposition, a key component of the national institutional framework for transposition.

➤ **The process of joining the Organization for Economic Cooperation and Development (OECD)**

Following the initial Memorandum signed by the Romanian Government in December 2022, 2023 was marked by an acceleration of the OECD accession process, with the OECD committees having started an in-depth assessment of the legislation, policies and practices in the areas related to the 17 legal instruments for which ASF is responsible or co-responsible with other institutions.

Thus, in 2023, ASF submitted to the OECD (directly or jointly with other institutions) contributions in the form of answers to some questionnaires or additional assessments to those of 2022, on topics that concerned: ***corporate governance; financial markets; financial education; financial services consumer protection; insurance and private pensions; insurers' governance; disaster risk financing strategies; private pension regulation.***

ASF was involved in the assessment missions carried out in Bucharest by the OECD representatives regarding the liberalization codes (managed by the Investment Committee), corporate governance (managed by the Corporate Governance Committee) and consumer protection of financial products (managed by a group under the Financial Markets Committee). During these missions, additional information was provided on topics of interest for the international organization to support a correct assessment of the alignment of the non-banking financial market in Romania with the OECD legal instruments in our area of competence.

In the areas where the assessment process has been completed and the report with the main conclusions and recommendations has been drafted, ASF supported or contributed to the accession presentation to OECD committees and groups. Thus, ASF participated in the presentation made by the Romanian

delegation at the November 2023 meeting of the Investment Committee on Romania's alignment with the OECD Liberalization Codes and intervened on topics within its area of competence in the discussions that followed this presentation. At the December 2023 meeting of the Working Party on Private Pensions (WPPP), ASF supported the presentation on adherence to the OECD Principles and Recommendations applicable to the private pension system and provided additional information on the Romanian private pension system in the dialogue with the members of the Working Party on this presentation.

At national level, ASF participated in the meetings of the Interministerial Committee for the coordination of Romania's relations with the OECD and maintained a permanent dialog with the other Romanian institutions involved in the accession process - the Ministry of Foreign Affairs, the General Secretariat of the Government, the National Bank of Romania, etc., in order to coordinate its actions and ensure a comprehensive approach to the issues under assessment, especially those that concern cross-sectoral areas.

8. Institutional capacity building and strengthening ASF

The provisions of this chapter focus on improving the institutional capacity and strengthening the Financial Supervisory Authority (FSA), highlighting the significant efforts made in this regard. It details the development of the IT infrastructure, emphasizing the initiatives of digitalization and integration of IT processes in all areas of activity of the institution. The year 2023 marked the continued improvement of the technological infrastructure, through projects aimed at both modernizing hardware and software equipment and ensuring IT security.

In addition to these, major projects initiated or implemented in 2023 are highlighted, aimed at modernizing the IT infrastructure, ensuring the interoperability of cybersecurity systems and streamlining ASF's processes and activities. The importance of participating in the national Cydex 2023 cybersecurity exercise, as well as the development of IT education programs for ASF employees, is also highlighted.

In the area of human resources management, the report highlights two main lines of action: institutional governance and human resources development. In 2023, ASF continued to strengthen institutional governance and implemented measures to develop the competencies of its employees in order to attract and retain the best professionals and improve individual and institutional performance.

ASF's legal activity in 2023 focused on ensuring a coherent and efficient legal framework for the functioning of non-bank financial markets. At the ASF level, issues related to the legality of ASF acts, the representation of the institution's interests in litigation and the approval of regulatory acts were managed, emphasizing the efforts made to protect ASF rights and prevent litigious situations.

Finally, it deals with the administrative and financial activity of ASF, highlighting a satisfactory level of execution of income and expenditure, in line with budgetary provisions. It also mentions the total number of entities authorized, regulated and/or supervised by ASF and provides details on the financial-accounting documents managed, as well as on the activity related to public procurement and asset management.

8.1. IT infrastructure development

Digitization and internal process integration projects aimed at improving operational efficiency and security. Modernization of IT infrastructure, including upgrading telecommunication platforms and ensuring the availability of IT platforms needed for the digital transformation, was a priority. In addition, emphasis was placed on ensuring the security of the IT infrastructure through interoperability projects with national cybersecurity systems, IT security testing and continuous development of cybersecurity education for employees.

The ASF's IT initiatives aim at digitization and adoption of IT solutions across the institution. During 2023, efforts to improve the hardware and software infrastructure started in previous years continued. On this occasion, resources have been invested to integrate activities across sectors, looking for ways to unify or centralize certain fundamental processes or coordinate them in a more efficient vertical manner.

Actions in 2023 addressed several strategic directions, including:

- **Digitalization of processes:** Continuing the digitalization initiatives started in 2021, 2023 marked the launch of projects for the phased implementation of an integrated human resources management solution (with implementation starting in 2023) and the assessment of options for the implementation of an internal document management platform.
- **Integration of processes:** Efforts to integrate internal processes continued, particularly in the areas of authorization and supervision of the three main sectors: Private Pensions, Insurance - Reinsurance, and Financial Instruments and Investments. This included the addition of new modules to existing applications, such as the Authorization Portal (a module for the collection of data on the continuing professional training of authorized persons, the Fit&Proper module), and the development of new solutions for the monitoring of claims in the insurance market and for the collection and analysis of periodic reports.
- **IT Security:** Emphasized the importance of ensuring IT security compliance by defining and implementing information security policies. These policies are designed to meet current IT requirements to ensure the integrity, confidentiality, and availability of ASF's information systems.

✚ Major projects implemented or initiated in 2023 were aligned with the objectives and actions set out in the adopted IT Strategy 2021-2023. These projects focused mainly on:

1. Modernizing ASF's IT infrastructure:

- **Upgrade decentralized infrastructure for end-users:**

Objective: Equipping with modern work equipment and promoting the use of collaborative work platforms by all ASF employees in order to improve work efficiency.

- **Redesign of the integrated telecommunications infrastructure architecture:**

Objective: Upgrade and optimize the institution's data network according to specific needs and security policy. This included adopting current data and voice communications standards and solutions, creating a converged network for data, voice and video with high availability, implementing VOIP communications and centralized network management.

- **Modernization of hardware infrastructure:**

Objective: Increase the availability of IT platforms essential for the digital transformation of ASF. A cloud-ready, virtualized hardware and software infrastructure platform with hyper-converged architecture (HCI) was developed to support the institution's current and future IT processes.

2. Ensuring IT infrastructure security

To ensure the security of the IT infrastructure, the Financial Supervisory Authority (ASF) has implemented the following measures in 2023:

- **Interoperability of cybersecurity systems (Project "Tick 2"):**

Creating an IT mechanism for early warning and dissemination of information in real time, ensuring the interoperability of the cyber security systems of the ASF with the IT system of the National Cyberint Center. The aim is cooperation, information and efficient incident response.

➤ **IT security testing at ASF**

Conduct vulnerability testing (or penetration testing) to assess the behavior of systems and applications under predefined cyber attack scenarios.

The purpose of the tests is to analyze the behavior of systems and applications in the context of different cyber attacks, and identified vulnerabilities are analyzed and addressed;

➤ **Continued development of the cyber security education platform:**

This project aimed to raise awareness and educate employees to identify and react quickly to a possible real cyber attack (training modules: Passwords and Accounts, Email, Web Browsing, Social Networks & Messengers, PC Security, Mobile Devices, Protecting Confidential Data, Phishing, DLP-GDPR, Security Policy, etc.).

➤ **Start of the "Țițeica 3" project:**

This project aims to extend and develop nationwide protection mechanisms against cyber-attacks by adopting state-of-the-art technologies such as artificial intelligence and machine learning. The project aims to ensure optimal defensive means, complementarity with the cyber security system developed at the government arc.

➤ **Participation in the national cybersecurity exercise Cydex 2023:**

The aim of the participation was to exercise the response capability of staff with specific tasks in the field of communication and information technology to various types of cyber threats.

3. Streamlining ASF's processes and activities

In 2023, the Financial Supervisory Authority (ASF) undertook various initiatives to streamline its processes and activities by implementing and developing new digital solutions:

➤ **Authorization portal:**

An electronic online platform has been developed to facilitate the process of collecting, processing and analyzing permit applications and associated transactions. In 2023, the platform was enhanced by adding full electronic application management covering the entire application lifecycle. This is part of the ASF's strategy to digitize its activity and, implicitly, to modernize and streamline the authorization process; the project was extended in 2023 by adding additional elements such as electronic management of authorization requests to cover the entire lifecycle of requests (exclusively electronic management); Ongoing support is provided.

➤ **Expanding the Authorizations portal:**

- With a module for the registration of significant persons to fulfill Fit&Proper reporting requirements (in progress);

- With a module for the registration of persons authorized/notified by the ASF, aiming at the collection of data on the obligation of continuous professional training (according to the ASF Regulation no. 28/2020), respectively ASF and NBR Regulation 14/7/2018). Starting 01.01.2023 Regulation 28/2020 entered into force, and the reporting by OFPs will be done exclusively through the platform; the platform will be extended to S.A.I. and Credit Institutions.

➤ **Solution for monitoring claims in the insurance market:**

Implemented in accordance with the new regulations (Rule no. 30/2022 on motor insurance in Romania, which entered into force on February 1, 2023), using the AIDA database developed by BAAR, to manage motor insurance claims in Romania.

➤ **Tableau BI platform extension:**

The Tableau BI solution has been optimized and extended and is now used by several departments within ASF. Data migration to Vertica was also completed.

➤ **Integrated Reporting Environment (MIRA):**

A platform developed to homogenize and simplify ASF reporting requirements The MIRA (Integrated Reporting Environment) platform is a modern solution for the collection and processing of periodic reports through which companies and institutions in supervised markets will be able to submit reports to the Financial Supervisory Authority (ASF) in a simple and consistent way. The application has been developed in-house and is currently being tested by the IT team, with the first phase of the project practically completed. The first use of the platform will be for annual ESEF (European Single Electronic Format) reporting.

4. Developing IT education programs for ASF employees

In order to minimize cybersecurity risks and to raise awareness of the importance of digitizing internal processes, the Financial Supervisory Authority (ASF) has initiated various IT education actions for employees:

➤ **Continued development of the Information Security Awareness (ISA) online platform:**

This platform focuses on improving cybersecurity awareness among ASF employees by providing educational resources and specific trainings.

➤ **Raising awareness of the benefits of IT products among ASF employees:**

By organizing demonstration sessions for existing or newly developed IT applications within ASF, employees are encouraged to understand and leverage the potential of these tools in their daily work.

➤ **Participation in the national cybersecurity exercise Cydex 2023:**

This participation aimed to train employees in recognizing and managing various types of cyber threats or attacks, thus strengthening the defensive capabilities of the institution.

5. Other internal projects

The ASF Board requested and supported a wide range of internal projects in 2023 aimed at modernization, security and efficiency within the organization:

- Office 365 - full integration of the Microsoft Office 365 solution into the work of the Authority's employees to provide a secure environment for remote collaboration and information sharing;
- providing qualified electronic signature for all employees of the institution;
- IT incident management system implementation - Manage Engine Service ServiceDesk
- activities for the administration, implementation and monitoring of DLP (Data Loss Prevention) policies;
- technical support for all cybersecurity events: providing and developing the necessary means, tools, technical and operational capabilities to deal with all types of events, incidents and threats; detection and internal reporting, analysis and assessment (including triage and decision), incident response and recovery, evaluation and updating of incident management measures;
- updating firewall systems;
- updating the XBRL taxonomy in the eHUB system and functional testing;
- Implementation of reports for the application to record applications for the verification of pension fund membership;
- implementing reports for the Register of Secondary Intermediaries (RIS);
- update of the application BazaSAR - modification of the module Register of damage assessment specialists by adding additional fields as well as the creation of a job for automatic updating of information from the data submitted by the FSI, creation of the option duplicate registration in the Notifications section to facilitate faster entry of companies with multiple branches by the user;
- updating the indicators in the manual for the consolidation of the insurance market supervision function in Romania (EIOPA) affected by the changes in the reporting templates;
- implementation of forms, reports at company level, centralized analysis reports for daily reporting on MTPL contracts and updating of reports on rectification reports, reports on the status of reports submitted/not submitted and email notifications for inclusion of daily reporting;
- modification of the reporting and reporting form at company level - Situation of the MTPL files as well as updating the reporting forms and reports on petitions as requested by the specialized department;
- update and operationalize the module for staff records in the Authorizations portal;
- development of the Trace application to visualize daily EMIR and SFTR transactions reported through ESMA;
- extending the Technical Secretariat application by developing new functionalities;
- migration of the Technical Secretariat application to the latest version of .Net Framework;
- updating the functionalities of the Petitions portal as requested by the beneficiary structures;

- Modification of SIR-EWS and OAM applications to allow annual reporting in ESEF format and reporting by issuers to MTF/OTF;
- Updating the SIIF database application and public register as required;
- modification of the Arena Surveillance application to query historical data (Daily Market Report)
- Dashboard development with indicators/KPIs and on-demand analysis in Tableau as requested by the beneficiary structures;
- development of analytical and technical TREM (Transaction Reporting Exchange Mechanism) tests, according to the analysis carried out with business beneficiaries
- development of an application for the automatic transmission, at predefined intervals, of alerts (to entities and internally) before the expiry of the mandates of authorized persons in the capital market area;
- implementation of a monitoring control plan monitoring module - the project aims to monitor the implementation and compliance with the deadlines assumed - by the controlled entities - of the measures imposed by the plans of measures instituted as a result of the control actions carried out by ASF through two of its structures;
- SAL-FIN Procedures Register application development;
- Modification of the SIR layout;
- AREPORT application development in order to submit investment companies' reports to the EBA;
- education programs regarding the IT security culture of ASF employees;
- supporting demos for the applications used within the Authority or presenting solutions whose specifics can optimize the way of working in order to reduce the resources allocated to solve the assigned tasks.

Supporting technical, financial market initiatives and projects

The Financial Supervisory Authority (ASF) plays an active role in promoting technical initiatives and projects in the financial market, participating in the working groups of the European Supervisory Authorities dedicated to the application of information technologies in the non-bank financial sector. Specifically, the ASF contributes to the activities:

- ESMA-ITMG (IT Management and Governance Technical Committee): this technical committee focuses on IT management and governance within financial institutions, with the aim of establishing best practices and standards in the IT field for ESMA-regulated entities.
- EIOPA-ITDC (Information Technology and Data Committee): the Committee deals with technology and data issues in the insurance and private pensions sector, aiming to facilitate information exchange, promote data standards and address the specific technological challenges of the sector.

Through these efforts, ASF aims to contribute to the development of a sound and efficient technological framework in European financial markets, thus improving IT infrastructure, data security and the implementation of new technological solutions to support innovation and increase efficiency in the non-bank financial sector.

8.2. Human resources management

In 2023, the development of human resources within the Financial Supervisory Authority (ASF) included several key initiatives, focused on attracting, training and developing employees to ensure that the institution has a high-quality team of specialists and is able to respond effectively to the challenges of the non-banking financial market in Romania.

The human resources activity was thus oriented towards strengthening institutional governance and developing employees' skills. Initiatives included selection and recruitment processes based on principles of transparency and merit, as well as continuous professional development programs, highlighting the importance of human capital in achieving the objectives of ASF.

✚ Selection and recruitment processes:

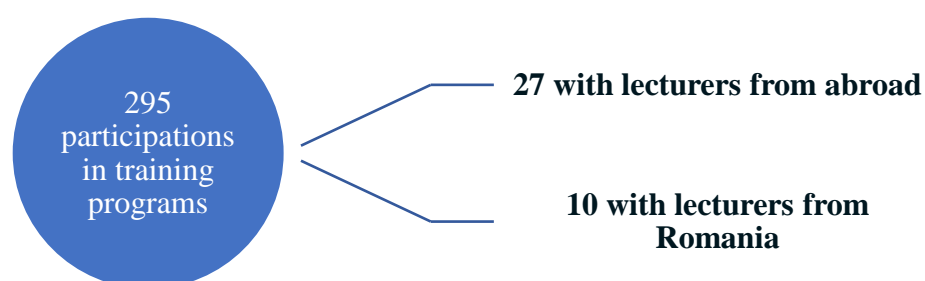
Selection and recruitment processes based on sound principles have been carried out with the aim of attracting the best specialists within the Authority's organizational structures. However, these processes were affected by the need to apply Government Emergency Ordinance no. 34/2023, which led to the cancellation of the recruitment processes in progress at the time of the Ordinance's entry into force.

✚ Continuing professional development:

ASF places particular emphasis on the professional training and personal development of its employees, considering these aspects essential for maintaining a high level of professionalism and quality. The institution has implemented a unified training system, which responds to the needs of a constantly evolving market and aims to provide ample development and training opportunities for staff.

✚ Training achievements:

According to the Annual Professional Training Plan approved by the ASF Board, in 2023 there were 295 participations in training programs, with the contribution of 27 foreign lecturers and 10 lecturers from Romania. This demonstrates ASF's commitment to the continuous enhancement of the skills and knowledge of its teams, with a view to improving performance at all institutional levels.



These efforts underline the ASF's dedication to increase its efficiency, credibility and reputation as a regulator and supervisor of the non-banking financial market in Romania, by capitalizing and developing the available human potential.

8.3. ASF's legal activity

ASF has maintained its commitment to act in strict compliance with the rule of law, this principle being a cornerstone for all actions and activities of the institution, in line with its mission and values. In 2023, ASF's legal activity was geared towards achieving several key objectives:

Establishing a comprehensive legal framework

The focus has been on ensuring a sound, stable and coherent legal framework to support the efficient and safe functioning of non-bank financial markets.

Ensuring compliance with ASF acts

The legality of the documents issued by ASF was verified to ensure compliance with the legislation in force.

Protecting ASF rights and preventing litigation

ASF has acted to protect its own rights and prevent litigious situations, representing its interests before various courts and arbitral tribunals, criminal investigation bodies and in mediation procedures.

Legal activity in the field of litigation, injunctions and debt recovery

ASF's legal activity specific to litigation, injunctions and debt recovery involves the following:

- the activity specific to the fulfillment of the preliminary administrative procedure, in accordance with the provisions of the *Law on Administrative Litigation no. 554/2004, as amended and supplemented*, related to the three non-banking financial markets supervised by ASF, aimed at solving the preliminary complaints filed, under this law, against administrative acts and measures adopted by ASF;
- **specific activity in the field of litigation (litigation)**, aimed at representing the patrimonial and non-patrimonial interests of ASF before the courts, arbitration or mediation procedure, related to civil and administrative litigation;
- legal activity specific to **ASF debt recovery**

Dispute resolution issues against ASF

In 2023, as regards the Litigation, Summons and Debt Recovery activity, 413 files were dealt with (of which 313 administrative litigation/employment/litigation/claims/other cases and 100 criminal cases), as well as 127 files dealing with debt claims and enforcement files.

In 2023, the majority of court decisions were in favor of ASF.

Disputes concerning the administrative acts and measures ordered by the ASF are of particular importance as they are the occasion for the courts to verify their legality and their merits, in the context of the existence of divergent arguments between the parties to the proceedings. In many cases, the pecuniary stakes of such litigation consist, in fact, in the effects on the assets of the party concerned by the individual administrative act or in the need to comply with the requirements of the regulatory acts issued by ASF.

One category of litigation with a financial impact is the administrative litigation aimed at the annulment of sanctioning acts with fines related to the sectors of activity of ASF.

Issues related to the analysis of preliminary complaints and their resolution by ASF decisions

In 2023, 12 preliminary complaints lodged against administrative acts and measures ordered by the authority were registered and resolved, as follows:

- ✓ 8 prior complaints - in the field of capital markets;
- ✓ 2 prior complaints - in the field of insurance-reinsurance;
- ✓ 2 prior complaints - in the field of private pensions.

Of these, as of 15.01.2024, **10 prior complaints** are the subject of court litigation, as follows:

- ✓ 8 legal actions filed against acts issued by ASF, related to the Financial Instruments and Investments Sector;
- ✓ 2 legal actions filed against acts issued by ASF, related to the Insurance-Reinsurance Sector.

❖ Legal work on opinions

Regarding the activity on opinions, the **following categories of works (4426) were issued or, as the case may be, elaborated/solved during the period 01.01.-12.31.2023:**

- A. Legality opinions: 3878;**
- B. Negative opinions: 3;**
- C. Legal opinions and works in the field of public procurement: 221;**
- D. Legal opinions and views: 159;**
- E. Other answers/legal work: 165.**

During 2023, the legal staff served on various committees, working groups or activities set up/carried out at the Authority.

❖ Legal activity on the approval of normative acts

In terms of regulatory activity, during 2023, ASF's objective to update the regulatory framework on the markets supervised by ASF was achieved by participating in the process of drafting and endorsing draft ASF regulatory acts.

During the reference period, proposals/observations were analyzed and formulated on draft normative acts initiated by the specialized structures within ASF, on draft normative acts with an impact on the non-banking financial sector initiated by other public authorities/institutions, granting 235 legality opinions on draft normative acts, which are at different stages of the legislative procedure: public consultation, inter-institutional opinion, debate in Parliament.

Also, more than 50 points of view were formulated, containing comments and proposals on the draft normative acts submitted by public authorities/institutions, as well as points of view on the draft laws/legislative proposals under debate in the Chamber of Deputies/Senate with impact on the capital market, insurance and private pension system in Romania, as well as on the activity of ASF.

In 2023, 58 opinions of legality were granted on regulatory acts approved by the ASF Council.

Also, at the level of 2023, a total of **89 drafts** were analyzed for the purpose of giving opinions or formulating points of view, of which 4 Draft normative acts submitted for analysis to ASF, which were adopted and published in the Official Journal of Romania, Part I, 1 Draft Government Emergency Ordinance, 6 Draft normative acts submitted for analysis to ASF or initiated by ASF and at various stages of the legislative procedure (not yet published in the Official Journal), 4 Draft Government Decisions, 12 Draft Laws and legislative proposals at various stages of the legislative procedure in the Romanian Parliament and 62 Draft normative acts related to secondary legislation, prepared by the Financial Supervisory Authority.

Below is the list of the 89 projects analyzed during 2023, with a view to giving an opinion or formulating points of view, as follows:

- **Draft normative acts submitted for analysis to ASF, which have been adopted and published in the Official Journal of Romania, Part I, respectively:**

- Law no. 296 of October 26, 2023 on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability;
- Law no. 181 of June 26, 2023 laying down implementing measures for Regulation (EU) 2021/23 of the European Parliament and of the Council of December 16, 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) no. 1.095/2010, (EU) no. 648/2012, (EU) no. 600/2014, (EU) no. 806/2014 and (EU) no. 2015/2.365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1.132, and amending and supplementing certain regulatory acts;
- Law no. 6 of 5 January 2024 amending and supplementing Law no. 312/2015 on the recovery and resolution of credit institutions and investment companies, as well as amending and supplementing some normative acts in the financial sector;
- Law no. 17 of 12 January 2024 amending and supplementing Law no. 237/2015 on the authorization and supervision of insurance and reinsurance activity, as well as amending and supplementing some normative acts.

- **Draft Government Emergency Ordinance:**

- Emergency Ordinance No. 71/2023 for the establishment of an extension of the time limits provided for in Article 262 para. (32) of Law no. 85/2014 on insolvency prevention and insolvency proceedings.
- **Draft normative acts submitted for analysis to ASF or initiated by ASF and at various stages of the legislative procedure (not yet published in the Official Journal):**
 - Draft Law on amending and supplementing Law no. 237/2015 on the authorization and supervision of insurance and reinsurance activity (PL-x 754/11.12.2023);
 - Government Emergency Ordinance amending and supplementing certain normative acts, as well as establishing measures to prevent and combat advertising and techniques submitted for analysis to ASF by entities that are not registered in the Financial Supervisory Authority Register;
 - Draft Law amending Law no. 126/2018 on markets in financial instruments, amending Article 15 para. (2) of Government Emergency Ordinance no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as for amending and supplementing Law no. 297/2004 on the capital market, and for amending and supplementing Law no. 74/2015 on alternative investment fund managers (in public consultation MF);
 - Draft Law amending and supplementing Law no. 24/2017 on issuers of financial instruments and market operations (in public consultation MF);
 - Draft Law on amending and supplementing Law no. 132/2017 on compulsory motor civil liability insurance for damage caused to third parties by vehicle and tram accidents (L1/2024);
 - Draft law on amending and supplementing Law no. 213/2015 on the Policyholders Guarantee Fund (L107/2024).
- **Government draft decisions:**
 - Government Decision no. 298/2023 on the establishment of maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents;
 - Government Decision no. 506/2023 for the approval of the National Strategy on the development of the Romanian capital market for the period 2023-2026;
 - Government Decision no. 923/2023 for the extension of the period of application of the provisions of Government Decision no. 298/2023 on the establishment of maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents;
 - Government Decision no. 1326/2023 on the establishment of maximum premium tariffs and other measures applicable by insurance companies practicing compulsory motor third party liability insurance for damage caused to third parties by vehicle and tram accidents.

- **Draft laws and legislative proposals at different stages of the legislative procedure in the Romanian Parliament:**

- Legislative proposal on the completion of Law no. 132/2017 on compulsory motor civil liability insurance for damage caused to third parties by vehicle and tram accidents (Plx 519/2023);
- Legislative proposal to amend and supplement Emergency Ordinance no. 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority (L 702/2023);
- Legislative proposal to amend and supplement Emergency Ordinance no. 93 of 18 December 2012 on the establishment, organization and functioning of the Financial Supervisory Authority (L 550/2023);
- Legislative proposal for amending and supplementing Article 15 of Government Emergency Ordinance no. 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority and amending Article 53 of Law no. 312/2004 on the Statute of the National Bank of Romania (Plx 21/2024);
- Legislative proposal to increase the guarantee ceiling of 500,000 lei in case of compensation awarded in accidents resulting in serious bodily injuries, when the compensation is paid by the Policyholders Guarantee Fund (Plx 588/2023);
- Legislative proposal on capping public sector income at the level of the salary of the President of Romania (Plx 536/2023);
- Legislative proposal to make the MTPL cheaper by amending Law 132/2017 on compulsory motor civil liability insurance for damage caused to third parties by vehicle and tram accidents (Plx 517/2023);
- Legislative proposal to amend Article 13 para. (5) of Law no. 213/2015 on the Policyholders Guarantee Fund (Plx 680/2023);
- Legislative proposal for the amendment of Law no. 120 of May 29, 2015 on the stimulation of individual investors-business angels (Plx no. 30/2023);
- Legislative proposal for amending para. (2) of Article 15 of Law no. 213/2015 on the Policyholders Guarantee Fund (PLx no. 681/2023);
- Legislative proposal for amending and supplementing Law no. 95/2006 on health reform (Plx 622/2023);
- Legislative proposal to amend Article 5 of Law no. 260/2008 on compulsory insurance of dwellings against earthquakes, landslides and floods (Plx 668/2023).

- **Draft normative acts related to secondary legislation prepared by the Financial Supervisory Authority:**

- Rule no. 1/2023 for the application of the provisions of the Guidance on the criteria for granting investment companies an exemption from the liquidity requirements in accordance with Article 43(4) of Regulation (EU) 2019/2.033 (EBA GL 2022 10);
- Rule no. 2/2023 on the management fee for privately managed pension funds;

- Rule no. 3/2023 amending Rule no. 11/2008 on the collection of individual contributions of participants in privately managed pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 23/2008;
- Rule no. 4/2023 amending and supplementing Rule no. 11/2011 on the investment and valuation of private pension funds' assets, approved by the Decision of the Supervisory Commission of the Private Pension System no. 22/2011;
- Rule no. 5/2023 for the completion of the Financial Supervisory Authority Rule no. 14/2015 on accounting regulations in line with the European Directives applicable to the private pension system;
- Rule no. 6/2023 on the completion of Art. (1) of the Regulation of the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, as well as the Investor Compensation Fund;
- Rule no. 7/2023 amending Rule no. 7/2007 on the prospectus of the private pension scheme, approved by the Decision of the Supervisory Commission of the Private Pension System no. 26/2007;
- Rule no. 8/2023 amending Rule no. 16/2010 on the prospectus of the optional pension scheme, approved by the Decision of the Supervisory Commission of the Private Pension System no. 27/2010;
- Rule no. 9/2023 for the application of the provisions of the Guide to the Conduct of Business Framework under Directive (EU) 2019/2.034 (EBA/GL/2021/14);
- Rule no. 10/2023 for the application of the provisions of the Guidelines on sound remuneration policies under Directive (EU) 2019/2.034 (EBA/GL/2021/13);
- Rule no. 11/2023 amending and supplementing Rule no. 26/2021 on the activity carried out in Romania by insurers from third countries through branches;
- Rule no. 12/2023 on amending and supplementing the Financial Supervisory Authority Regulation no. 41/2015 for the approval of the Accounting Regulations on the annual individual financial statements and the annual consolidated financial statements of entities carrying out insurance and/or reinsurance activity;
- Rule no. 13/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 36/2015 on Accounting rules regarding the annual individual financial statements and annual consolidated financial statements applicable to brokerage firms carrying out insurance and/or reinsurance distribution activity;
- Regulation no. 14/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 22/2020 on the temporary amendment of the maximum limit applicable to investments of private pension funds in government securities;

- Rule no. 15/2023 amending and supplementing Rule no. 11/2011 on the investment and valuation of private pension funds' assets, approved by the Decision of the Supervisory Commission of the Private Pension System no. 22/2011;
- Rule no. 16/2023 amending the Annex to the Rule of the Financial Supervisory Authority No. 13/2018 on the application of the European Securities and Markets Authority (ESMA) Guidelines on stress-testing scenarios under Article 28 of Regulation (EU) no. 1.131/2017 on money-market funds;
- Regulation no. 17/2023 amending the Financial Supervisory Authority Regulation no. 34/2020 for the implementation of the Half-Yearly Accounting Reporting System applicable to insurance entities;
- Rule no. 18/2023 for the amendment of Rule no. 18/2009 on the operations of receipts and payments made through the accounts of the voluntary pension fund, approved by the Decision of the Council of the Supervisory Commission of the Private Pension System no. 26/2009;
- Rule no. 19/2023 for amending and supplementing Rule no. 15/2009 on the operations of receipts and payments made through the accounts of the privately managed pension fund, approved by the Decision of the Council of the Supervisory Commission of the Private Pension System no. 23/2009;
- Regulation no. 20/2023 amending the Financial Supervisory Authority Regulation no. 1/2015 on the membership and record of participants in privately managed pension funds;
- Rule no. 21/2023 for the application of the provisions of the Guidance on the data collection exercise on high income earners under Directive 2013/36/EU and Directive (EU) 2019/2034 (EBA/GL/2022/08);
- Rule no. 22/2023 for the application of the ESMA Guidelines on common procedures and methodologies relating to the oversight and assessment process of central counterparties (CCPs) under Article 21 of EMIR;
- Rule no. 23/2023 for the application of the provisions of the Guidelines on benchmarking exercises on pay practices and the gender pay gap under Directive (EU) 2019/2034 (EBA/GL/2022/07);
- Regulation no. 24/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 24/2019 on the Policyholders Guarantee Fund;
- Rule no. 25/2023 on the rates of contributions due by insurers to the Policyholders Guarantee Fund;
- Rule no. 26/2023 amending and supplementing Rule no. 7/2010 on the rates of return of privately managed pension funds, approved by the Decision of the Supervisory Commission of the Private Pension System no. 9/2010;

- Regulation no. 27/2023 amending Regulation no. 10/2009 on the rates of return of voluntary pension funds, approved by the Decision of the Supervisory Commission for the Private Pension System no. 13/2009;
- Rule no. 28/2023 amending Article 13 para. (12) of the Financial Supervisory Authority Rule no. 20/2017 on motor insurance in Romania;
- Regulation no. 29/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 19/2021 on reporting and transparency obligations in the private pension system;
- Regulation no. 30/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 22/2016 on the authorization for the establishment of pension companies and the authorization for the management of privately managed pension funds;
- Rule no. 31/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 23/2016 on the authorization for the establishment of pension companies and the authorization for the management of voluntary pension funds;
- Rule no. 32/2023 for the application of the European Securities and Markets Authority's (ESMA) MiFID II Product Governance Requirements Guide;
- Rule no. 33/2023 for the application of ESMA's Guidance on Indicators in the Recovery Plans of Central Counterparties (CCPs) and ESMA's Guidance on Scenarios in the Recovery Plans of CCPs;
- Rule no. 34/2023 amending and supplementing the Financial Supervisory Authority Rule no. 27/2017 on the use of the net personal assets of the participant in a privately managed pension fund;
- Rule no. 35/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 28/2017 on the use of the net personal assets of the participant in an voluntary pension fund;
- Rule no. 36/2023 for the application of the provisions of the Guidance on common procedures and methodologies for the supervisory review and evaluation process (SREP) under Directive (EU) 2019/2.034;
- Rule no. 37/2023 amending and supplementing Annexes no. 1 and 2 to the Rule of the Financial Supervisory Authority no. 34/2015 on the quantitative requirements established by the European Supervisory Authority for Insurance and Occupational Pensions;
- Rule no. 38/2023 on compulsory insurance of dwellings against earthquakes, landslides and floods;
- Regulation no. 39/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 10/2014 on the storage and custody of assets of voluntary pension funds;
- Rule no. 40/2023 amending and supplementing the Financial Supervisory Authority Rule no. 11/2014 on the storage and custody of privately managed pension funds assets;

- Rule no. 41/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 3/2014 on internal control, internal audit and risk management in the private pension system;
- Regulation no. 42/2023 amending and supplementing the Financial Supervisory Authority Regulation no. 3/2013 on the marketing activity of the privately managed pension fund, approved by the Decision of the Council of the Supervisory Commission of the Private Pension System no. 5/2013; (not published during 2023);
- Rule no. 43/2023 amending and supplementing the Financial Supervisory Authority Rule no. 16/2013 on the marketing activity of the voluntary pension fund, approved by the Decision of the Council of the Financial Supervisory Authority no. 64/2013; (not published during 2023);
- Regulation no. 1/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 10/2016 on the organization and functioning of the Financial Supervisory Authority;
- Regulation no. 2/2023 on amending and supplementing the Regulation of the Financial Supervisory Authority no. 3/2013 for the authorization and operation of central counterparties issued in accordance with 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, approved by Decision of the Council of the Financial Supervisory Authority no. 28/2013;
- Regulation no. 3/2023 on the submission of information to the Authorization Portal Platform by investment management companies and alternative investment fund managers and amending the Regulation of the Financial Supervisory Authority no. 9/2014 on the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and depositaries of undertakings for collective investment in transferable securities, and for the repeal of a normative act;
- Regulation no. 4/2023 amending the Regulation of the Financial Supervisory Authority no. 10/2022 on the Investor Compensation Fund;
- Regulation no. 5/5/2023 amending and supplementing the Regulation of the Financial Supervisory Authority and of the National Bank of Romania no. 14/7/2018 on the provision of investment services and activities on behalf of financial investment services companies and credit institutions;
- Regulation No. 6/2023 on the temporary non-application of the quota for the exercise of supervision and control of compulsory motor third party liability insurance for damage caused to third parties by accidents involving vehicles and trams;
- Regulation no. 7/2023 on depositary receipts based on shares issued by a company having its registered office in a Member State or in a third country, as well as amending and supplementing the Regulation of the Financial Supervisory Authority no. 4/2013 on the shares underlying depositary receipts;
- Regulation no. 8/2023 on the temporary non-application of the levy on income from distribution activity related to motor liability insurance;

- Regulation no. 9/2023 amending the Regulation of the Financial Supervisory Authority No. 10/2016 on the organization and functioning of the Financial Supervisory Authority;
- Regulation no. 10/2023 on setting the thresholds in application of Article 3 of Regulation (EU) no. 858/2022 of the European Parliament and of the Council of 30 May 2022 on a pilot scheme for distributed ledger technology market infrastructures and amending Regulations (EU) no. 600/2014 and (EU) no. 909/2014 and Directive 2014/65/EU, and on the application of ESMA's Guidance on standard forms, formats and templates for applying for approval to operate a DLT-based market infrastructure;
- Regulation no. 11/2023 amending the Regulation of the Financial Supervisory Authority no. 10/2016 on the organization and functioning of the Financial Supervisory Authority;
- Regulation no. 12/2023 for amending and supplementing the Regulation of the Financial Supervisory Authority no. 5/2019 on the regulation of certain provisions regarding the provision of investment services and activities in accordance with Law no. 126/2018 on markets in financial instruments;
- Regulation no. 13/2023 amending and supplementing the Regulation of the Financial Supervisory Authority no. 10/2016 on the organization and functioning of the Financial Supervisory Authority;
- Regulation no. 14/2023 on the temporary non-application of the rates provided for in points 3, 6 and 9 of Annex no. 2 to the Regulation of the Financial Supervisory Authority no. 16/2014 on the revenues of the Financial Supervisory Authority;
- Regulation no. 15/2023 on the authorization of the entities referred to in Article 1632 of the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy;
- Instruction no. 1/6.218/2023 for the approval of the Rules on the determination, withholding and payment of tax on capital gains resulting from the transfer of securities obtained by individuals;
- Instruction no. 2/2023 for amending and supplementing the Instruction of the Financial Supervisory Authority no. 1/2016 on the preparation and submission of the annual financial statement and annual reporting by the entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments Sector, as well as by the Investor Compensation Fund;
- Instruction no. 3/2023 for the amendment of Annex no. 1 to the Instruction of the Financial Supervisory Authority no. 2/2016 on the preparation and submission of the half-yearly accounting reports by the entities authorized, regulated and supervised by the Financial Supervisory Authority - Financial Instruments and Investments Sector, as well as by the Investor Compensation Fund;
- Instruction no. 4/2023 for the application of the Guidance on the use of remote customer registration solutions pursuant to Art. 13 para. (1) of Directive (EU) 2015/849.

The analysis carried out in the field of regulation at the level of legal staff focused on the transposition of European legislation in the three areas of non-bank financial supervision, the application of the guidelines

issued by the European authorities (ESMA, EIOPA and EBA), the compliance with the rules of legislative technique, the correlation with the provisions and principles of the Romanian Constitution, republished, with all domestic regulations, as well as harmonization with national legislation, EU legislation and international treaties to which Romania is a party, as well as with the case law of the European Court of Human Rights and national courts.

Through the legal actions described in this report, ASF demonstrates its constant commitment to upholding the legality and efficiency of administrative and legal procedures, which are essential for the optimal functioning of the non-banking financial markets.

8.4. ASF's administrative and financial activity

The administrative-financial aspects show prudent management of resources, with an over-execution of revenue and savings on expenditure. This performance reflects an effective monitoring and resource efficiency policy, contributing to the financial sustainability of ASF.

The following conclusions can be drawn from the information presented on the financial situation of the Financial Supervisory Authority (ASF) for 2023:

Financial performance:

- ASF achieved a revenue execution rate of 102.8%, exceeding the budget forecasts set for the year;
- The Authority's actual revenues amounted to approximately 203.8 million lei.

Expenditure management:

ASF has recorded savings on the expenditure side, about 5.6% less than planned in the budget, representing an amount of about 203.5 million lei.

Financial results:

- Efficient management of resources and savings on expenditure led to a budget surplus of about 0.26 million lei;
- This performance is attributed to the implementation of a policy of monitoring and making efficient use of resources.

Supervision of market entities:

The total number of entities authorized, regulated and/or supervised by ASF is **607**, from which the authority collects revenues in accordance with Regulation 16/2014.

Tax Administration:

From the perspective of exercising the **quality of authorizing officer**, the activity carried out in 2023, in accordance with the decision delegating the quality of authorizing officer in this respect⁴⁴, materialized in the approval of the following documents:

⁴⁴ Decision no. 433/06.04.2022 on the delegation of the powers of authorizing officer.

| | |
|--|--------------|
| Financial accounting documents, of which: | 4,346 |
| budgetary commitments | 744 |
| commitment proposal | 744 |
| payment orders | 2,271 |
| travel orders (internal + external) | 167 |
| expenditure statements | 378 |
| credit opening request | 6 |
| salary summaries | 26 |
| staff (salaries) | 10 |
| Monthly reporting to the Ministry of Public Finance | 72 |
| Annual and quarterly financial statements | 4 |
| Finalized documents related to public procurement procedures, of which: | 2,202 |
| necessity reports (submitted by various structures before submission for approval) | 50 |
| procurement reports for goods/services/works | 260 |
| contracting strategies | 11 |
| documents related to procurement procedures (data sheet, technical proposal forms, instructions to tenderers, other forms, declarations) | 36 |
| statements by decision-makers | 10 |
| reports on the completion/cancellation of public procurement procedures | 9 |
| framework agreement/contracts/additional contracts/contracts for the purchase of goods and services | 99 |
| movement orders | 219 |
| decisions of tender evaluation committees | 11 |
| granting of the "good payment" visa | 1,457 |
| various answers, notes etc | 40 |
| Finalized documents related to asset management activity, of which: | 1,565 |
| Receipt and discrepancy notes | 1,075 |
| Consumer vouchers | 298 |
| Inventory vouchers and records of materials in the nature of inventory items put into use | 192 |

This detailed information reflects the financial-accounting and administrative activity performed as of 2023. Analyzing this data, we can draw the following conclusions and observations about financial and administrative management:

➤ **Volume of Financial and Accounting Documents:**

The Institution managed a significant number of financial-accounting documents, totaling 4,346, indicating an intense administrative and financial activity.

Of these, payment orders (2,271) represent the largest category, reflecting the frequency and complexity of financial transactions.

➤ **Budgetary Commitments:**

There is coherence between budget commitments and commitment proposals, both with 744 documents each, suggesting careful planning and respect of internal budget approval procedures.

➤ **Reports and Financial Statements:**

The 72 monthly reports to the Ministry of Public Finance demonstrate an ongoing commitment to transparency and compliance.

Preparation of 4 annual and quarterly financial statements emphasizes adherence to reporting standards and accountability to stakeholders.

➤ **Public Procurement Procedures:**

The management of 2,202 documents related to public procurement procedures illustrates the scale of procurement activities and the importance of compliance with applicable regulations.

The diversity of documents (ranging from need statements to framework agreements and contracts) highlights the complexity of the procurement process.

➤ **Heritage Management:**

The intense activity in asset management is indicated by 1,565 documents managed, with a concentration on incoming-receipt notes and consumption vouchers.

The management of inventory items and record keeping of materials reveals a detailed attention to the institution's assets.

These findings reflect rigorous organization and efficient management of financial and administrative resources. The work of the institution shows a structured and accountable approach to financial processes, asset management and compliance with public procurement procedures, all of which are essential to fulfill its mission and objectives.

Summarizing the data and information contained in this chapter, it can be highlighted that in 2023, the Financial Supervisory Authority (ASF) continued to focus on institutional capacity building and strengthening its infrastructure in line with the objectives of the IT Strategy for 2021-2023. This has involved significant modernizations in the areas of IT infrastructure, cyber security, internal processes and human resources management, reflecting ASF's commitment to respond effectively to the needs of the non-banking financial sector and to ensure the stability and integrity of financial markets in Romania.

9. Communication, decision-making transparency and financial education

9.1. Communication and institutional transparency

Communication at the level of ASF implies, first and foremost, the creation, maintenance and permanent improvement of an open communication channel, through which to inform the authority about the opinions of the consumers with whom it interacts directly, thus ensuring representation in ASF's relations with the public, as well as the transmission of concrete, concise and useful messages to the interested parties. Confidence in the financial markets and in the products on offer, as well as in the activities of the Financial Supervisory Authority, is thus the natural consequence of good communication and institutional transparency.

As for the public communication efforts of the Financial Supervisory Authority, they aim to establish a structured dialog with its partners in a diversified and relevant manner in order to genuinely respond to their interests. Dialogue on issues concerning the institution's activities and the stability and smooth functioning of the markets has been conducted on multiple platforms, providing direct access to the widest possible audience. This approach was supported throughout the year by ASF, through its involvement in external communication activities, in a variety of ways and in a variety of directions.

Moreover, **in the spirit of ensuring transparency regarding the decisions and activities of ASF, the** Authority's communication structure managed the requests made under Law 544/2001 by the general public and media representatives. Thus, during the year 2023, responses were sent to a total of 94 requests for public information on the activity of the Authority, the way in which the public institution's duties are performed, the activity of the ASF sectors - SAR, SSPP and SIIF, normative acts/regulations, etc. The evaluation report on the implementation of Law no. 544/2001 for the year 2023 was also published on the ASF website.

Attendance at public events

One of the resonating events that ASF partnered with Newsweek and the Institute for Financial Studies on in 2023 was the **#2023 Financial Education Summit**. The conference covered a wide range of topics, from introducing investing through the capital markets, to the benefits of Pillar II private funds, and the additional benefits of saving through an optional Pillar III private pension.

At the same time, throughout 2023, the Authority organized a number of its own events and participated in **over 50 conferences and seminars organized by other entities** - institutions, professional organizations and media, presenting the main messages related to its role and activity, through the direct participation of the representatives of the institution - the President of ASF, the members of the Council and the directors/specialists or the Spokesperson. Thus, also in 2023, ASF played an active role in the public dialog on major topics concerning the developments of the non-banking financial market.

9.2. Relationship with the media and online environment

The media was again in 2023 one of the main channels for conveying the Authority's relevant messages, with the aim of ensuring transparency in order to build an accurate perception of the Authority's role and work and to continuously improve it. Throughout 2023, the Authority responded to a total of **210 requests** from journalists **for information/interviews/TV interviews/interviews/radio interviews**. These were documented with the help of the specialized directorates within ASF, each time providing full and comprehensive information on the topics discussed. The Authority's positions/statements were provided in writing or supported in radio and TV broadcasts by the Spokesperson, as well as by other specialists within the Authority, as appropriate, depending on the topics and their importance. The number of requests received from the media in 2023 was more than 20% higher than the previous year, with the whole year marked by intense and sustained activity by the Authority on media channels.

In order to achieve the objectives of transparency and correct and efficient communication, a total of **93 press releases and press briefings** were prepared and sent at the level of ASF in 2023, through which ASF informed the press about the decisions of the Authority's Council, about the solutions in the cases where ASF was a party in court cases, as well as about the actions dedicated to financial education and consumer protection. ASF also kept the press constantly informed of data, analysis and statistics on developments in the three supervised and regulated markets. The area of editorial content continued to be developed and improved, through the elaboration of publicity materials on topics of interest, which were promoted both in the central and local media, as well as on social networks.

The increased media interest in the information made available by the Authority, as well as the real need to inform the public on issues related to the functioning of non-bank financial markets, together with the need for transparency in the Authority's communications, have been the basis for the development and implementation of editorial projects in the field of financial education, developed together with publishers and other content platforms. These efforts have aimed at creating financial education content in diversified formats - video, audio, text and image, transmitted through communication channels that offer direct access to the general public.

Thus, in the year 2023, a series of projects on the theme of financial education materialized, among which we mention those developed with Profit.ro/Profit News TV and Realitatea TV.

"**Education with Profit** - the campaign organized by profit.ro and Profit News TV in partnership with ASF brought in front of the public experts of the Authority to explain and debate issues of wide interest related to non-banking financial products, in a series of interviews - podcasts, which were broadcast simultaneously on three platforms.

" **Money Lesson** - the campaign realized by Realitatea TV in partnership with the Institute of Financial Studies. As part of the financial education campaign, specialists from the ASF spoke about the importance of financial education and explained the specific mechanisms and products of the three markets supervised by ASF.

Own online platforms

ASF continued the process of developing its own platforms - the website www.asfromania.ro, the website dedicated to financial education www.edutime.ro and the content integrator with relevance for non-banking financial markets www.studiifinanciare.ro - both in terms of structure and information content, thus refining the content and quality of the information shared.

The portal dedicated to financial education www.edutime.ro is a resource of information, projects, and programs, a useful tool for all those who want to improve their knowledge in the financial field and to deepen some of the current topics in the field. In terms of its activity, during 2023, the website had a significant audience - approximately 52,000 unique visitors and 114,000 views.

At the same time, the www.studiifinanciare.ro portal, launched by ASF in partnership with the Institute for Financial Studies, is an integrator of content relevant to non-bank financial markets, aimed at journalists and the general public alike, and has been intensively fed throughout the year with material based on research and reports by the ISF and ASF, as well as with first materials by specialists from the ISF and ASF. The website www.studiifinanciare.ro also features analysis covering local and international macroeconomic and financial developments.

Social media

The **LinkedIn** and **Facebook** profiles, as well as the **Youtube** channel have been active for several years, and an **Instagram** page and the **X (Twitter)** account were inaugurated in 2023. The information communicated through these platforms reflected the content disseminated through the traditional communication channels on the Authority's work, developments in regulated markets and financial education projects, in a manner tailored to each platform.

In line with the strategic orientation on delivering real-time information through the use of new media channels and taking into account the differentiated appetite for social media presence by age groups, the Authority has also inaugurated the **Tik-Tok** account.

9.3. Public relations

In terms of consumer assistance activities through the ASF Call Center, in 2023, ASF provided the necessary framework for interaction with more than 515,097 consumers (an increase of approximately 118% compared to 2022). These interactions took place through the call-center, specific information applications, through the resolution of petitions and through expert assistance provided to the consumer directly at the institution's premises.

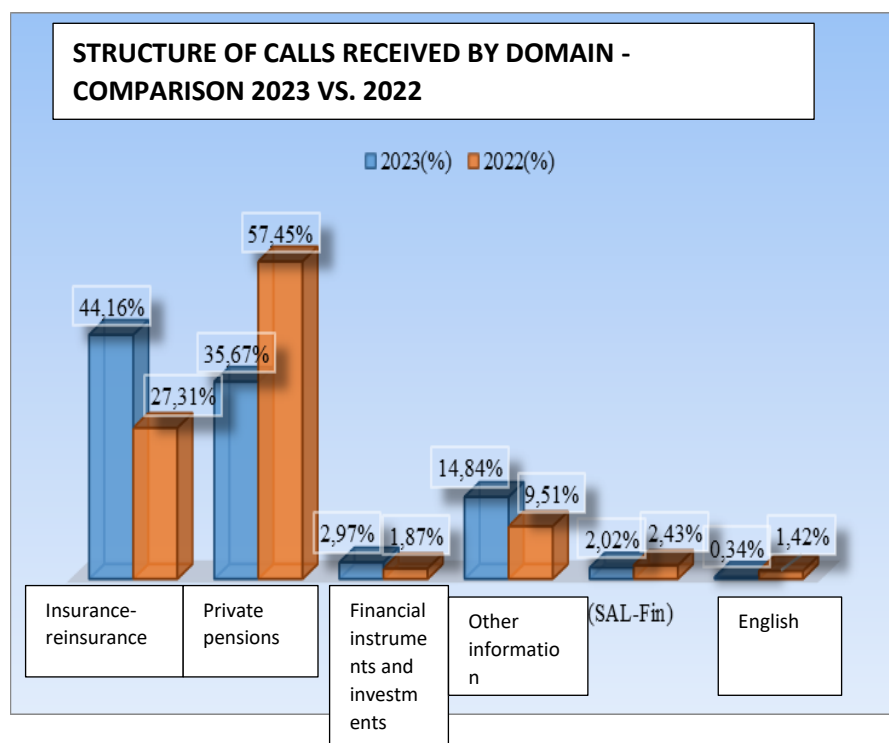
Thus, through the ASF Call-Center (Tel Verde 0800 825 627), the authority contributes to increasing the level of consumer information on the functioning of the non-banking financial markets supervised by the ASF.

Improving the quality of specialized assistance provided to consumers through the Call Center is a constant concern of ASF. The first step in the interaction between ASF and the consumer is to assess the consumer's level of knowledge and experience in the non-banking financial markets, and then to provide the information requested, in accordance with the consumer's training and experience. The information provided includes the risks to which the consumer may be exposed by choosing non-compliant financial

products, as well as guidance on understanding and possibly assuming these risks when making investment decisions.

Through the ASF Call Center, 12,038 calls (11,997 calls in Romanian and 41 calls in English) were answered and resolved in 2023, a decrease of 37.70% compared to 2022 (19,323 calls).

The comparative situation of the number of calls received in 2023 compared to 2022, according to the area covered by the consumer's request, is as follows:



✓ **Financial Instruments and Investments:** 358 calls (2.97% of total calls received) down 1.10% from 2022;

✓ **Insurance - Reinsurance:** 5,316 calls (44.16% of total calls received), an increase of 0.74% since 2022;

✓ **Private Pensions:** 4,294 calls (35.67% of total calls received), down 61.32% from 2022;

✓ **Other information:** 1,786 calls (14.84% of total calls received), down 2.86% from 2022;

✓ **Alternative Dispute Settlement Entity (SAL-Fin):** 243 calls (2.02%), down 48.30% compared to 2022;

✓ **English:** 41 calls (0.34%), down 85.09% since 2022.

In 2023, a **total of 1,909 outbound calls were made from the ASF Call Center**. These calls are intended to support the consumer in those cases where additional telephone assistance is needed, thus facilitating access to information more quickly, avoiding the paper or electronic format of a petition, especially in situations where they exceed the competence of ASF.

At the same time, in 2023, **1,330 consumers** benefited from expert assistance at the ASF headquarters, **36.69% more than in 2022**, in addition to those who benefited from expert assistance provided through the ASF Call Center.

There was also a significant increase among the consumers who created a new account **in the Authority's petitions portal**, so that **3,591 consumers** created **new user accounts**, which means that they preferred to use the digital channel in their communication with the Authority, choosing to communicate through

an innovative, easy and accessible tool, which actually contributes to increasing the degree of transparency and traceability of the processes throughout the entire petition handling process.

Through the **"Find out which pension fund you belong to"** application, which can be accessed from the ASF website: www.asfromania.ro, in the "Useful" section, it is possible to check whether you belong to a privately managed pension fund. In 2023, **491,233 unique consumers** accessed the "Find out which pension fund you belong to!" application, of which **400,545 consumers are participants** in the privately managed pension fund system - Pillar II, while **90,688 consumers are not participants** in the privately managed pension fund system.

Also in 2023, a total of **8,587 petitions and reports of non-compliance** submitted by consumers of non-banking financial services were analyzed, a decrease of 35.16% compared to the total number recorded in 2022, distributed as follows:

- 71.10% petitions and non-compliance reports analyzed uniquely by the Insurance-Reinsurance Sector;
- 4.08% petitions analyzed by the Private Pension System Sector only;
- 3.30% petitions analyzed uniquely by the Financial Instruments and Investments Sector;
- 21,52% petitions analyzed by the Public Relations Service (petitions regarding the exceeding of the ASF's settlement activity, as well as missing identification data - according to the provisions of O.G.27/2002).

9.4 Developing financial education

In terms of financial education of consumers in regulated and supervised markets, it can be said that the steps towards building one's own prosperity and security are closely linked to financial literacy. In an increasingly complex and dynamic environment, where financial products and services are becoming more and more innovative, financial education programs need to be practical and adapted to this new reality, so that their beneficiaries can better understand their financial options, choose wisely and manage their resources more effectively. Investing in one's own financial education is an essential prerequisite for a prosperous future, giving the ability to manage risks responsibly and to protect oneself further as a consumer of financial products.

Thus, the financial education activity carried out by the Financial Supervisory Authority, through its educational programs and awareness campaigns, aims to promote a responsible financial culture and appropriate information, thus improving the level of knowledge and skills of the consumer of non-bank financial services.

The approach to financial education envisages the integration of actions and programs targeting all age groups to form healthy habits related to money management in all its forms, information and awareness campaigns in online and offline environments to draw attention to the importance of financial education and to provide support for the proper management of personal finances, working with educational institutions, non-governmental organizations, public authorities, the private sector and the media to promote financial education and develop effective financial education programmes and tools, monitoring

and evaluating the impact of financial education programmes implemented to identify consumer needs and preferences and adapt financial education strategies and tools according to the results obtained.

In 2023, the Authority conducted several types of programs/actions/events:

- ✓ Participating in the two major annual international events - **Global Money Week (GMW)** and **World Investor Week (WIW)**, thus aiming to maintain its position as a promoter of financial education at national level and to increase Romania's visibility in the international context;
- ✓ **The White Night of the Universities**, through the two editions realized for the first time in the country within GMW and WIW respectively. Thus, a unique event format was created, through which educational activities (networking, coaching, mentoring, meetings with great business personalities, etc.) could be realized for students and future students. The event was very popular among young people, and the topics and themes discussed were topical, with relevant content tailored to their knowledge and needs;
- ✓ One of the largest financial education activities for children, held again this year as part of the **1UniFest** festival on 1st of June, included financial education workshops, financial competitions and games, financial counseling sessions for parents and was attended by an estimated 125,000 people. The activities carried out by the ASF received positive feedback from participants and significant media coverage;
- ✓ **Start4Life program** for disadvantaged children (from family-type homes and homes for children with disabilities), a target group which is extremely vulnerable, including financially. Nearly 850 children and young people have benefited from this program (from its launch to date), which provides long-term support for both educational support and support for their social and work integration;
- ✓ Supporting competitions on financial topics - the national financial education competition **ASF Olympiad**, dedicated to all 8th and 11th grade students in Romania; the drawing competitions for primary school students - **FinPitic and Financial World**, which were based on the series of 12 stories realized by the authority;
- ✓ The module **We All Matter**, part of the **Start2Learn** program, allowed the transmission of financial education concepts to rural and small urban students;
- ✓ More than 7,200 students, regardless of their specialization, participated in the **Academic Lab** program where ASF lecturers presented both financial market concepts and case studies;
- ✓ Almost 15,000 adults participated in the **Financial Wellness** program for employees, a concept on financial education in the workplace, the only one of its kind in Romania;
- ✓ ASF, as a member of international organizations, has participated in specific **IOSCO** and **OECD-INFE** activities, in the activities of sub working groups of the **European Commission**, has made presentations on teacher training in financial education and has had a significant contribution to the achievement of some indicators necessary for Romania's accession to the OECD, respectively to the development of the National Strategy for Financial Education;

- ✓ The continuous training courses for pre-university teachers, created by ASF specialists and accredited through the ISF, continued to be held. In addition, a third accredited course was organized by the ASF together with the NBR, ARB, IBR and ISF. In total, around 1,000 teachers participated in the three courses in 2023.

Also in 2023, ASF continued to support the public education system, both by supporting financial education classes for children and by supporting programs, workshops and conferences for teachers.

In all activities and programs addressed to the pre-university environment, **Start2Play** and **Start2Learn**, cumulatively, over the period 2015-2023, more than 432,109 children and young people (of which 135,349 children participated in 2023 in ASF actions and programs) benefited from these ASF projects and events, the distribution being national. For the university environment (**Academic Lab**), the ASF program registered a total of more than 34,700 participants in 2015-2023. The program aimed at adults and built under the concept of workplace education has registered, in the period 2020-2023 (**Financial Wellness**), a total number of over 46,800 participants, with large companies and organizations choosing this program to offer to their employees.

Based on the partnerships and protocols concluded with professional organizations of the financial markets, those concluded with the university environment at the national level, those concluded with all county school inspectorates or with various associations, not only programs are constantly developed, but also their customized modules, conferences, which aim to keep the course content updated for young people, aiming for a flexible, modern, personalized approach.

The educational resources made available by the Authority are extremely diversified, containing guides to good practice in financial education, collections of worksheets, teacher's aids and manuals, complementary presentations to the school curriculum, financial education games and activities and, last but not least, a magazine dedicated to teachers distributed also through the school inspectorates. The ASF's financial education website - www.edutime.ro, which supports educational and pedagogical resources, has seen significant (organic) growth this year, with new users showing interest in the resources made available online by the authority.

ASF's financial education team was also present in 2023 in the campaigns conducted on Realitatea TV, at the Financial Education Summit organized by Newsweek Romania, at the Financial Education Marathon organized by ProfitNews, at the Financial Education Project conducted by profit.ro, at the SME event - solutions for survival in the crisis and growth opportunities, on TVR at the Critical Point, various interventions in the news on Antena 1, etc.

At the same time, ASF continued the realization of consumer information campaigns on various aspects related to the quality of shareholder, holder of a PAD insurance, related to the quality of Pillar II participant, as well as the content for the digital financial education campaign, focused on digital security, a campaign that also involved media appearances.

9.5. SAL-FIN activity

The Entity for Alternative Dispute Resolution in the non-bank financial sector - SAL-FIN - represents the creation of alternative mechanisms to the judicial system, through the legally conferred powers, so that through SAL-FIN, two main activities are carried out, namely:

- ✓ **the specific activity of providing specialized assistance to consumers** with regard to the submission of requests for alternative dispute resolution in the non-banking financial sector, their analysis/verification of compliance, as well as the subsequent management of requests (registration, processing, settlement of requests within the deadline, forwarding of responses to consumers, etc.).
- ✓ **specific activity in the field of litigation (litigation)**, aiming at representing the interests of SAL-FIN Entity before the courts, arbitration or mediation procedure, related to civil, criminal, etc.

In the following, we briefly present the activity carried out at SAL-FIN level, in figures, for an overview of the alternative dispute resolution efforts undertaken during 2023.

In 2023, SAL-FIN registered 923 requests for conciliation, down by approx. 7% compared to the previous year, when 1214 applications were registered. Of the total number of settlement requests registered, 15 requests were suspended, 8 requests were shelved, 32 requests are under analysis by the Analysis and Technical Support Service, 396 requests were rejected and the remaining 472 requests were accepted, having met the legal eligibility requirements, in the following situations:

- 61 applications are in the conciliation procedure;
- 411 applications have been finalized.

Out of the total 472 accepted requests, consumers chose the procedure to impose a solution (PIS) for 382 requests (81%), of which:

- 373 consumers opted for online resolution (98%);
- 9 consumers opted for settlement in the presence of the parties (2%).

For a total of 90 requests (19%), consumers chose the Proposed Proposed Solution Procedure (PPS), of which:

- 88 consumers opted for online resolution (98%);
- 2 consumers opted for settlement in the presence of the parties (2%).

A significant proportion of the consumer applications accepted in 2023 concerned the field of insurance. In these circumstances, the structure of applications accepted by subject and by type of insurance is as follows:

| CLAIMS STRUCTURE IN RELATION TO THE SUBJECT MATTER OF THE DISPUTE / TYPE OF INSURANCE | NUMBER OF APPLICATIONS ACCEPTED | % IN TOTAL |
|--|------------------------------------|------------|
| CIVIL LIABILITY INSURANCE (MTPL) | 379 | 80 |

| | | |
|-------------------|-----|--------|
| GENERAL INSURANCE | 62 | 13 |
| CASCO INSURANCE | 19 | 4 |
| LIFE INSURANCE | 9 | 2 |
| PAID | 3 | 1 |
| TOTAL | 472 | 100,00 |

The applications admitted for conciliation concerned 14 traders, with the following **structure**:

| STRUCTURE OF CLAIMS IN RELATION TO THE INSURANCE COMPANY PARTY TO THE DISPUTE | NUMBER OF APPLICATIONS ACCEPTED | % |
|--|------------------------------------|--------|
| GROUPAMA | 105 | 22 |
| ALLIANZ | 102 | 21,6 |
| EUROINS | 99 | 21 |
| GRAWE | 52 | 11 |
| OMNIASIG | 36 | 7,6 |
| GENERALI | 33 | 7 |
| ASIROM | 27 | 6 |
| EUROLIFE | 5 | 1 |
| PAID | 4 | 1 |
| BRD ASIGURĂRI DE VIAȚĂ | 2 | 0,4 |
| SIGNAL IDUNA ASIGURĂRI DE VIAȚĂ | 2 | 0,4 |
| SIGNAL IDUNA | 2 | 0,4 |
| UNIQA | 2 | 0,4 |
| ALLIANZ UNIT ASIGURĂRI DE VIAȚĂ | 1 | 0,2 |
| TOTAL | 472 | 100,00 |

The structure of the disputes settled in 2023, by **subject of the claims**, is as follows:

| STRUCTURE OF SETTLED DISPUTES IN RELATION TO THE SUBJECT- MATTER OF THE CLAIMS | NUMBER OF SETTLED DISPUTES | % |
|---|-------------------------------|--------|
| CIVIL LIABILITY INSURANCE (MTPL) | 334 | 81,2 |
| GENERAL INSURANCE | 50 | 12,2 |
| CASCO INSURANCE | 16 | 4 |
| LIFE INSURANCE | 9 | 2,2 |
| PAID | 2 | 0,4 |
| TOTAL | 411 | 100,00 |

In terms of the *average duration for the settlement of disputes*, for the applications finalized in 2023 there was an average duration of approx. 30 days for the dispute settlement procedure by proposing a solution and approx. 51 days for the procedure of dispute settlement by imposing a solution (excluding rejected applications and applications unsettled by the reference date)⁴⁵.

In 2023, 29 decisions were challenged before the courts, decisions challenged by traders (relating to 5 insurance companies). In these circumstances, the proportion of compliance with the results of the SAL proceedings is approx. 93%.

The most common disputes subject to alternative dispute resolution in 2023 were generated by the following issues:

- Exceeding the legal deadline for payment of compensation for damage cases opened on the basis of MTPL contracts; claiming penalties due to consumers for late payment of compensation/payment of the difference in compensation under MTPL contracts;
- the large difference between the amounts proposed by insurers in damage claims and the calculations that consumers receive following assessments or findings in service units (in the case of MTPL, CASCO) or, in the case of other insurances, the large difference between the amounts proposed by insurers and the maximum amounts provided for in insurance contracts; the market value set by insurers, in the case of total damage, without taking into account all the equipment of the vehicles concerned;
- lack of transparent communication of the calculations that insurers make in determining the amount of damages; insufficient justification of the solutions adopted by insurers;
- claiming sums deemed to be due by consumers for car rental or lack of use under MTPL contracts.

After benchmarking, we can say that the significant issues that frequently arise and lead to disputes between consumers and traders are similar to those in 2022.

In terms of the effectiveness of SAL procedures, the procedures carried out in 2023, regardless of the method of resolution, were generally complied with by the parties involved, with the solutions adopted being accepted by the parties in a proportion of approx. 93%.

This demonstrates the effectiveness of this method of resolving disputes in the non-bank financial sector. At the same time, the growing interest shown by consumers should be emphasized, in particular as a result of their expressed need for a faster, more transparent and free of charge way of settling their claims, as evidenced by the annual growth rate in both the number of claims received and the number of disputes settled. SAL-FIN is also constantly updating its working methods with a view to constantly improving its performance.

SAL-FIN participation in networks of SAL entities facilitating cross-border dispute resolution

Since September 2020, SAL-FIN has been a member of the European Online Dispute Resolution (ODR) Platform, a digital tool created by the European Commission to facilitate the independent, impartial,

⁴⁵ Due to the specificity of the SAL-FIN procedures, the final results when settling all applications may differ.

transparent, effective, efficient, fast and fair out-of-court settlement of disputes concerning contractual obligations arising out of contracts for the online sale or provision of services between a consumer residing in the EU and an entity established in the EU⁴⁶.

Thus, all dispute resolution entities listed on this website offer out-of-court dispute resolution procedures, following evidence of clear quality standards in the field.

On this platform there are notified and recognized by the European Commission about 400 alternative dispute resolution entities.

Last but not least, we reiterate that the Alternative Dispute Resolution Entity for Non-Bank Financial Disputes, SAL-FIN, organized within the Financial Supervisory Authority, has been accepted by the European Commission to be part of FIN-NET, the network of national organizations in the European Economic Area, which settles out-of-court consumer disputes in the field of financial services.

FIN-NET was set up by the European Commission in 2001 to promote cooperation between alternative dispute resolution entities in the field of financial services and to provide consumers with easily accessible alternative dispute resolution procedures for cross-border disputes involving financial services. The network also aims to identify and popularize best practices among its members through training and exchanges of experience. FIN-NET currently has 61 members from the countries of the European Economic Area (of which 57 from the 27 Member States of the European Union), plus 6 affiliated members from outside the European Economic Area.

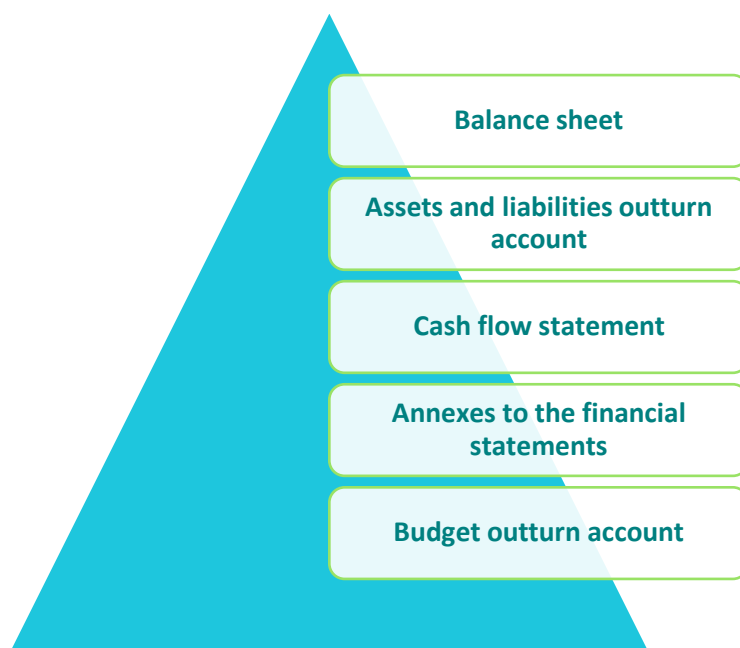
ANNEX - Financial statements of the ASF for 2023 and audit report

The Financial Supervisory Authority (ASF) is an autonomous, specialized administrative authority, with legal personality, independent, self-financed, established in accordance with Art. (2) of GEO NO. 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority approved by Law no. 113/23.04.2013, as amended and supplemented, which exercises its duties by taking over and reorganizing all the powers and prerogatives of the National Securities Commission, the Insurance Supervisory Commission and the Private Pension System Supervisory Commission.

⁴⁶ in accordance with the provisions of *Regulation (EU) no. 524/2013 of the European Parliament and of the Council of May 21, 2013 on online dispute resolution for consumer disputes and amending Regulation (EU) no. 2006/2004 and Directive 2009/22/EC* (Regulation on consumer ODR).

The financial statements as at 31 December 2023 have been prepared in accordance with the provisions of the Accounting Law no. 82/1991, the Order of the Minister of Public Finance no. 1917/2005 as subsequently amended and supplemented and the Order of the Minister of Finance no. 77/2024 on the submission of the annual centralized financial statements prepared by public institutions as at 31 December 2023 and for amending and supplementing some orders of the Minister of Finance in the field of accounting of public institutions.

The financial statements of ASF are prepared in accordance with the accounting principles and rules laid down by the legislation in force and comprise:



The financial statements are prepared in lei, monetary items denominated in foreign currency, receivables and payables in foreign currency, non-monetary items acquired with payment in foreign currency are valued and reported at the NBR exchange rate valid as at 31.12.2023.

ASF BALANCE SHEET as at 31.12.2023

lei

| No. | NAME OF INDICATORS | Row code | Balance at the beginning of the year | Balance at end of period |
|-----|--------------------|----------|--------------------------------------|--------------------------|
| A | B | C | 1 | 2 |

| | | | | |
|-----|---|-----------|-------------------|-------------------|
| 1. | ASSETS | 01 | X | X |
| 2. | NON-CURRENT ASSETS | 02 | X | X |
| 3. | Intangible fixed assets (acc. 2030000+2050000+2060000+2080100+2080200+2330000-2800300-2800500-2800800-2900400-2900500-2900800-2930100*) | 03 | 2,480,549 | 2,039,771 |
| 4. | Technical installations. means of transport. animals. plantations. furniture. office machinery and other tangible assets (acc. 2130100+2130200+2130300+2130400+2140000+2310000-2810300-2810400-2910300-2910400-2910400-2930200*) | 04 | 6,850,701 | 6,689,051 |
| 5. | Land and buildings (acc. 2110100+2110200+2120101+2120102+2120201+2120301+2120401+2120501+2120601+2120901+2310000-2810100-2810200-2910100-2910200-2930200) | 05 | 13,070,832 | 12,687,505 |
| 6. | Other non-financial assets (acc. 2150000) | 06 | 0 | 0 |
| 7. | Non-current financial assets (long-term investments) over one year (acc. 2600100+2600200+2600300+2650000+2670201+ 2670202+2670203+2670204+2670205+2670208-2960101-2960102-2960103-2960200). of which: | 07 | 0 | 0 |
| 8. | Participating certificates (acc. 2600100+2600200+2600300-2960101-2960102-2960103) | 08 | 0 | 0 |
| 9. | Non-current receivables - amounts receivable after more than one year (acc. 4110201+4110208+4110208+4130200+4280202+4610201+4610201+ 4610209- 4910200-4960200). of which: | 09 | 0 | 0 |
| 10. | Non-current trade receivables - amounts receivable after more than one year (acc. 4110201+4110208+4130200+4610201-4910200-4960200) | 10 | 0 | 0 |
| 11. | TOTAL CURRENT ASSETS (row03+04+05+06+07+09) | 15 | 22,402,082 | 21,416,327 |
| 12. | CURRENT ASSETS | 18 | x | x |
| 13. | Stocks (acc. 3010000+3020100+3020200+3020300+3020400+3020500+3020600+3020700+3020800+3020900+3030100+3030200+3040100+3040200+3050100+3050200+3070000+3090000+3310000+3320000+3410000+3450000+3460000+3470000+3490000+3510100+3510200+3540100+3540500+3540600+3560000+3570000+3580000+3590000+3610000+3710000+3810000+/-3480000+/-3780000-3910000-3920100-3920200-3930000-3940100-3940500-3940600-3950100-3950200-3950300-3950400-3950600-3950700-3950800-3960000-3970000-3980000-4420803) | 19 | 1,773,666 | 1,555,343 |
| 14. | Current receivables - amounts to be collected in less than one year | 20 | x | x |
| 15. | Trade receivables. advances and other settlements (acc. 2320000+2340000+4090101+4090102+4110101+4110108+4130100+4180000+4250000+4280102+4610101+4610109+4730109**+4810101+4810102+4810103+4810200+4810300+4810900+4820000+4830000+4890101+4890301-4910100-4960100+5120800). din care: | 21 | 21,274,619 | 16,681,858 |

| | | | | |
|-----|---|------|-------------|-------------|
| 16. | Settlements concerning the closure of the execution of the state budget for the current year (acc. 489010101+4890301) | 21.1 | | |
| 17. | Trade receivables and advances (acc.2320000+2340000+4090101+4090102+411010101+4110108 + 4130100+4180000+461010101-4910100-4960100). of which : | 22 | 20,125,977 | 3,795 |
| 18. | Advances granted (acc.2320000+2340000+4090101+4090102) | 22.1 | 2,193 | 1,260 |
| 19. | Budget claims (acc.4310100**+4310200**+4310300**+4310400**+4310500** + 4310700**+4370100**+4370200**+4370300**+4420400+ 4420800**+4420802+4440000**+4460000**+4460100**+ 4460200**+4480200+4610102+4610104+4630000+4640000+465 0100+4650200+4660401+4660402+4660500+4660900+ 4810101**+4810102**+ 4810103**+ 4810900**+4820000**- 4970000). of which: | 23 | 0 | 0 |
| 20. | Receivables from the consolidated general budget (acc.4630000+4640000+4650100+4650200+4660401+ 4660402+ 4660500+4660900-4970000) | 24 | 0 | 0 |
| 21. | Receivables from operations with non-reimbursable external and budget funds (acc. 4500100+4500300+4500501+4500502+4500503+ 4500504+4500505+4500700+4510100+4510300+4510500+ 4530100+4540100+4540301+4540302+4540501+4540502+ 4540503+4540504+4550100+4550301+4550302+4550303+ 4560100+4560303+4560309+4570100+4570201+4570202+ 4570203+4570205+4570206+4570209+4570301+4570302+ 4570309+4580100+4580301+4580302+4610103+4730103**+ 4740000+4760000). of which: | 25 | 0 | 0 |
| 22. | Amounts receivable from the European Commission / other donors (acc.4500100+4500300+4500501+4500502+4500503+ 4500504+ 4500505+4500700) | 26 | 0 | 0 |
| 23. | Short-term loans granted (acc. 2670101+2670102+2670103+2670104+2670105+ 2670108+ 2670601+2670602+2670603+2670604+2670605+ 2670609+ 4680101+4680102+4680103+4680104+4680105+ 4680106+ 4680107+4680108+4680109+4690103+4690105+ 4690106+ 4690108+4690109) | 27 | 195,607,500 | 190,727,725 |
| 24. | Total current receivables (row 21+23+25+27) | 30 | 216,882,119 | 207,409,583 |
| 25. | Short-term investments (acc.5050000-5950000) | 31 | | |
| 26. | Accounts with treasuries and credit institutions | 32 | x | x |
| 27. | Treasury accounts. Cash at hand in lei (acc. 5100000+5120101+5120501+5130101+5130301+5130302+ 5140101+5140301+5140302+5150101+5150103+5150301+ 5150500+5150600+5160101+5160301+5160302+5170101+ 5170301+5170302+5200100+5210100+5210300+5230000+ 5250101+5250102+5250301+5250302+5250400+5260000+ 5270000+5280000+5290101+5290201+5290301+5290400+ 5290901+5310101+5500101+5520000+5550101+5550400+ 5570101+5580101+5580201+5590101+5600101+5600300+ 5600401+5610101+5610300+5620101+5620300+5620401+ 5710100+5710300+5710400+5740101+5740102+5740301+ 5740302+5740400+5750100+5750300+5750400-7700000) | 33 | 19,036,434 | 27,757,772 |

| | | | | |
|-----|---|------|-------------|-------------|
| 28. | Interest receivable. other amounts. treasury advances (acc. 5180701+5320100+5320200+5320300+5320400+ 5320500+ 5320600+5320800+5420100) | 33.1 | 1,764 | 1,764 |
| 29. | Depositorys | 34 | x | x |
| 30. | Accounts with credit institutions. NBR. Cash at hand in foreign currency (acc. 5110101+5110102+5120102+5120402+5120502+ 5130102+5130202+5140102+5140202+5150102+5150202+ 5150302+5160102+5160202+5170102+5170202+5290102+ 5290202+5290302+5290902+5310402+5410102+5410202+ 5500102+5550102+5550202+5570202+5580102+5580202+ 5580302+5580303+5590102+5590202+5600102+5600103+ 5600402+5610102+5610103+5620102+5620103+5620402) | 35 | 128,614,755 | 126,238,210 |
| 31. | Interest receivable. treasury advances (acc.5180702+5420200) | 35.1 | 3,642,670 | 2,604,028 |
| 32. | Depositorys | 36 | X | X |
| 33. | Total liquid assets and other values (row33+33.1+35+35.1) | 40 | 151,295,623 | 156,601,774 |
| 34. | Central Treasury and territorial treasury cash accounts (acc. 5120600+5120700+5120901+5120902+5121000+ 5240100+ 5240200+5240300+5550101+5550102+5550103 -7700000) | 41 | 0 | 0 |
| 35. | Interest receivable. other values. treasury advances (acc.5320400+5180701+5180702) | 41.1 | 0 | 0 |
| 36. | Prepaid expenses (acc. 4710000) | 42 | 127,400 | 10,292,582 |
| 37. | TOTAL CURRENT ASSETS (row19+30+31+40+41+41.1+42) | 45 | 370,078,808 | 375,859,282 |
| 38. | TOTAL ASSETS (row15+45) | 46 | 392,480,890 | 397,275,609 |
| 39. | DEBTS | 50 | x | x |
| 40. | UNCURRENT DEBTS - amounts falling due after more than one year | 51 | x | x |
| 41. | Non-current amounts - amounts to be paid after more than one year (acc. 2690200+4010200+4030200+4040200+4040200+4050200+ 4280201+ 4620201+4620209+5090000). of which: | 52 | 0 | 0 |
| 42. | Staff - additional salary entitlements: (acc.4200201+4200202) | 52.1 | X | 10,225,937 |
| 43. | Trade debts (acc.4010200+4030200+4040200+4050200+4620201) | 53 | 0 | 0 |
| 44. | Long-term loans (acc.1610200+1620200+1630200+1640200+1650200+1660201+ 1660202+1660203+1660204+1670201+1670202+1670203+ 1670208+1670209-1690200) | 54 | 0 | 0 |
| 45. | Provisions (acc. 1510201+1510202+1510203+1510204+1510208) | 55 | 37,046,626 | 11,948,554 |
| 46. | TOTAL CURRENT DEBTS (row52+54+55) | 58 | 37,046,626 | 22,174,491 |
| 47. | CURRENT DEBTS - amounts to be paid within a period of up to one year | 59 | x | x |
| 48. | Trade payables. advances and other settlements (acc. 2690100+4010100+4030100+4040100+4050100+ 4080000+4190000+4620101+4620109+4730109+4810101+ 4810102+4810103+4810200+4810300+4810900+4820000+ 4830000+4890201+5090000+5120800). din care: | 60 | 1,363,979 | 2,868,263 |
| 49. | Settlements concerning the closure of the execution of the state budget for the current year (acc. 4890201) | 60.1 | 0 | 0 |
| 50. | Trade payables and advances | 61 | 1,098,800 | 1,758,129 |

| | | | | |
|-----|---|------|------------|------------|
| | (acc. 4010100+4030100+4030100+4040100+4050100+ 4080000+ 4190000+ 4620101). of which: | | | |
| 51. | Advances received (acc.4190000) | 61.1 | | 0 |
| 52. | Debts to budgets (acc. 4310100+4310200+4310300+4310400+4310500+ 4310700+4370100+4370200+4370300+4400000+4410000+ 4420300+4420801+4440000+4460000+4460100+4460200+ 4480100+4550501+ 4550502+4550503+4620109+4670100+ 4670200+4670300+ 4670400+4670500+4670900+ 4730109+4810900+4820000). of which: | 62 | 5,267,963 | 5,058,008 |
| 53. | Public institutions' debts to budgets | 63 | x | x |
| 54. | Social contributions (acc. 4310100+4310200+4310300+4310400+4310500+ 4310700+ 4370100+4370200+4370300) | 63.1 | 4,447,111 | 4,275,594 |
| 55. | Amounts owed to the budget from Non-reimbursable external funds (acc.4550501+4550502+4550503) | 64 | 0 | 0 |
| 56. | Liabilities arising from operations with Non-reimbursable external funds and funds from the budget. other liabilities to other international bodies (acc. 4500200+4500400+4500600+4510200+4510401+ 4540402+ 4540409+4510601+4510602+4510603+4510605+ 4510606+4510609+4520100+4520200+4530200+4540200+ 4540401+4540402+4540601+4540602+4540603+4550200+ 4550401+4550402+4550403+4550404+4550409+4560400+ 4580401+4580402+4580501+4580502+4590000+4620103+ 4730103+ 4760000) | 65 | 0 | 0 |
| 57. | of which: amounts owed to the European Commission / other donors (acc.4500200+4500400+4500600+4590000+4620103) | 66 | 0 | 0 |
| 58. | Short-term loans - amounts to be repaid within a period of up to one year (acc. 5180601+5180603+5180604+5180605+5180606+ 5180608+5180609+5180800+5190101+5190102+5190103+ 5190104+5190105+5190106+5190107+5190108+5190109+ 5190110+ 5190180+5190190) | 70 | 0 | 0 |
| 59. | Long-term loans - amounts to be paid during the current year (acc. 1610100+1620100+1630100+1640100+1650100+ 1660101+1660102+1660103+1660104+1670101+1670102+ 1670103+1670108+1670109+1680100+1680200+1680300+ 1680400+1680500+1680701+1680702+1680703+1680708+ 1680709 -1690100) | 71 | 0 | 0 |
| 60. | Employee salaries (acc. 4210000+4230000+4260000+4270100+4270300+4280101) | 72 | 7,160,736 | 6,907,785 |
| 61. | Staff - additional salary entitlements: (acc.4200101+4200102) | 72.1 | 0 | 0 |
| 62. | Other entitlements due to other categories of persons (pensions. unemployment benefits. grants) (acc. 4220100+4220200+4240000+4260000+4270200+4270300+ 4290000+4380000). of which: | 73 | 0 | 0 |
| 63. | Pensions. unemployment benefits. scholarships | 73.1 | x | x |
| 64. | Deferred income (acc.4720000) | 74 | 0 | 0 |
| 65. | Provisions (acc.1510101+1510102+1510103+1510104+1510108) | 75 | 22,929,684 | 20,918,398 |

| | | | | |
|-----|---|-----------|--------------------|--------------------|
| 66. | TOTAL CURRENT DEBTS (row 60+62+65+70+71+72+73+74+75) | 78 | 36,722,362 | 35,752,454 |
| 67. | TOTAL DEBTS (row 58+78) | 79 | 73,768,988 | 57,926,945 |
| 68. | NET ASSETS = TOTAL ASSETS - TOTAL LIABILITIES = EQUITY (row 80= row 46-79 = row 90) | 80 | 318,711,902 | 339,348,664 |
| 69. | EQUITY | 83 | x | x |
| 70. | Reserves. funds (acc.1000000+1010000+102010000+1020101+1020102+1020103+1030000+104010101+1040102+1040103+1050100+1050200+1050300+1050400+1050500+1060000+1320000+1330000+1330000+1390100) | 84 | 5,551,267 | 5,551,267 |
| 71. | Retained result (acc.1170000- credit balance) | 85 | 291,089,844 | 317,451,430 |
| 72. | Retained result (acc.1170000- debit balance) | 86 | | |
| 73. | Net result for the year (acc.1210000- credit balance) | 87 | 22,070,791 | 16,345,967 |
| 74. | Net result for the year (acc.1210000- debit balance) | 88 | | |
| 75. | TOTAL EQUITY (row 84+85-86+87-88) | 90 | 318,711,902 | 339,348,664 |

ASF EQUITY INCOME STATEMENT as at 31.12.2023

lei

| No. Crt. | INDICATOR NAME | Row code | Previous year | Current year |
|----------|--|-----------|--------------------|--------------------|
| A | B | C | 1 | 2 |
| I. | OPERATING REVENUES | 01 | | |
| 1. | Revenue from taxes, duties, insurance contributions and other revenue of budgets (acc.7300100+7300200+7310100+7310200+7320100+7330000+7340000+7350100+7350200+7350300+7350400+7350500+7350600+7360100+7390000+7450100+7450200+7450300+7450400+7450500+7450900+7460100+7460200+7460300+7460900) | 02 | 0 | 0 |
| 2. | Income from economic activities (acc.7210000+7220000+7510100+7510200+/-7090000) | 03 | 0 | 0 |
| 3. | Funding. grants. subsidies. transfers (acc.7510500+7710000+7720100+7720200+7740100+7740200+7750000+7760000+7780000+7790101+7790109) | 04 | 209,315 | 32,458 |
| 4. | Other operating income (acc.7140000+7180000+7500000+7510300+7510400+7810200+7810300+7810401+7810402+7770000) | 05 | 227,050,835 | 210,319,249 |
| | TOTAL OPERATING REVENUE (row 02+03+04+05) | 06 | 227,260,150 | 210,351,707 |
| II. | OPERATIONAL EXPENDITURE | 07 | | |
| 1. | Salaries and social contributions related to employees (acc. 6410000+6420000+6450100+6450200+6450300+6450400+6450500+6450600+6450800+6460000+6470000) | 08 | 167,501,501 | 168,694,992 |
| 2. | Grants and transfers (acc.7000000+6710000+6720000+6730000+6740000+6750000+6760000+6770000+6780000+6790000) | 09 | 10,478,615 | 11,110,249 |

| | | | | |
|-------|---|------|-------------|-------------|
| 3. | Stocks. consumables. works and services performed by third parties (acc. 6010000+6020100+6020200+6020300+6020400+6020500+6020600+ 6020700+6020800+6020900+6030000+6060000+6070000+6080000+6090000+6100000+6110000+6120000+6130000+6140000+6220000+6230000+6240100+6240200+6260000+6270000+ 6280000+6290100) | 10 | 14,753,044 | 15,508,234 |
| 4. | Capital expenditure. depreciation, amortization and provisions (acc.6290200+6810100+6810200+6810300+6810401+6810402+6820101+6820109+6820200+6890100+6890200) | 11 | 26,024,652 | 19,099,751 |
| 5. | Other operational expenditure (acc.6350000+6350100+6540000+6580101+ 6580109) | 12 | 682,657 | 1,554,619 |
| 6. | TOTAL OPERATING EXPENDITURE (row 08+09+10+11+12) | 13 | 219,440,469 | 215,967,845 |
| III. | OPERATING RESULT | 14 | | |
| | - SURPLUS (row 06- row 13) | 15 | 7,819,681 | |
| | - DEFICIT (row 13- row 06) | 16 | | 5,616,138 |
| IV. | FINANCIAL REVENUES (acc.7630000+7640000+7650100+7650200+7660000+7670000+7680000+7690000+7860300+7860400) | 17 | 14,035,968 | 21,989,976 |
| V. | FINANCIAL EXPENDITURE (acc. 6630000+6640000+6650100+6650200+6660000+6670000+6680000+6690000+6860300+6860400+6860800) | 18 | 60,639 | 68,583 |
| VI. | RESULT FROM FINANCIAL ACTIVITY | 19 | | |
| | - SURPLUS (row 17- row 18) | 20 | 13,975,329 | 21,921,393 |
| | - DEFICIT (row 18- row 17) | 21 | | |
| VII. | RESULT FROM CURRENT ACTIVITY | 22 | | |
| | - SURPLUS (row 15+20-16-21) | 23 | 21,795,010 | 16,305,255 |
| | - DEFICIT (row 16+21-15-20) | 24 | | |
| VIII. | EXTRAORDINARY REVENUE (acc.7910000) | 25 | 275,781 | 40,712 |
| IX. | EXTRAORDINARY EXPENDITURE (acc.6900000+6910000) | 26 | 0 | 0 |
| X. | RESULT FROM EXTRAORDINARY ACTIVITY | 27 | | |
| | - SURPLUS (row 25-row 26) | 28 | 275,781 | 40,712 |
| | - DEFICIT (row 26-row 25) | 29 | | |
| XI. | PATRIMONIAL RESULT FOR THE YEAR (NET) | 29.1 | | |
| | - SURPLUS (row 23+28-24-29) | 29.2 | 22,070,791 | 16,345,967 |
| | - DEFICIT (row 24+29-23-28) | 29.3 | | |

CASH FLOW SITUATION as at 31.12.2023

lei

| INDICATOR NAME | Row code | TOTAL | 5310101 | 5600101*.770* | Other availabilities (acc.5xx) |
|----------------|----------|-------|---------|---------------|--------------------------------|
| A | B | 1 | 2 | 3 | 4 |

| | | | | | |
|---|------|-------------|--------|-------------|---------|
| I. CASH FROM OPERATING ACTIVITY | 1 | | | | |
| 1. Receipts | 2 | 200,668,503 | 37,520 | 200,564,392 | 66,591 |
| 2. Payments | 3 | 199,101,592 | 37,520 | 198,965,030 | 99,042 |
| 3. Net cash from operating activity (row 02- row 03) | 4 | 1,566,911 | 0 | 1,599,362 | -32,451 |
| II. CASH FROM INVESTMENT ACTIVITY | 5 | | | | |
| 1. Receipts | 6 | 0 | 0 | 0 | 0 |
| 2. Payments | 7 | 4,549,864 | 0 | 4,549,864 | 0 |
| 3. Net cash from investing activities (row 06-07) | 8 | -4,549,864 | 0 | -4,549,864 | 0 |
| III. CASH FROM FINANCING ACTIVITY | 9 | | | | |
| 1. Receipts | 10 | 11,704,291 | 0 | 11,704,291 | 0 |
| 2. Payments | 11 | 0 | 0 | 0 | 0 |
| 3. Net cash from financing activities (row 10-row 11) | 12 | 11,704,291 | 0 | 11,704,291 | 0 |
| IV. NET INCREASE (DECREASE) IN NUM NUMBER AND CASH EQUIVALENT (row 04+row 08+row 12) | 13 | 8,721,338 | 0 | 8,753,789 | -32,451 |
| V. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 14 | 19,036,434 | 0 | 18,990,758 | 45,676 |
| - Amounts recovered in previous year's surplus **) | 14.1 | 18,000,000 | x | 18,000,000 | x |
| - Amounts used from previous year's surplus/ amounts transferred from surplus to local budget/ amounts transferred from surplus for the creation of treasury deposits***) | 14.2 | 18,000,000 | x | 18,000,000 | x |
| Amounts transferred from unused cash available at the end of the previous year ****) | 14.3 | | x | x | x |
| VI. CASH AND CASH EQUIVALENT AT END OF PERIOD (row 13+row 14+row 14.1 - row 14.2 - row 14.3) | 15 | 27,757,772 | 0 | 27,744,547 | 13,225 |

CASH FLOW SITUATION with commercial banks as at 31.12.2023

lei

| INDICATOR NAME | Row code | Total | 5310402 | 5500102. 5600402. 5120402. 550 |
|---------------------------------|----------|---------------|---------|--------------------------------|
| A | B | 1 | 2 | 3 |
| I. CASH FROM OPERATING ACTIVITY | 01 | | | |
| 1. Receipts | 02 | 1,048,501,583 | 592,756 | 1,047,908,827 |

| | | | | |
|--|-----------|----------------------|----------------|----------------------|
| 2. Payments | 03 | 1,050,820,705 | 592,708 | 1,050,227,997 |
| 3. Net cash from operating activity (row 02- row 03) | 04 | -2,319,122 | 48 | -2,319,170 |
| II. CASH FROM INVESTMENT ACTIVITY | 05 | 0 | | |
| 1. Receipts | 06 | 0 | 0 | 0 |
| 2. Payments | 07 | 0 | 0 | 0 |
| 3. Net cash from investing activities (row 06-07) | 08 | 0 | 0 | 0 |
| III. CASH FROM FINANCING ACTIVITY | 09 | 0 | | |
| 1. Receipts | 10 | 0 | 0 | 0 |
| 2. Payments | 11 | 0 | 0 | 0 |
| 3. Net cash from financing activities (row 10-row 11) | 12 | 0 | 0 | 0 |
| IV. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (row 04+row 08+row 12) | 13 | -2,319,122 | 48 | -2,319,170 |
| V. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 14 | 128,614,755 | 0 | 128,614,755 |
| 1.Favorable exchange rate differentials | 15 | 2,884 | 91 | 2,793 |
| 2.Unfavorable exchange rate differences | 16 | 60,307 | 139 | 60,168 |
| VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (row 13+14 +15-16) | 17 | 126,238,210 | 0 | 126,238,210 |

IMPLEMENTATION OF THE REVENUE AND EXPENDITURE BUDGET OF ASF for the year 2023

lei

| Name of indicators | Budget code | Annual forecasts 2023 | Budget execution 31.12.2023 | % achievement |
|---|-----------------|-----------------------|-----------------------------|---------------|
| 1 | 2 | 3 | 4 | 5=4/3 |
| TOTAL OWN REVENUE. of which: | 00.01.10 | 198,176,560 | 203,781,578 | 102.83 |
| I. INTEREST INCOME | 31.10 | 21,220,000 | 21,228,855 | 100.04 |
| II. FINES. PENALTIES AND CONFISCATIONS | 35.10 | 527,760 | 1,228,007 | 232.68 |
| III. CURRENT REVENUE. of which: | | 176,428,800 | 181,324,716 | 102.78 |
| 1. Quotas related to transactions in financial instruments and public offerings. of which: | 36.10.50 | 27,720,000 | 28,460,500 | 102.67 |
| Share of the value of transactions in financial instruments carried out on supervised trading systems. excluding transactions in derivatives | 36.10.50 | 7,750,000 | 8,071,472 | 104.15 |
| Fees charged for monetizing turnaround transactions | 36.10.50 | 1,900,000 | 1,976,339 | 104.02 |
| Share of the value of public offerings for sale | 36.10.50 | 1,700,000 | 1,425,893 | 83.88 |
| Registration document / universal registration document fee | 36.10.50 | | | |
| Share of the value of takeover bids | 36.10.50 | 16,370,000 | 16,986,796 | 103.77 |
| 2. Fees and charges applicable to the operation/ management/ supervision of collective investment undertakings/ private pension funds and insurers/ insurance/ reinsurance intermediaries. of which: | 36.10.50 | 142,184,000 | 145,940,804 | 102.64 |
| Monthly share of the net asset value of investment funds (undertakings for collective investment) | 36.10.50 | 36,644,000 | 36,759,005 | 100.31 |
| Monthly share of the total management fee of the privately managed pension fund (Pillar II) | 36.10.50 | 25,800,000 | 25,880,666 | 100.31 |
| Monthly share of the net asset value of voluntary pension funds (Pillar III) | 36.10.50 | 4,790,000 | 4,891,838 | 102.13 |
| Monthly levy on gross contributions received by voluntary pension funds (pillar III) | 36.10.50 | 1,450,000 | 1,482,861 | 102.27 |
| Operating levy applicable to depositaries of privately managed pension funds | 36.10.50 | 900,000 | 922,209 | 102.47 |
| Operating tax applicable to insurance intermediaries | 36.10.50 | 1,700,000 | 1,701,990 | 100.12 |
| Contribution for the exercise of supervision and control of the general insurance business. less motor third party liability insurance business | 36.10.50 | 27,700,000 | 28,255,592 | 102.01 |
| Contribution for the exercise of supervision and control of life insurance activity | 36.10.50 | 8,400,000 | 8,515,427 | 101.37 |

| | | | | |
|--|--------------------|--------------------|--------------------|---------------|
| Contribution for the exercise of supervision and control of the motor third party liability insurance business | 36.10.50 | 34,800,000 | 37,531,216 | 107.85 |
| 3.Income from other activities. of which: | 36.10.50 | 6,489,800 | 6,836,363 | 105.34 |
| Tariff/ fee for processing applications for authorization/ endorsement/ approval/ attestation and withdrawal of authorization of regulated entities | 36.10.50 | 1,140,000 | 1,103,100 | 96.76 |
| Tariff/ fee for entry/ registration/ maintenance/ deletion in/ from the ASF's records and registers | 36.10.50 | 197,000 | 193,750 | 98.35 |
| Quotas/ tariffs/ fees charged for the monitoring of entities regulated by the ASF referred to in Art. 2 para. (1) lit. a) of Government Emergency Ordinance no. 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority. as subsequently amended and supplemented by Law no. 113/2013. as subsequently amended and supplemented (GEO no. 93/2012). except for investment companies | 36.10.50 | 4,565,000 | 4,949,413 | 108.42 |
| Fees and charges from other activities carried out by the ASF | 36.10.50 | 587,800 | 590,100 | 100.39 |
| Other revenue | | 35,000 | 87,049 | 248.71 |
| TOTAL EXPENDITURE. of which: | 80.01.30 | 215,601,259 | 203,516,300 | 94.39 |
| CURRENT EXPENDITURE (10 + 20 +30+ 55). of which: | 80.01.30 | 211,331,928 | 199,269,457 | 94.29 |
| STAFF EXPENDITURE. of which: | 80.01.30.10 | 184,321,228 | 172,602,353 | 93.64 |
| Cash wage bill | 80.01.30.10.01 | 176,731,000 | 165,659,077 | 93.74 |
| Salary expenses in kind | 80.01.30.10.02 | 3,255,028 | 3,184,339 | 97.83 |
| Contributions | 80.01.30.10.03 | 4,335,200 | 3,758,937 | 86.71 |
| GOODS AND SERVICES. of which: | 80.01.30.20 | 15,256,700 | 14,933,619 | 97.88 |
| Goods and services | 80.01.30.20.01 | 8,690,000 | 8,573,039 | 98.65 |
| Goods in the nature of inventory | 80.01.30.20.05 | 114,000 | 109,976 | 96.47 |
| Travel | 80.01.30.20.06 | 505,000 | 476,806 | 94.42 |
| Books, publications and documentation | 80.01.30.20.11 | 37,000 | 36,991 | 99.98 |
| Advice and expertise | 80.01.30.20.12 | 700,000 | 657,825 | 93.98 |
| Professional training | 80.01.30.20.13 | 125,000 | 119,437 | 95.55 |
| Labor protection | 80.01.30.20.14 | 685,000 | 675,334 | 98.59 |
| Court and out-of-court expenses | 80.01.30.20.25 | 35,000 | 3,568 | 10.19 |
| Other expenditure | 80.01.30.20.30 | 4,365,700 | 4,280,643 | 98.05 |
| TRANSFERS - contributions to international organizations | 80.01.30.55 | 11,100,000 | 11,080,581 | 99.83 |
| OTHER EXPENDITURE | 80.01.30.59 | 654,000 | 652,904 | 99.83 |
| CAPITAL EXPENDITURE. of which: | 80.01.30.70 | 4,563,000 | 4,549,865 | 99.71 |
| TITLE X NEFINANCIAL ASSETS. of which: | 80.01.30.71 | 4,563,000 | 4,549,865 | 99.71 |
| Fixed assets | 80.01.30.71.01 | 4,502,000 | 4,489,327 | 99.72 |
| Capital repairs to fixed assets | 80.01.30.71.03 | 61,000 | 60,538 | 99.24 |

| | | | | |
|---|-------------------|--------------------|----------------|--------|
| Payments made in previous years and recovered in the current year | 80.01.30.85.01.03 | -293,669 | -303,022 | 103.18 |
| CURRENT SURPLUS | | -17,424,699 | 265,278 | |

REPORT ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31.12.2023

As at December 31, 2023, the **total assets** of the ASF amounted to **397,275,609 lei**, 4,794,719 lei higher than their value as at 31 December 2022, a decrease mainly generated by the positive evolution of cash from the collection of income.

The total liabilities on the balance sheet as at 31 December 2023, amounting to **57,926,945 lei**, comprise mostly provisions for litigation, retirement, untaken vacation leave.

The estimated amount of provisions for risks and expenses recognized in the financial statements is **32,866,952 lei**, of which the amount of provisions for labor disputes in which ASF is involved is **10,224,120 lei**. The other provisions for litigation of a patrimonial nature, as well as provisions for untaken rest leave, provisions for retirement, etc. were valued at **22,642,832 lei**.

The other payables represent mostly **staff entitlements for December 2023 paid in January 2024, as well as additional salary entitlements**.

The patrimonial result is positive, up compared to the previous year, mainly due to higher operating income.

BUDGET OUTTURN ACCOUNT

In accordance with the provisions of art. 18 of GEO 93/2012 on the establishment, organization and functioning of the Financial Supervisory Authority, approved with amendments by Law no. 113/2013, the ASF is financed entirely from its own extra-budgetary revenues. The structure of the revenues, as well as the level of rates, tariffs, fees and contributions are regulated in Regulation no. 16/2014 on the revenues of the ASF, republished, as subsequently amended and supplemented.

Expenditure is set by ASF's annual budget in line with its objectives and responsibilities.

The budget outturn account comprises on the revenue side - receipts realized and on the expenditure side - payments made. The budget surplus is established as the difference between the revenue collected and the payments made.

The current surplus of the ASF budget execution for the year 2023 was **265,278 lei**.

ASF revenue situation in 2023

In accordance with the above-mentioned legal provisions and with the structure of the Income and Expenditure Budget of ASF approved for the year 2023, the structure of the expected and collected revenues is as follows:

lei

| Article | Annual forecasts 2023 | Budget execution 2023 | Degree of achievement against plans (%) |
|--|-----------------------|-----------------------|---|
| 1 | 2 | 3 | 4=3/2 |
| Interest income | 21,220,000 | 21,228,855 | 100.04 |
| Income from fines | 527,760 | 1,228,007 | 232.68 |
| Operating revenue. of which: | 176,428,800 | 181,324,716 | 102.78 |
| quotas related to transactions in financial instruments and public offerings | 27,720,000 | 28,460,500 | 102.67 |
| rates and charges applicable to the operation/ management/ supervision of collective investment undertakings/ private pension funds and insurers/ insurance intermediaries | 142,184,000 | 145,940,804 | 102.64 |
| Income from other activities | 6,489,800 | 6,836,366 | 105.34 |
| Other revenue | 35,000 | 87,046 | 248.71 |
| TOTAL REVENUE | 198,176,560 | 203,781,578 | 102.83 |

According to the Regulation no. 16/2014 on ASF revenues, republished, as subsequently amended and supplemented, the revenues received are presented as follows:

Revenues from quotas related to transactions in financial instruments and public offerings recorded a volume of receipts in 2023 of **28,460,500 lei**, representing a realization rate of 102.67% of the forecast value for the period. The most relevant shares within this revenue category are as follows:

- share of the value of transactions with financial instruments carried out within the supervised trading systems, excluding transactions with derivatives (up to 0.06%): 8,071,472 lei, 104.15% of the forecast value for the period;
- fee charged for monitoring transactions carried out outside the trading systems (turnaround): 1.976.339 lei, 104,02% of the forecast value for the period;
- share of the value of public offerings for sale (between 0.05% and 0.1%, but not more than 500,000 lei, respectively 1,000,000 lei): 1,425,893 lei, 83.88% of the budgeted amount;
- share of the value of the takeover bids (between 1% and 1.5%): 16,986,796 lei (of which 10,552,730 lei represents the proceeds of the takeover bid/takeover bid carried out by Fondul Proprietatea in December 2023), a degree of realization of 103.77% of the budget provision.

Revenues realized from these sources generated **13.97%** of the total receipts of the ASF in 2023 over the same period.

Revenues from quotas and fees applicable for the operation/ administration/ supervision of collective investment schemes, private pension funds and insurers/ insurance intermediaries recorded a volume of collections in 2023 in the amount of **145,940,804 lei**, representing a degree of realization of approx. 102.64% of the forecasted amount for the period.

The main sources of receipts in this revenue category are as follows:

- 0.0078% of the net asset value of investment funds (collective investment undertakings): 36.759.005 lei, 100.31% of the budgeted amount;
- 10% share of the total amount of the administration fee for privately managed pension funds (pillar II): 25.880.666 lei, 100,31% of the budgeted amount;
- 0.01% of the value of the net assets of voluntary pension funds and a monthly fee of 0.25% of the value of gross contributions collected by voluntary pension funds (pillar III), as well as the operating fee applicable to depositories: 7.296.908 lei, 102.2% of the budgeted amount;
- contributions applicable to insurers and insurance intermediaries: 0.3% operating levy applicable to insurers/ 0.1% operating levy applicable to insurance intermediaries, contribution for the supervision and control of general insurance activity (0.4%)/ for life insurance (0.3%)/ for motor third party liability insurance (1%): 76,004,225 lei, 104.69% of the budgeted amount.

Revenues from these sources generated, in 2023, approx. **71.62% of** the total receipts of ASF for the same period.

Revenues from other activities, which include revenues related to fees, fees for authorization/ endorsement/ approval/ attestation/ withdrawal of authorization, fees for registration/ maintenance/ maintenance/ deletion, quotas/ tariffs/ fees for monitoring and other fees/ tariffs, as set out in Annex no. 3 to Regulation no. 16/2014, republished, as subsequently amended and supplemented, recorded a total amount collected in 2023 of 6,836,366 lei, i.e. a degree of achievement of 105.34% of the budgeted amount.

Revenues from these sources generated **3.35%** of the total receipts of ASF in 2023 over the same period.

Revenues from fines collected from the entities belonging to the Insurance Reinsurance Sector amounted to **1.228.007 lei** during the period under review.

Financial income, obtained from the placement of ASF liquid assets in deposits, government securities: **21.228.855 lei**.

Other revenues: 87.046 lei (asset disposals, penalties, other revenues).

ASF expenditure execution in 2023

The total expenditure incurred in 2023 amounted to 203,516,300 lei, representing a 94.39% degree of realization compared to the provisions for the period. The cumulative expenditures incurred as of December 31, 2023 show the following structure:

lei

| Article | Annual forecasts 2023 | Budget execution 2023 | Degree of achievement against forecasts % |
|-----------------------------------|--------------------------|--------------------------|---|
| 1 | 2 | 3 | 4=3/2 |
| Staff expenditure | 184,321,228 | 172,602,353 | 93.64 |
| Expenditure on goods and services | 15,256,700 | 14,933,619 | 97.88 |
| International transfers | 11,100,000 | 11,080,581 | 99.83 |

| | | | |
|---|--------------------|--------------------|--------------|
| Other expenditure | 654,000 | 652,904 | 99.83 |
| Capital expenditure | 4,563,000 | 4,549,865 | 99.71 |
| Payments made in previous years and recovered in the current year | -293,669 | -303,022 | |
| TOTAL EXPENDITURE | 215,601,259 | 203,516,300 | 94.39 |

Staff expenses, totaling **172,02,353 lei** (93.64% of the budgeted provisions), represent basic salaries and other rights as established by the Collective Bargaining Agreement in force, plus the institution's contributions.

Expenditure on goods and services totaled **14,933,619 lei**, which represents 97.88% of the budgeted provisions. Among the most important expenses in this chapter we mention:

- purchases of office supplies, cleaning materials, fuel, utilities, telephony, internet, security services, car servicing, car servicing, central heating maintenance services, archiving services, press agencies (e.g. Bloomberg, Reuters): **8.573.039 lei**, representing 98,65% of the amount foreseen for this period;
- consultancy and expertise: **657,824 lei**, representing 93.97% of the budgeted provisions and consisting of payments made on the basis of contracts for consultancy services, MTPL tariffs, legal assistance, external financial audit services;
- other expenses: **4,280,644 lei**, representing, for the most part, rent payments due by ASF, other expenses for goods and services as required by law.

Other expenses, amounting to **652.904 lei**, represent amounts owed by ASF related to disabled persons not in ASF: 579,649 lei, as well as allowances for internship: 73,255 lei

International transfers, representing contributions to international bodies of which the ASF is a member (ESMA, EIOPA, IOSCO, IAIS, IOPS), amounted to **11,080,581 lei**.

Capital expenditure, totaling **4,549,865 lei**, represents 99.71% of the budgeted amount. This amount represents the total amount paid in 2023 for both the continued implementation of centralized and decentralized IT infrastructure development projects and for the smooth functioning of the Authority and consisted of the main purchases:

- purchases of hard and other IT equipment (laptops, multifunctional, firewall equipment, SAN system): 1,952,955 lei;
- purchases of licenses and software development: 2,116,748 lei;
- purchases of office equipment, furniture: 419,624 lei;
- investment expenses for obtaining fire authorization for the premises owned by ASF: 60,538 lei.

Payments made in previous years and recovered in the current year: - 303,022 lei representing, for the most part, amounts collected from the National Health Insurance House FNUASS (for the period 2021 - 2022). According to specific accounting regulations, the amount of these **receipts will affect the total expenditure with a "-" sign**.

Current surplus for the year 2023 (current revenue collected - expenditure paid)

The current surplus for the year 2023 is **265,278 lei**.

List of abbreviations

| | | |
|----------|---|---|
| ADP/AS | = | Association for Privately Managed Pensions in Romania |
| AIFM | = | Alternative Investment Fund Managers |
| AIFMOMSD | = | Alternative investment fund managers from other Member States operating directly in Romania |
| AIFMOMSB | = | Branches of alternative investment fund managers from other Member States operating in Romania |
| GI | = | General Insurance |
| AIFMD | = | Alternative Investment Fund Managers Directive |
| AMLA | = | Anti-Money Laundering Authority |
| AMLD IV | = | Directive 2015/849 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing |
| OCIU | = | Other Collective Placement Undertakings |
| APAPR | = | Association for Privately Managed Pensions in Romania |
| ARB | = | Romanian Association of Banks |
| ARIS | = | Absolute Return Innovative Strategies |
| ESA | = | Bucharest Academy of Economic Studies |
| ASF | = | Financial Supervisory Authority |
| LI | = | Life Insurance |
| BAAR | = | Romanian Bureau of Motor Insurers |
| EBRD | = | European Bank for Reconstruction and Development |
| BET | = | Bucharest Exchange Trading |
| NBR | = | National Bank of Romania |
| BSR | = | Balance Sheet Review |
| BVB | = | Bucharest Stock Exchange |
| CAEN | = | Classification of activities in the national economy |
| CASCO | = | Insurance of means of land transportation |
| CBDF | = | Cross-border distribution of funds |
| EC | = | European Commission |
| CMU | = | Union of Capital Markets |
| NCFM | = | National Commission for Financial Markets |
| CNSM | = | National Committee for Macroprudential Supervision |
| CNSP | = | National Strategy and Forecasting Commission |
| CNVM | = | National Securities Commission |
| COVID-19 | = | Infectious disease caused by newly discovered coronavirus |
| CR | = | Concentration Rate |
| CRD | = | Capital Requirements Directive |
| CRR | = | Capital Requirements Regulation |
| ISC | = | Insurance Supervisory Commission |
| CSD | = | Central Securities Depository |
| CSDR | = | Regulation (EU) 909/2014 on enhancing securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) no. 236/2012 |
| CSSPP | = | Supervisory Commission of the Private Pension System |
| DC | = | Depozitarul Central |

| | | |
|---------|---|--|
| DLP | = | Data Loss Prevention |
| DLT | = | Distributed Ledger Technology |
| DNB | = | National Bank of the Netherlands |
| DORA | = | Regulation on digital resilience for the financial sector |
| DR | = | Disaster Recovery |
| DVCAP | = | Double Volume Cap Mechanism |
| DvP | = | Delivery vs. Payment |
| EBA | = | European Banking Authority |
| EIOPA | = | European Insurance and Occupational Pensions Authority |
| EFAMA | = | European Fund and Asset Management Association |
| EMIR | = | European Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories |
| ESAs | = | European Supervisory Authorities |
| ESEF | = | European Single Electronic Reporting Format |
| ESG | = | Environmental, social and governance factors |
| ESMA | = | European Securities and Markets Authority |
| ESRB | = | European Systemic Risk Board |
| ETF | = | Exchange Traded Fund |
| EU-SDFA | = | EU Supervisory Digital Finance Academy |
| ICF | = | Investor Compensation Fund |
| OIF | = | Open Investment Funds |
| FGA | = | Policyholders Guarantee Fund |
| GFDSP | = | Private Pension Rights Guarantee Fund |
| AIF | = | Alternative Investment Funds |
| AIFOMS | = | Alternative investment funds from other Member States whose units are distributed in Romania |
| OIFOMS | = | Open-end investment funds from other Member States whose units are distributed in Romania |
| FIAIR | = | AIFs for retail investors |
| FinTech | = | Financial Technology |
| IFI | = | Closed-end Investment Funds |
| FIRDS | = | Financial Instruments Reference Data System |
| IMCMS | = | Investment companies from other Member States operating directly in Romania |
| FITRS | = | Financial Instruments Transparency System |
| FMA | = | Financial Market Authority |
| IMF | = | International Monetary Fund |
| FNP | = | National Protection Fund |
| FoS | = | Free movement of services |
| FoE | = | Freedom of establishment |
| FP | = | Fondul Proprietatea |
| GME | = | Global Monitoring Exercise |
| GMW | = | Global Money Week |
| G-SII | = | Systemically important global institutions |
| HRG | = | Homogeneous risk groups |
| IAIS | = | International Association of Insurance Supervisors |
| IAM | = | Identity and Access Management |
| HICP | = | Harmonized Index of Consumer Prices |
| IFRS | = | International Financial Reporting Standards |
| CGI | = | Corporate Governance Institute |
| SMEs | = | Small and Medium-Sized Enterprises |
| INCM | = | Credit institutions from other Member States |

| | | |
|------------|---|--|
| INFE | = | International Network for Financial Education, OECD |
| IOPS | = | International Organization for Pensions Supervision |
| IOSCO | = | International Organization of Securities Commissions |
| IRRDR | = | Insurance Recovery and Resolution Directive |
| ISF | = | Institute of Financial Studies |
| IT | = | Information Technology |
| FATF | = | National ML/TF risk assessment |
| LB | = | Central Bank of Lithuania |
| LEI | = | Legal Entity Identifier |
| MAE | = | Ministry of Foreign Affairs |
| MAR | = | Market Abuse Regulation |
| MCR | = | Minimum Capital Requirements |
| MF | = | Ministry of Finance |
| MICA | = | Regulation on crypto-asset markets |
| MiFID II | = | Markets in Financial Instruments Directive |
| MIFIR | = | Markets in Financial Instruments Regulation |
| MMFR | = | EU regulation on money market funds |
| MMPS | = | Ministry of Labor and Social Protection |
| NGFS | = | Network of Central Banks and Supervisors for Greening the Financial System |
| OECD | = | Organization for Economic Cooperation and Development |
| OECD-INFE | = | (Organization for Economic Co-operation and Development - International Network on Financial Education |
| ONPCSB | = | National Office for Preventing and Combating Money Laundering |
| CIU | = | Collective Placement Undertakings |
| OPCOM | = | Electricity and Natural Gas Market Operator |
| UCITS | = | Undertakings for Collective Investment in Transferable Securities |
| ORC | = | Trade Register Office |
| ORSA | = | Own Risk and Solvency Assessment |
| OTC | = | Over-The-Counter |
| GEO | = | Government Emergency Ordinance |
| PAD | = | Disaster Insurance Policy |
| GWP | = | Gross Written Premium |
| PCA | = | Business Continuity Plan |
| PEPP | = | Pan-European personal pension product |
| GDP | = | Gross Domestic Product |
| PIS | = | Procedure for imposing a solution |
| NRRP | = | National Recovery and Resilience Plan |
| PPS | = | Procedure for proposing a solution |
| RAF | = | Risk Assessment Framework |
| RBS | = | Risk-based supervision |
| MTPL | = | Motor Third-Party Liability Insurance |
| ROF | = | Rules of Organization and Functioning |
| RRA | = | Radio Romania Actualități |
| RvP | = | Receive vs. Payment |
| IMC | = | Investment Management Company |
| IMCOMS | = | Investment management companies from other Member States |
| SAL-FIN | = | Alternative Dispute Resolution Entity in the Non-Bank Financial Sector |
| SAR | = | Insurance - Reinsurance sector |
| SARS-CoV-2 | = | New coronavirus |
| SARIS | = | Suspensions and Restorations Instruments System |

| | | |
|-----------|---|--|
| SCR | = | Solvency capital requirements |
| SFTR | = | Regulation on securities financing transactions |
| SGG-DRP | = | General Secretariat of the Government - Public Relations Directorate |
| IC | = | Investment companies |
| SIEM | = | Security Information and Event Management |
| SISA | = | Investment companies from other Member States whose units are distributed in Romania |
| FIC | = | Financial Investment Company |
| FICOMS | = | Financial investment companies from other Member States |
| SIIF | = | Financial Instruments and Investments Sector |
| MTF | = | Multilateral Trading Facility |
| SOL | = | Online dispute resolution |
| OTF | = | Organized trading facility |
| SRSP/SRSS | = | Structural Reforms Support Program |
| FISC | = | Financial Investment Services Company |
| SSPP | = | Private Pension System Sector |
| STS | = | Special Telecommunications Service |
| T2S | = | Target2-Securities |
| IT | = | Information Technology |
| TRACE | = | Access to Trade Repositories Project |
| TREM | = | Transaction Reporting Exchange Reporting Mechanism, ESMA |
| TSF | = | Technical Support Facility |
| UCITS | = | Directive 2009/65/EC |
| EU | = | European Union |
| UNSAR | = | National Union of Insurance and Reinsurance Companies in Romania |
| VAN | = | Net asset value |
| VUAN | = | Unit value of net assets |
| WIW | = | World Investor Week |